

## CABINET

**Date :** Wednesday, 10 February 2021  
**Venue :** Microsoft Teams Meeting  
**Time :** 10.00 am

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### Agenda

#### Joining Instructions

Members of the Committee and registered speakers should join the meeting via this link:

[Click here to join the meeting](#)

Anybody wishing to view the Cabinet meeting live should enter the below link into your web browser (please use Google Chrome where possible):

[www.cheshirewestandchester.gov.uk/webcasts](http://www.cheshirewestandchester.gov.uk/webcasts)

#### Part A - Open to the Press and Public

##### 1 Welcome and Introductions

##### 2 Apologies for Absence

##### 3 Declarations of Interest

Members to declare any interest under the following categories:

- Disclosable Interest
- Outside Bodies Interest
- Family and Friends or Close Associate Interest

##### 4 Minutes

To approve the minutes of the last meeting held on 13 January 2021, attached.

##### 5 Public Question Time/Open Session

A total period of 15 minutes is allocated for members of the public to address the Cabinet on any matter relevant to items of business on this agenda.

(Pages 5 - 20)

Members of the public wishing to address the Cabinet are required to register their intention with the Director of Governance no less than two clear working days prior to the meeting, via the officer contact details at the foot of this agenda.

Any questions which are not relevant to items on the agenda may be submitted in writing.

Individual members of the public may speak for up to five minutes at the discretion of the Chairman.

## **6 Notification of Request to Speak by Visiting Members**

Visiting Members are required to register their intention to speak in relation to an item on the agenda no less than two clear working days in advance of the Cabinet meeting, via the officer contact details at the foot of this agenda.

## **CHILDREN AND FAMILIES PORTFOLIO**

### **7 Determined Admission Arrangements for 2022-23**

(Pages 21 - 46)

Report of the Director of Education and Inclusion, attached.

## **CLIMATE EMERGENCY PORTFOLIO**

### **8 Housing Management Services Budget 2021-22**

(Pages 47 - 58)

Report of the Director of Economy and Housing, attached.

### **9 Endorsement of Cheshire West and Chester Climate Emergency Response Plan and Carbon Management Plan**

(Pages 59 - 172)

Report of the Director of Economy and Housing, attached.

### **10 Green Homes Fund Phase 2 Grant Application**

(Pages 173 - 176)

Report of the Director of Economy and Housing, attached.

## **HOUSING, REGENERATION AND GROWTH PORTFOLIO / LEGAL AND FINANCE PORTFOLIO**

### **11 Northgate Development Update Report**

(Pages 177 - 192)

Report of the Deputy Chief Executive (Communities, Environment and Economy) and the Chief Operating Officer, attached.

## **LEGAL AND FINANCE PORTFOLIO**

### **12 Budget Report 2021-22**

(Pages 193 - 408)

Report of the Chief Operating Officer and the Director of Finance, attached.

- 13 Treasury Management Strategy 2021-22** (Pages 409 - 436)  
Report of the Director of Finance, attached.
- 14 Farms - Shotwick Park Disposal** (Pages 437 - 462)  
Report of the Director of Commercial Management and Delivery, attached.

## **ENVIRONMENT, HIGHWAYS AND STRATEGIC TRANSPORT PORTFOLIO**

- 15 Department for Transport Rural Mobility Fund Bid Application** (Pages 463 - 468)  
Report of the Director of Economy and Housing, attached.
- 16 Review of Highways Delivery Model** (Pages 469 - 548)  
Report of the Director of Communities and Environment, attached.
- 17 Exclusion of the Press and Public**  
The Cabinet may decide that the press and public be excluded from the remaining part of the meeting pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that discussions may involve the likely disclosure of exempt information as defined in the provisions of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

### **Part B - Press and Public Excluded**

- 18 Review of Highways Delivery Model** (Pages 549 - 634)  
Confidential report of the Director of Communities and Environment, attached.

**CONFIDENTIAL APPENDIX** (Pages 635 - 640)  
Confidential Appendix in relation to agenda item 13: Farms – Shotwick Park Disposal, attached.

### **For further information, please contact:**

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**CABINET****13 JANUARY 2021  
(10.00 am - 1.00 pm)****PRESENT:** Councillor Louise Gittins (Chairman)Councillors Val Armstrong, Matt Bryan, Robert Cernik,  
Paul Donovan, Carol Gahan and Karen Shore

Apologies for absence were received from Councillor Richard Beacham

Visiting Members: Councillors Martin Barker, Razia Daniels, Martyn Delaney,  
Lynn Gibbon, Jill Houlbrook, Margaret Parker, Lynn Riley  
and Gill Watson

Officers in attendance:	Andrew Lewis	Chief Executive
	Delyth Curtis	Deputy Chief Executive (Health and Wellbeing)
	Charlie Seward	Deputy Chief Executive (Communities, Environment and Economy)
	Mark Wynn	Chief Operating Officer
	Karen McIlwaine	Head of Legal Services and Council Companies
	Lyn Brown	Democracy and Elections Officer

**77 WELCOME AND INTRODUCTIONS**

Councillor Louise Gittins, Leader of the Council, welcomed participants and viewers to the virtual Cabinet meeting and introductions were made.

**78 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Richard Beacham, Cabinet Member for Housing, Regeneration and Growth.

**79 DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**80 LEADERS COMMUNICATIONS**

Councillor Louise Gittins, Leader of the Council, thanked everyone across the public, private and voluntary sectors who had worked tirelessly to keep vital services going throughout the Christmas and new year period. She reiterated entering a third lockdown (to be reviewed mid-February) following an alarming increase in infection rates, to some extent due to a new strain of the virus reported to be between 50% and 70% more transmissible than the first. She highlighted the rate of positive cases per 100,000 people within Cheshire West and Chester had increased from below 200 in the weeks prior to Christmas to 574 per 100,000 in early January. Hospitals were being put under considerable pressure with around 61% of beds in the Countess of Chester, Leighton and Arrowe Park Hospitals now being occupied by Covid-19 patients. Further restrictions were therefore necessary to protect the NHS and save lives.

Councillor Gittins reiterated the simple message that everyone should stay at home as much as possible, with some specific exemptions including to exercise, provide care for disabled or vulnerable people or for emergency reasons. She outlined the closure of some local public services such as community centres, pavilions, museums, leisure centres and libraries, with some others such as parks, play areas and household waste recycling centres remaining open for now but being kept under constant review. She acknowledged that the lockdown restrictions would come as disheartening news for many residents, however everyone needed to continue to work together through these difficult times, look after and be kind to each other and use the support networks already established. She hoped everyone would continue to submit their wonderful inspirational stories to the Inspire Cheshire West website. She highlighted the close working with health partners to roll out the vaccine as quickly and smoothly as possible which would provide a faster route out of the pandemic and give real cause for optimism. She encouraged everyone to watch the Covid-19 Outbreak Board via the council's website later at 5.30pm for the latest position on the pandemic locally.

Finally, she thanked everyone across the borough for their efforts and commitment to date, for continuing to adapt to fast-moving circumstances and always rising to the challenge.

## **81 MINUTES**

### **DECIDED: That**

the minutes of the meetings held on 25 November 2020 and 2 December 2020 be confirmed as correct records.

## **82 PUBLIC QUESTION TIME/OPEN SESSION**

There was one member of the public who wished to address the Cabinet on item 13, Trail Hunting on council-owned land. Polly spoke on behalf of Cheshire West and Chester residents and members of the Countryside Alliance in support of trail hunting in the area. She highlighted that trail hunting was a lawful activity which complied with the Hunting Act 2004, employed professional staff who maintained high standards of animal welfare for their horses and hounds and also contributed to the local economy by utilising other businesses. She hoped that if a cross-party working group was set up, it would treat trail hunting and hound exercising equally along with any other legal and legitimate activities such as dog walking or mountain biking. She questioned whether this issue was a priority and best use of council time and resources considering the current Covid-19 pandemic and she also queried the legality of prohibiting activities on council-owned land. She sought clarification on how the working group would gather its evidence, whether the group would consult with local hunts, hunting regulatory bodies or other related organisations such as the Countryside Alliance, as well as the electorate regarding policy affecting them. She also queried whether meetings and discussions would be broadcast via webinar or other means.

The Chairman thanked Polly for her virtual attendance and contribution.

TO NOTE: The Chairman varied the order of business. Notwithstanding this the minutes are in the order of the agenda.

## 83 'OUR CARERS' COMMITMENT' - ALL AGE CARERS STRATEGY 2021 - 2026: CONSULTATION REPORT

Cabinet considered the report of the Director of Early Intervention and Commissioning which sought final approval of the joint draft All Age Carers Strategy 2021-2026. The document set out the strategic direction and commissioning intentions which would influence the longer-term commissioning of carer services, including young carer services. The report summarised the results of the consultation responses which proposed changes to the final strategy document and provided analysis of the responses.

Members noted this strategy was the first combined All Age Carers Strategy and represented an important way forward to ensure a more co-ordinated approach to commissioning a range of services that met the needs of carers. The report summarised the blended consultation approach undertaken due to the pandemic restrictions, the key headlines and themes which emerged and the next steps including an action plan to implement priorities identified.

Cabinet members thanked officers for the report, undertaking the consultation and producing the joint strategy which represented a more co-ordinated approach to commissioned services for carers of all ages. Members recognised the hard work undertaken by unpaid carers and the particularly difficult time they had experienced during the pandemic. Members welcomed the strong support which had emerged for a Carers Partnership Board and recognised the need to take every opportunity to identify carers and ensure they knew where to access help and that they had the confidence to do so.

Visiting Members: Councillor Lynn Riley spoke in relation to the item.

Councillor Val Armstrong, Cabinet Member for Adult Social Care and Public Health, led the discussion on the item.

### **DECIDED: That**

- 1) the content of the report and the outcomes of the consultation as set out in Appendix 1 be noted;
- 2) the All Age Carers Strategy 2021 – 2026 be endorsed;
- 3) the implementation of the All Age Carers Strategy, in order to inform future planning and commissioning of carers services, be agreed; and
- 4) the All Age Carers Strategy 2021 – 2026 Action Plan (Appendix 3) be approved and authority be delegated to the Director of Early Intervention and Commissioning to ensure all necessary steps are taken to implement the action plan.

### **Reason for Decision**

- 1) The Council and Cheshire Clinical Commissioning Group can implement a clear All Age Carers Strategy that is representative of all age carers for the next five years. The strategy will shape partnership agreements and set out future commissioning intentions which will strengthen and develop the offer

to all carers.

- 2) The All Age Carers Strategy is the first combined strategy to represent the needs of all age carers in Cheshire West and Chester. The All Age Carers Strategy provides an appropriate representation of all unpaid carers and specifies an appropriate framework to commission a range of services that meet the needs of carers.
- 3) Cheshire West and Chester council and the Cheshire Clinical Commissioning Group have developed the joint All Age Carers Strategy in consideration of the statutory duties of the Council and the NHS for carers under the Care Act 2014, Children and Families Act 2014 and NHS long Term Plan.

### Alternative Options

It is important to have a transparent strategy that is truly representative of carer's lives. The all age carers strategy is Care Act 2014 compliant and sets out key priority areas that have been collaboratively agreed with carers, providers and stakeholders to improve the lives of carers in Cheshire West and Chester.

## **84 ADULT SOCIAL CARE NON-RESIDENTIAL CARE CHARGING POLICY AND TRANSPORT POLICY**

Cabinet considered the report of the Director of Adult Social Care and Health concerning the findings from the consultation in relation to the Adult Social Care Non-Residential Care Charging Policy and sought approval to implement recommendations for change. The report detailed the potential impact of the key proposed changes for Adult Social Care service users and the Council. Alongside this, the Policy for the assessment and provision of transport for vulnerable adults had also been revised, given that the Charging Policy would have significant impact on charges for transport service and therefore needed to be considered in tandem to form part of a single consultation.

Members noted that the key changes and impacts were summarised in section 6 of the report in Table 1, key findings from the consultation were highlighted in paragraph 7.2 and the full consultation report was attached at appendix 4. Responses to the proposals were mainly positive and the majority of the proposals unchanged. However following a review of the consultation feedback, two changes to the charging policy were proposed to address concerns raised around the need for people to give 1 weeks' notice to cancel care and being charged if they were unable to do this and also concerns around implementing a charge for the appointeeship service. These had been updated so that in extenuating circumstances the requirement to give 1 weeks' notice would be waived and a charge not applied; and to apply a charge for the appointeeship service only for those with capital over £5,000 which was higher than the level applied by the majority of North West local authorities of capital over £1,000.

Visiting Members: Councillors Lynn Riley, Gill Watson and Martyn Delaney spoke in relation to the item.

Councillor Val Armstrong, Cabinet Member for Adult Social Care and Public Health, led the discussion on the item. She responded to specific concerns raised



by visiting Members around extra care elements of the policy, in particular around the pull cord service which provided a useful 24 hour on site response.

**DECIDED: That**

- 1) the outcome of the consultation and key findings set out in Appendix 4 be noted;
- 2) the contents and implementation of the Adult Social Care Non-Residential Care Charging Policy be agreed with effect from 1<sup>st</sup> April 2021; and
- 3) the revised Adult Social Care Transport Policy be agreed with effect from 1<sup>st</sup> April 2021.

**Reason for Decision**

- 1) Key stakeholders, service users and residents have had the opportunity to contribute to the final proposal through extensive consultation.
- 2) The implementation of the revised Charging Policy will allow the Council to apply a consistent and fair approach to how it charges for services as well as support the delivery of both statutory and discretionary services.
- 3) To ensure that the Charging and Transport Policies are considered together so that the relationship between the policies can be made clear and implemented in tandem.

*Alternative Options*

- 1) It is important to have a transparent charging policy that is fair to service users while also properly funding the Council's Adult Social Care provision. The Council could maintain the status quo but feels there are benefits to making the policy clearer and more equitable as noted in Table 1 of this report. It is also important to bring the Transport Policy in line with the new Charging Policy. Furthermore, the Council must deliver against the statutory Best Value Duty to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The revised Policies will support the delivery of this duty.
- 2) The consultation did not identify further or alternative options to those proposed and detailed to Cabinet in July 2020.

**85 JOINT COMMISSIONING OF SPEECH AND LANGUAGE THERAPY SERVICE FOR CHILDREN AND YOUNG PEOPLE IN CHESHIRE WEST**

Cabinet considered the report of the Director of Education and Inclusion concerning the Council jointly recommissioning Children and Young People's Speech and Language Therapy (SaLT) services with the NHS Cheshire Clinical Commissioning Group (CCG). This would provide a place-based service for children and young people delivered by a single provider, with the Council acting as lead commissioner. The SaLT Service for children and young people aimed to provide high quality specialist initial assessment, differential diagnosis and

evidenced based interventions for children and young people with a range of speech, language and communication difficulties.

Members noted that services were currently delivered by two providers - Cheshire and Wirral Partnership NHS Foundation Trust for West Cheshire and Central Cheshire Integrated Community Partnership for Vale Royal. The council had separate contractual arrangements with each provider and the report outlined significant progress since 2016 in relation to joint commissioning and a single contract moving forward.

Members welcomed this approach and the opportunity for joint commissioning of services going forward and felt this important move to ensuring more co-ordination and integration of services would be most beneficial.

Visiting Members: Councillor Lynn Riley spoke in relation to the item.

Councillor Bob Cernik, Cabinet Member for Children and Families, led the discussion on the item.

**DECIDED: That**

- 1) the Council acting as lead Commissioner on behalf of the NHS Cheshire CCG to jointly commission a single Speech and Language Therapy service with a single provider for the borough of Cheshire West be agreed;
- 2) authority be delegated to the Deputy Chief Executive – Health and Wellbeing, in consultation with the Cabinet Member for Children and Families, the Director of Governance and the Director of Finance to:
  - a) agree the terms of all necessary partnership arrangements to facilitate the procurement process;
  - b) agree the contract start date (currently set as 1 October 2021 subject to any change due to reasons set out in section 9 below);
  - c) award a contract to the preferred supplier, aligned with the preferred contractual delivery model; and
- 3) the Director of Governance be authorised to enter into all necessary contractual documentation with NHS Cheshire CCG and the successful provider to facilitate the joint commissioning arrangements and service delivery.

**Reason for Decision**

- 1) To provide an equitable speech and language therapy service for Cheshire West and Chester's children, young people and their families.
- 2) Cabinet approval will secure future joint commissioning intentions between the Local Authority and NHS Cheshire CCG for the children and young people's Speech and Language Therapy service aligning with the proposals to strengthen our integrated approach across all children's services.

- 3) To support the Council's key priorities to support children and young people to have the best start in life and achieve their full potential.

### Alternative Options

There is an option for the Council to compliantly procure alone by April 2021, but this is not favourable due to the disruption to service and lack of efficiencies this brings to both the Commissioners and service users. This may result in multiple Speech and Language Therapists being involved with the child / young person and further complexities as to whether their needs are educational or health-related, or a combination of both. This would likely result in further complexities as to who provides the funding for the intervention: the Council or the CCG. This option is not recommended.

## **86 SUPPLEMENTARY PLANNING DOCUMENT: HOUSE EXTENSIONS AND RESIDENTIAL OUTBUILDINGS**

Cabinet considered the report of the Director of Economy, Housing and Planning which sought approval for the adoption of the Supplementary Planning Document: House Extensions and Residential Outbuildings. The document was intended to supplement policies of the Cheshire West and Chester Local Plan (Part One) and (Part Two), particularly policies DM 2 'Impact on residential amenity' and DM 3 'Design, character and visual amenity'.

Members noted that the Supplementary Planning Document (SPD) would provide greater clarity, support and guidance to applicants and would also assist Planning officers and members of the Planning Committee with decision-making. It was noted that Planning officers were currently using three separate documents from legacy authorities (Chester City Council, Ellesmere Port and Neston Borough Council and Vale Royal Borough Council) and this effectively combined the best guidance of the three into one easily understood document. Proposed changes following public consultation, including national statutory consultees, were tracked in the document at appendix 2 and comments had also been incorporated from Places Overview and Scrutiny Committee.

Members welcomed the SPD as an excellent way forward which would greatly assist residents and thanked the Planning officers for producing the document.

Councillor Matt Bryan, Cabinet Member for Climate Emergency, led the discussion on the item.

### **DECIDED: That**

the Supplementary Planning Document (SPD): House Extensions and Residential Outbuildings be approved for adoption.

### **Reason for Decision**

- 1) Supplementary Planning Documents (SPDs) are used to provide further detail and guidance on the implementation of policies and proposals contained in the Local Plan. Whilst not statutory development plan documents they can, once adopted, be a material consideration in the determination of planning applications. As such, they should be consistent

with national and local planning policies and guidance and undergo public consultation in accordance with legal requirements.

- 2) The SPD will assist with decision-making on planning applications for house extensions, alterations, domestic buildings, boundary walls and fences, and annexe accommodation. The document will provide greater clarity and guidance to applicants, Development Management planning officers, and members of planning committee

### Alternative Options

The alternative option is not to proceed to adoption, and to provide no additional guidance on the application of Local Plan policies with regards to house extensions and residential outbuildings.

## **87 LOCAL PLAN - RESPONSE TO OVERVIEW AND SCRUTINY COMMITTEE REPORT**

Cabinet considered the report of the Director of Economy, Housing and Planning which responded to Cheshire West and Chester Overview and Scrutiny Committee's recommendations in relation to the process to be followed in developing any future review of the Local Plan.

Councillor Martin Barker, Chairman of Cheshire West and Chester Overview and Scrutiny Committee, presented the final report from the Task Group (appendix A) and a table setting out the findings and recommendations (appendix B). He outlined that the task group had met five times since its formation in January 2020 and had heard evidence from a variety of witnesses in relation to the process for reviewing and updating a Local Plan from the perspective of climate change, land allocations and the delivery of infrastructure through the planning process. He concluded that the recommendations would strengthen how current policies were used and thanked members of the task group and support officers for their hard work.

Members welcomed the work undertaken by the scrutiny task group as a very welcome addition to the planning portfolio. It was noted that Cheshire West had had a Local Plan in place since 2015 whereas some council's still didn't have a Local Plan. This put the council in a stronger position to make revisions in particular in relation to the recent climate change and poverty emergency declarations made by the council.

Councillor Matt Bryan, Cabinet Member for Climate Emergency, led the discussion on the item. He thanked members of the scrutiny committee task group and the support officers for their hard work in producing the final report and recommendations.

### **DECIDED: That**

- 1) the recommendations from Overview and Scrutiny Committee be considered and the actions agreed by the Overview and Scrutiny Committee on 20 January 2020 be endorsed;

- 2) the actions set out at Appendix B be considered and endorsed; and
- 3) a 12-week public consultation exercise be undertaken in line with the principles set out in paragraphs 4.9 and 4.10.

### **Reason for Decision**

The Local Plan is a key corporate document that must be kept up to date to reflect changes to, amongst other things, national planning policy and changing Corporate priorities.

### Alternative Options

To not accept in full the Scrutiny report recommendations and proposed responses.

## **88 TRAIL HUNTING ON COUNCIL OWNED LAND**

Cabinet considered the report of the Director of Environment and Communities which responded to the recommendation of Council from its meeting on 10 December 2020 where a motion was debated regarding the use of council-owned land for trail hunting. Following the debate at Council the following recommendation was agreed:

“This Council notes that the hunting of wild animals with dogs is illegal under the terms of the Hunting Act 2004, except where an exemption applies.

With a continual threat to the environment and on wild and domestic animals; to prevent potential illegal activity in breach of The Hunting Act 2004 and The Protection of Badgers Act 1992 and to prevent damage to other flora and fauna by hunts, their hounds, followers and objectors, this Council asks Cabinet to consider and develop a policy to clearly reflect this position with regard to Trail Hunting on Council-owned land.”

The report to Cabinet sought approval to establish a cross-party working group to support the Deputy Leader as lead Cabinet member, in order to consider the issues in detail and enable her to report back to Cabinet with recommendations. Members noted the composition of the working group and that it would consider evidence and advise on developing an approach with appropriate legal advice. Members further noted the intention was for the Deputy Leader to report back to Cabinet at a future date as any decision on policy fell within the remit of Cabinet.

Visiting Members: Councillors Margaret Parker and Jill Houlbrook spoke in relation to the item.

Councillor Karen Shore, Cabinet Member for Environment, Highways and Strategic Transport, led the discussion on the item. She responded to queries around the composition of the working group, thanked the public speaker for her contribution and requested that she submit her comments to the Clerk so that they could be fed into the work of the group. She also raised officer capacity and potential redeployment due to responding to the pandemic, Brexit and the Police and Crime Commissioner election scheduled for May as risks which could delay immediate progress with this work.

Councillor Shore also tabled an amendment to the report at section 11 headed “Implications of Climate Change” to include: “Establishing a cross-party working group will enable the potential threat to the environment to be considered as part of the development of the policy”.

**DECIDED: That**

- 1) the recommendation of Council of 10<sup>th</sup> December 2020, to establish a cross-party working group to support the Deputy Leader of the Council to consider the council’s approach to trail hunting on council owned land to inform the development of a policy for consideration by the Cabinet, be implemented;
- 2) Elected Members be appointed to the working group in accordance with paragraph 4.2 of the report; and
- 3) to note that under section 11 of the report, headed “Implications of Climate Change”, establishing a cross-party working group will enable the potential threat to the environment to be considered as part of the development of the policy.

**Reason for Decision**

To develop a policy for consideration by Cabinet in relation to trail hunting on Council owned land that considers the threat to the environment, wildlife, flora and fauna that maybe caused by hunts, hounds, followers and objectors.

Alternative Options

All options will be considered by the cross-party group.

**89 UPDATE ON PROGRESS - PANDEMIC SCRUTINY COMMITTEE FINAL RECOMMENDATIONS**

Cabinet considered the report of the Director of Governance which provided an update on progress with the recommendations from the Pandemic Response and Recovery Scrutiny Committee. Cabinet members had considered the final report from the Scrutiny Committee at its last meeting on 2 December 2020 and had requested a further report setting out how each of the recommendations would be taken forward.

Members reflected again on the extensive work undertaken by the Pandemic Scrutiny Committee during the summer and thanked the members and officers for their hard work. A summary of the recommendations and their status was appended to the report and it was noted they fell broadly into four categories – those which had already been completed or were currently being taken forward by the council; those which aligned with the Stronger Futures programme as part of the council’s recovery and renewal plan; those which had been referred to scrutiny committees for longer term consideration; and those which related to health partners and would therefore be considered at a future Health and Wellbeing Board.

Members welcomed the report and the helpful and comprehensive formatting of the spreadsheet of actions. They acknowledged that whilst a number of the actions did not fall within the council's remit, it was important to have oversight and overview. In relation to community engagement and response, the following examples were highlighted as good practice - the formation of the Covid-19 Outbreak Board which regularly met and held a live Q&A session for public participation; the council's website and dashboard which helpfully showed current data down to ward level; and the innovative community champions initiative.

Visiting Members: Councillor Margaret Parker spoke in relation to the item.

Councillor Louise Gittins, Leader of the Council, led the discussion on the item.

**DECIDED: That**

- 1) the approach to the recommendations of the Pandemic Response and Recovery Scrutiny Committee set out in this report and the Appendix be endorsed; and
- 2) the recommendations relating to health partners be shared with the Health and Wellbeing Board to support the future collaborative work plans.

**Reason for Decision**

To ensure clarity as to the way in which all of the recommendations set out in the final report of the Pandemic Response and Recovery Scrutiny Committee will be addressed and monitored.

Alternative Options

The recommendations put forward as those of the Pandemic Response and Recovery Scrutiny Committee following the intensive period of work undertaken between June and October 2020. Cabinet is asked to consider and support each one but may choose not to do so.

**90 THIRD REVIEW OF PERFORMANCE 2020-21**

Cabinet considered the report of the Director of Finance and the Director of Public Service Reform which set out the performance of the Council at the end of the third period of the 2020-21 reporting year. This covered the eight month period from 1 April 2020 to 30 November 2020. The reporting approach had been updated to provide a more concise and visual dashboard of key performance data at Appendix A. It summarised the key headlines for financial performance, covering revenue and capital budgets, as well as the assessment of performance against the Council Plan indicators.

Cabinet members were reminded that performance indicators were not being reported as red, amber or green against target during this financial year and this would be reinstated for 2021/22 onwards. The interactive online performance dashboard was available on the council's website at:

<https://www.cheshirewestandchester.gov.uk/your-council/policies-and-performance/Joint-performance-and-finance-report.aspx> and allowed viewers to access additional information on indicators as well as sorting performance

information so that it could be viewed by Council Plan priority as well as by council directorate or service. This dashboard approach to presenting key performance data was welcomed and supported by Members.

In relation to the financial position set out in the comprehensive report, Members noted that since mid-year review the forecast underspend on business as usual activity has increased from £1.6m to £1.9m due to a reduction in the forecast overspend in Communities, Environment and Economy, and additional forecast underspend in Health and Wellbeing. The proposal was to set aside any underspend at year end into a reserve to fund future pressures on the collection fund as a result of Covid-19, therefore reducing any future impact on the Council's financial scenario. Members also noted that since mid-year review, the forecast financial pressures in 2020-21 had reduced by £0.6m to £46.0m. Furthermore, Members noted the council had so far so far received £41.1m of funding for Covid-19 pressures and was estimating further funding of £6.9m in relation to the income compensation scheme. Along with £1.4m of estimated reimbursements from Clinical Commissioning Groups, the total funding received by the council was therefore expected to be £49.4m. Table 2 in section 4.5 of the report summarised the Council's overall estimated funding position. The report also detailed the forecast delivery of savings proposals at section 4.11 and the forecast capital delivery programme at 4.12. The financial impact of Covid-19, outlined in section 8.1 – 8.11 continued to be monitored and kept under review.

Members thanked finance and performance officers for producing such a comprehensive interim report during this challenging time.

Councillor Louise Gittins, Leader of the Council, led the discussion on Council Plan performance and Councillor Carol Gahan, Cabinet Member for Legal and Finance, led the discussion on financial performance.

Cabinet Members in turn highlighted in more detail the key headlines, achievements, areas of positive performance and also challenges within their individual portfolios. They paid tribute to the many council teams who were continuing to adapt to the ongoing situation with the pandemic and wished to record their thanks for the ongoing hard work, commitment and flexibility which staff were continuing to demonstrate.

**DECIDED: That**

Financial Performance

- 1) the forecast revenue and capital outturn of the Council as set out in this report be noted;
- 2) the forecast cost impact of Covid-19 and the proposals to fund the associated costs be noted;

Council Plan Performance

- 3) performance as at third review, from 1 October to 30 November 2020 be reviewed; and



- 4) both financial and council plan performance information be used to inform scrutiny work programmes across all committees.

### **Reason for Decision**

- 1) To ensure the Council remains a well-managed authority, recognising and responding to emerging cost pressures and complying with current accounting requirements.
- 2) To ensure that up to date performance information is available to enable the Cabinet, wider Members, senior officers and the public to be assured that priorities under the Council Plan are on track for delivery and that any issues are being addressed.

### Alternative Options

The report includes recommendations. Members could choose not to approve the recommendations however this would result in budget pressures.

## **91 SUPPORT TO CHESHIRE WEST BUSINESSES DURING COVID-19**

Cabinet considered the report of the Director of Finance and the Director of Economy and Housing which provided details of how the council was supporting businesses under the grant funding schemes announced by government. The report also provided details of the wider support the council had provided to businesses during this period and sought endorsement for the actions as outlined in more detail in section 4.

Members noted that additional business support had been an integral part of administering the grant funding schemes, with teams coming together closely to provide a comprehensive Covid response for businesses. The complex work had included setting policies in place to manage discretionary schemes, cutting through red tape whilst ensuring robust governance was in place, identifying businesses potentially eligible for grants and encouraging them to apply. With support of IT, the Finance team had devised and simplified the application process and over £78m of funding had been disseminated to businesses to date, around 6,500 business had been supported and some 240 businesses granted rate relief.

Members further noted that in addition to funding, effective communication with businesses had also been paramount and was outlined in the report. In addition, further recommendations to emerge from the Pandemic Scrutiny Committee had been put in place and had further improved communication. The council was continuing to work hard to identify and reach out to those businesses who had potentially fallen through the gaps in order to offer them support.

Visiting Members: Councillor Lynn Gibbon spoke in relation to the item.

Councillor Carol Gahan, Cabinet Member for Legal and Finance, led the discussion on the item. She thanked all the teams involved for their incredible response and hard work in supporting Cheshire West businesses during the pandemic, including Economic Growth, Transactional Services, IT and Finance teams. She highlighted that the council had been noted by the Chamber of Commerce as a business-friendly council and she reassured Members that the

council would continue the dialogue with businesses and continue to support them to provide much needed hope for the future.

**DECIDED: That**

- 1) the actions taken to support businesses during the pandemic (paragraph 4.1 – 4.21) be endorsed;
- 2) the issues and challenges faced by businesses in the borough and the wider support provided to businesses during this period (paragraph 4.21) be noted; and
- 3) the approach of the council for future support to businesses (paragraph 4.22 – 4.24) be approved.

**Reason for Decision**

To provide formal endorsement from Cabinet for actions to date and future support to businesses.

Alternative Options

The council has sought to support businesses in the borough who have been the most affected by the COVID-19 restrictions through the allocation of funding in accordance with national legalisation and through the development of discretionary policies.

**92 LITTLE SUTTON READING AND RECREATION ROOMS**

Cabinet considered the report of the Director of Economy and Housing which outlined the situation regarding Little Sutton Reading and Recreation Rooms in Ellesmere Port, a charitable asset managed in trust by the council within the Little Sutton community. The report sought approval for disposal of the building which had been empty since 2010 and, due to its state of disrepair, was not able to be brought back into use.

Members noted the background and mix of historical patchy arrangements which had sadly impacted on the condition and former use of the building. Members further noted that consultation with local Members, Little Sutton Village Centre Recreation Group and the Charity Commission had identified support to dispose of the building and that options for the reinvestment of the ring-fenced capital receipt would be identified in consultation with the Little Sutton Village Regeneration Advisory Group. Members welcomed the report and the approach and noted that any preferred final project(s) would need to be supported by a robust business case that was both sustainable and deliverable.

Visiting Members: Councillor Lynn Riley spoke in relation to the item.

Councillor Carol Gahan, Cabinet Member for Legal and Finance, led the discussion on the item.

**DECIDED: That**

- 1) the Little Sutton Reading and Recreation Rooms be disposed of;
- 2) the Director of Commercial Management and Delivery and the Director of Governance be authorised to take all necessary steps to achieve the said disposal, including but not limited to, obtaining the consent of the Charity Commission, advertising the said disposal and taking into account any comments received in response;
- 3) the final preferred reinvestment project be developed and delivered in consultation with the Little Sutton Village Centre Regeneration Advisory Group and the local community; and
- 4) the Director of Economy and Housing, in consultation with the Director of Finance, the Cabinet Members for Housing, Regeneration and Growth and Legal and Finance, be authorised to reinvest the ring-fenced capital receipt from the disposal following the development of the final preferred option for the benefit of the local community in accordance with any requirements of the Charity Commission.

**Reason for Decision**

- 1) The building is in a dilapidated condition and refurbishment is not economically viable. The current condition means it is not available for community use. The disposal of the site would make funds available for alternative community provision in Little Sutton in line with the requirements for the building as a charitable asset.
- 2) The council will support the process as an enabler in review of the business plan for the preferred project and then the preferred project taken forward by the community.

*Alternative Options*

- 1) To invest money in bringing the current site into a condition suitable for community use which would include a vehicular and disabled access, complete refurbishment of the building and significant landscaping.
- 2) The Council could take no action at all, the building would continue to deteriorate which could have implications with regards to the Council's obligations as charity trustee.

**93 ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT THAT MAY BE DEALT WITH IN THE PUBLIC PART OF THE MEETING**

The Chairman sadly reported the death of former Councillor Brian Crowe and on behalf of Cabinet sent sympathies and condolences to his family at this sad time.

Date of publication: 15 January 2021.

Chairman .....

Date .....

# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Director of Education and Inclusion
<b>Cabinet Member:</b>	Councillor Bob Cernik, Cabinet Member for Children and Families
<b>Title:</b>	Determined Admission Arrangements for 2022-2023

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### Is this a Key Decision\*?

**No**

\*One that affects finances over £1m or significantly affects two or more wards  
If this is a key decision then the item must be on the current forward plan of key decisions.

### 1 What is the report about?

- 1.1. The Decision Paper seeks approval for the determined admission arrangements for Cheshire West and Chester community and voluntary controlled schools which will apply with effect from September 2022 subject to any review.

### 2 Recommendation

- (i) To approve the proposed admission arrangements 2022-23 as detailed in Appendices 1 and 2 to the report.

### 3 Reasons for the Recommendation

- 3.1 The local authority must determine its arrangements by 28 February 2021.

### 4 Report Details

- 4.1 The School Admissions Code states admission authorities must determine (i.e. formally agree) admission arrangements every year, even if they have not changed from previous years and a consultation has not been required.
- 4.2 There are no proposed alterations to the admission arrangements and therefore no consultation has taken place.

### 5 How does the decision contribute to the Council's Plan?

- 5.1 To ensure that our families, children and young people are supported to get the best start in life.

## **6 How does the decision contribute to Closer Working with Partners?**

- 6.1 It clearly sets out the Cheshire West and Chester School Admissions arrangements providing advanced information for partners.

## **7 What will it cost?**

- 7.1 Members should note that the costs of School Admissions function are funded from the Dedicated Schools Grant within the central schools service block. There are no cost implications to approve with the recommendations in the report. The budget for the function is agreed in consultation with Schools Forum and included in the Council's budget report.

## **8 What are the legal aspects?**

- 8.1 The authority has a duty to comply with the mandatory requirements imposed by the School Admissions Code (or by statutory provisions). The Code is made under section 84 of the SSFA 1998.
- 8.2 It is a mandatory requirement that local authorities determine a scheme by 28 February 2021 for co-ordinating the admission arrangements for maintained schools within their area and with other English local authorities.
- 8.3 Admission arrangements must be determined by 28 February 2021 and authorities must, within 14 days of determination, give notice in writing to all consultees. Local authorities must also, by 15 March in the determined year, publish on their websites the determined arrangements for all community and voluntary controlled schools:
- (a) The fact that the determined admission arrangements for all schools in the area of the authority, and
  - (b) A statement of a parent's right of objection to the School Adjudicator for maintained schools, and the Secretary of State for Academies, along with where to submit the objection to, the date by which this should happen and how to access further assistance from the local authority in making objections.
  - (c) The documents will be available on the authority's website and for inspection in the local authority offices (and in any other areas considered appropriate).

## **9 What risks are there and how can they be reduced?**

- 9.1 If the local authority does not determine its admission arrangements and co-ordinated scheme before 28 February 2021, it will be in breach of its statutory duty to comply with the provisions of the School Admissions Code. If the local authority does not notify the Secretary of State that it has adopted a co-ordinated scheme by 28 February 2021, the Secretary of State may impose one.

**10 What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

- 10.1 The School Admissions code and the Cheshire West and Chester Admission Arrangements are explicit that all children whose Education, Health and Care (EHC) plan names the school must be admitted.
- 10.2 Admission authorities are also subject to the Public Sector Equality Duty and therefore must have due regard to the need to eliminate discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations in relation to persons who share a relevant protected characteristic and persons who do not share it.

**11 What are the implications of the decision on Climate Change?**

- 11.1 After Looked After Children and children with EHC plans, the Cheshire West and Chester Admission Arrangements prioritise siblings and then students who live within the local area of the school reducing the need for transport.

**12 Are there any other options?**

- 12.1 If the Local Authority does not notify the Secretary of State that it has adopted a co-ordinated scheme by 28 February 2021, the Secretary of State may impose one

**For further information:**

**Cabinet Member:** Councillor Robert Cernik

**Officer:** Kelly Senior

**Tel No:** 01606 275072

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**Background Documents:**

Appendix 1: Determined Admission Arrangements for 2022-23

Appendix 2: Determined Co-ordinated Admissions Scheme for 2022-23

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## **Appendix 1**

### **Determined admission arrangements for 2022-2023 for Cheshire West and Chester community and voluntary controlled schools**

#### **Part one**

Applications for school places for the normal admission round into reception the September following the child's fourth birthday, transfer to secondary school the September following the child's eleventh birthday and applications received for in year (i.e. into any year group outside the normal admission round), shall be determined in accordance with the provisions set out below. These admission arrangements apply to all community and voluntary controlled schools, as listed in Part three, admissions within the borough for the school year 2022-23 and for subsequent years, subject to any review.

#### **Compulsory school age**

Children reach compulsory school age at the beginning of the term following their fifth birthday. Under the council's policy, children may start school in the reception class in the September following their fourth birthday. Applications for admission are normally considered in relation to the availability of places in the child's chronological age group, other than in exceptional circumstances. Parents can request that the date their child starts school in the reception class is deferred until later in the school year or until the child reaches compulsory school age in that school year. Applications for deferred admissions must be made by the published closing date. For parents and carers with children born between 1 April and 31 August they should contact the authority to obtain information on the 'Summer Born Policy' and for advice if they wish to consider delaying their child's entry for a full year. Parents and carers considering this option must apply in the child's chronological year group to ensure that they are part of the process should they decide not to delay their child's entry. The vast majority of children in Cheshire West and Chester are taught in their chronological year group. To help younger children adjust to school, schools may propose to phase full time admission over the first four weeks of term, admitting these children on a part time basis. However it should be noted that parents have the right to insist that their child receives full time from the start of September and that they also can request that their child attends school on a part time basis until the child reaches compulsory school age.

#### **Secondary transfer**

For transfer to secondary school, children will normally transfer at the beginning of the autumn term following their eleventh birthday.

In exceptional circumstances requests can be made for early or late transfer to secondary school. Parents and carers considering such a request must in the first instance speak to the head teacher of the child's primary school. However, parents and carers must apply for a school place by the published closing date. The application should include details of the request for a place outside of the chronological age range to ensure that if early or late transfer is not agreed that their child is not disadvantaged and is included in the secondary transfer process.

#### **Application process**

Applications from Cheshire West and Chester residents for places in local authority maintained schools and academies, including applications for schools maintained by other local authorities, must be made on the Cheshire West and Chester Council common application form. The application process will begin on 1 September 2021.

As required by law, Cheshire West and Chester Council makes arrangements for parents and carers resident within the authority's administrative area to express up to three preferences for any English authority school/s, ranked in order of priority, using the council's common application form or online application facility and to give reasons in support of each preference, including any supporting documentation, before any places are offered.

Applicants not resident in an English authority or resident abroad should apply on the common application form or online application facility to Cheshire West and Chester Council if they wish to be considered for a Cheshire West and Chester school or academy. Applications received for the admission of pupils who are not resident in Cheshire West and Chester authority are always considered on an equal basis in relation to oversubscription criteria and deadlines as Cheshire West and Chester residents.

### **Acknowledgements**

An acknowledgement confirming receipt of applications can be provided on request from parents and carers. A stamped addressed envelope must be provided. Online applicants will receive an automated email acknowledgement.

### **Children with a statement of special educational needs or an education health and care plan**

Section 324 of the Education Act 1996 requires the governing bodies of all maintained schools to admit a child with a statement of special educational needs or education health and care plan that names their school.

### **Published admission numbers**

The council in relation to community and voluntary controlled schools have set published admission numbers, which is the number of children that will be admitted into the relevant age group in the normal admission round. If the Council receive an increase in applications in certain areas of the borough, the council where necessary, will use its power as the strategic commissioner of school places to temporarily increase the number of places available above the published admission number. These increases will not constitute an increase to the published admission number as stated in paragraph 1.4 of the School Admissions Code December 2014.

For applications received in year, which are those received after the first day of the school year into the relevant age group or into any other year group, the published admission number will normally continue to be applied as the relevant age group progresses through school. There may be occasions when a school's organisation permits the admission of additional children into an oversubscribed cohort at the expense of places in an undersubscribed cohort. Should there be subsequent application to the undersubscribed cohort it may not be possible to admit to the published admission number.

Published admission numbers for Cheshire West and Chester maintained schools are listed in the authority's composite prospectus which is available on the council's website at the start of the application process.

All preferences made in accordance with the local authority's admission arrangements will be met except where this would prejudice the provision of efficient education or the efficient use of resources, when the year group in question is full. In some circumstances the local authority may

agree with the school that admitting further pupils will not adversely affect the school in the longer term. In such circumstances, a preference will be met, even where the year group is full. Unless the child is a permitted exception as defined in The School Admissions Code, December 2014, the local authority will not normally be able to agree admission over the published admission number where to do so would result in a breach of infant class size legislation. The law requires that infant classes, where the majority of children will reach the age of five, six or seven, contain no more than 30 pupils with a single qualified teacher.

### **Oversubscription criteria**

Where more applications are received than there are places available and after the admission of pupils with statements of special educational needs or an education health and care plan, where the school is named in the statement, preferences for community and voluntary controlled schools, together with any supporting information, will be considered in accordance with the council's published oversubscription criteria as follows:

- A looked after child or a child who was previously looked after by an English Local Authority but ceased to be so because they were adopted or became subject to a child arrangements order or special guardianship order. A looked after child is a child who is in the care of a local authority or being provided with accommodation by a local authority in the exercise of their social services functions, as defined in section 22(1) of the Children Act 1989.
- A looked after child or a child who was previously looked after outside England but ceased to be so because they were adopted or became subject to a child arrangements order or special guardianship order. A looked after child is a child who is in the care of a local authority or being provided with accommodation by a local authority in the exercise of their social services functions, as defined in section 22(1) of the Children Act 1989.
- Siblings. Pupils with brothers or sisters, step brothers or step sisters, half-brothers or half-sisters, adopted brothers or adopted sisters living together as part of one household, already attending the preferred school in years reception through to year five in a primary school, years seven to ten and year twelve in a secondary school and expected to continue at the school in the following school year, at the time of admission. Siblings in year six and year eleven will not be considered under this criterion for the normal admission rounds.
- Children resident within the designated catchment zone of the school. Children will be classed within this category if they and their parents or carers are resident within the area served by the school at the time of application. However, for the normal admission rounds, the authority may consider a change of address providing the child is resident in the new property and supporting documentation is received by 10 December 2021 for secondary transfer and 18 February 2022 for reception applications, when the authority will begin the allocation of places process.
- Children not resident within a school's local catchment zone but attending a school designated as a partner school for admissions purposes. (Only applicable for secondary applications)

Community High School and designated partner primary schools are as follows:

### **Helsby High School**

Alvanley Primary School  
Ashton Hayes Primary School  
Aston by Sutton Primary School  
Elton Primary School  
Frodsham Church of England Primary School  
Frodsham Manor House Primary School  
Frodsham Weaver Vale Primary School  
Helsby Hillside Primary School  
Horn's Mill Primary School  
Kingsley Community Primary and Nursery School  
Kingsley St John's Church of England Primary School  
Manley Village School  
Norley Church of England Primary School

- Pupils living nearest to the school measured in a straight line from the centrally plotted Basic Land and Property Unit point of the child's home address to the centrally plotted basic land and property unit point of the school as defined by local land and property gazetteer.

Where a school cannot accommodate all pupils qualifying under one of the criteria stated above, the next criteria will also be applied to determine priority for admission. For example, if a school cannot accommodate all siblings for whom an application has been received, all sibling applicants will be prioritised in the order of:

- Siblings who live within the school's designated catchment area
- Siblings who do not live within the school's designated catchment area

All applicants within each criterion will be put into distance order with priority being given to those that live nearest to the school, as stated above.

Where it is identified that there are a limited number of places available and the local authority cannot differentiate between the applications using the nearest school criterion, a random allocation tie-breaker will be applied. This may be required for example, where applicants reside in the same block of flats or separate addresses measuring the same distance from the school.

### **Equal preferences**

All preferences will be considered on the basis of the equal preference model for allocating places, in accordance with legal requirements. This means that in the first instance, all preferences will be considered against the school's published oversubscription criteria only, without reference to the preference ranking. Where a pupil can potentially be allocated more than one school place stated on the application form, the single offer, determined by the home authority, will be for the school ranked highest on the application form by the parents or carers.

If the pupil is a Cheshire West and Chester resident and Cheshire West and Chester Council, as the home authority, is not able to offer any of the preferences stated on the form a place will be allocated at the nearest Cheshire West and Chester school (including faith schools) with known vacancies using the authority's mapping system for measuring straight line distances from the Basic Land and Property Unit point of the home address to the Basic Land and Property Unit point of the school in miles.

Where an application has been received from a parent resident in another authority and a place cannot be offered, Cheshire West and Chester Council will not allocate an alternative school place.

### **Children of multiple births**

In relation to children of multiple births, exceptionally it may be necessary to offer places over the published admission number. This is to ensure that, as far as possible, siblings (twins, triplets or children from other multiple births) can attend the same school. In normal circumstances the local authority will not be able to agree admission over the published admission number where to do so would result in a breach of infant class size legislation, which requires that infant classes, where the majority of children will reach the age of five, six or seven contain no more than 30 pupils with a single qualified teacher. However the School Admissions Code, December 2014 allows the admittance of a sibling in the same school year (twins, triplets or children from other multiple births) as a permitted exception where one sibling can be offered and not the other. This is a discretionary permitted exception and may not be agreed if the admittance of more children into a particular year group would cause prejudice to the efficient education and efficient use of resources to other children in that year group.

### **Children of UK service personnel**

Places will be allocated in advance of the family arriving in the area for children of UK service personnel and veterans, if accompanied by an official government letter which declares a relocation date and a unit postal address or quartering area address for considering the application against local authority oversubscription criteria. In addition it may be necessary to offer places above the published admission number as the School Admissions Code, December 2014 allows the admittance of a forces child as a permitted exception in relation to infant class size legislation. This is a discretionary permitted exception and may not be agreed if the admittance of more children into a particular year group would cause prejudice to the efficient education and efficient use of resources to other children in that year group. Consideration for applications for children of UK service personnel and veterans is given in accordance with the Cheshire West Armed Forces Covenant.

### **Parents and Carers with shared responsibility for a child**

Where parents or carers have shared responsibility for a child the place of residency will be determined as the address where the child lives for the majority of the week, for example, where the child wakes up between Monday to Friday. Full details must be submitted in writing to enable the local authority to determine which address will be used for the purpose of admission. A panel of officers will consider the information provided. If the panel agree that sufficient evidence has been provided then this address will be used for the purpose of assigning a criterion to the application.

Where the local authority is unable to reach a decision based on the information received, for example, where a child lives equally with both parents, the address provided for claiming child benefit and where appropriate, child tax credits or equivalent will be applied to the admission application. In such circumstances, documentary evidence must be provided. Any delay in receiving any required information will result in the local authority determining residence for the purpose of admission based on the information available to it.

In the event of two applications being received for a child residing equally with both parents/carers, neither application will be considered and the parents/carers will be asked to agree a single application between themselves.

## **Moving house**

Parents and carers must inform the authority immediately of a change of address, even if details of a future change of residency were included on the application form as this may change a child's oversubscription criteria for a particular school. The authority will require supporting evidence to show that the place of residency has changed, for example completion of sale, tenancy agreements, council tax and utility bills and any other information considered relevant to the application, including disposal of previous property. In addition proof that the child now resides at the new property will be required i.e. child benefit or child tax credit. For normal admission round supporting evidence must be received by the date as stated in part two.

In respect of applications made as part of the normal admission round, for example, into the reception class in a primary school and into year seven as a secondary transfer in September for the first time, information and supporting evidence must be received by the dates in part two of these arrangements. Proof of residency received after the published dates will not be used to process the application, but will be used to send the decision letter on the published offer date.

## **Waiting lists**

Waiting lists will be held in oversubscription criteria order and not on a first come, first served basis. A vacant place will be reallocated to the child with the highest oversubscription criteria on the school's waiting list on the day the place became available. Placing a child's name on a waiting list does not affect the statutory right of appeal. Waiting lists must be held until the end of the autumn term.

## **Normal admission round**

The normal admission round refers to applications made before the offer release date for admission into the relevant age group i.e. into a reception class in a primary school or year seven in a secondary school in September.

Waiting lists for oversubscribed schools will be prepared in line with the dates specified in part two. Any child refused a school place will automatically be placed on the school's waiting list. They will also consist of children for whom an appeal has been received by the dates specified in part two together with any late applicants.

## **Changing preferences**

In respect of applications made for the normal point of entry, for example, into reception class in a primary school or year seven in a secondary school for the first time, the local authority will not accept a change of preference made after the published closing date without a genuine reason, such as a recent house move. Full details must be provided to the local authority for consideration, along with supporting documentation.

If the authority's decision is that the reason, based on the evidence provided is not valid, then the application will be treated as a late application and as such notification of the outcome of that application will be after the accept/decline date as stated in part two. It is important therefore that parents and carers give full consideration to the preferences they make on their on time application form.

### **Other relevant changes of circumstances, e.g. admission of a sibling**

Further information received after the supporting documentation deadlines, as stated in part two will not be considered as part of the on time allocation process. The information will be assessed after the accept/decline date and any changes that would assign a different criteria to an application, for example, sibling, in catchment, will be applied to the application and used to determine where the child falls on a waiting list.

### **Late applications – Normal admission round only**

Late applications for places at Cheshire West and Chester schools, i.e. applications not submitted to the authority by the relevant statutory closing date will be considered after all on time applications unless the local authority considers that there are good reasons for the application being late, which must be stated at the time of application, for example, exceptional medical reasons preventing an earlier application, late removal into the area. Supporting documentation must be provided.

Where supporting documentation has been received by the date specified in part two of these arrangements and the authority has accepted reasons stated for the late application, the application will be considered as if it had been received on time.

Late applications and supporting documentation received after the dates specified will be considered after all on time applications even where the authority accepts that there are good reasons for the late application and as such these applications may be disadvantaged in the consideration of their preferences.

Late applicants will be advised of the outcome of their application after the published offer date specified in part two of these arrangements.

### **In year applications**

In year applications are those received after the 1 September into the relevant age group or at any time into any other year group.

Applications for admission are normally considered in relation to the availability of places in the child's chronological age group, other than in exceptional circumstances. In exceptional circumstances requests can be made for entry into a year group outside the chronological age range of a child. Parents and carers considering such a request must in the first instance speak to the head teacher of the school they will be applying for. The decision as whether it would be in the child's best interest to be educated outside the chronological year is determined by the head teacher of the schools concerned in agreement with the parent/carer.

Parents and carers, irrespective of where they reside who are seeking in year school places for schools and academies in Cheshire West and Chester authority are required to apply direct to the school or academy. Parents and carers must either complete an application form obtained from the school or complete an online form available on the local authority's website, which is directed to the school or academy for processing.

Waiting lists will be held for community and voluntary controlled schools in oversubscription criteria order and not on a first come, first served basis. Any child refused a school place will automatically be placed on the school's waiting list and will be considered together with children for whom an appeal has been received and any new applicants. Schools will be responsible for administering and updating their waiting lists and must be clear to parents and carers as to how the waiting lists will be

operated on an annual basis. A school place is not considered available until the school or academy is able to remove a child from roll according to the local authority's safeguarding protocol. Parents and carers must notify the school if there are any changes in circumstances that would impact their oversubscription criteria for the waiting list.

The holding of in year waiting lists for aided, foundation, studio, free schools and academies will be determined by the school or academy.

### **Right of appeal**

Parents and carers who are not offered a place for their child at a school stated as a preference have a right of appeal to an independent appeals panel. Parents can submit an appeal in respect of each school for which admission has been refused. Application forms to appeal against a decision by the local authority to refuse admission to a community or voluntary controlled school are available on the authority's website or can be obtained by contacting the authority. All appeal application forms for community or voluntary controlled schools must be returned to the school admissions team within 20 school days of the issue of the refusal notification.

### **Repeat applications and appeals**

Repeat applications and appeals will not be considered within the same school year, unless the parent, carer or school's circumstances have changed significantly since the original application was made. Full details of the change of circumstances must be provided for consideration by the local authority.

Vacancies occurring in a year group which was fully subscribed at the time of the initial application will be deemed to constitute a significant change in the school's circumstances and a repeat application will be permitted.

### **Part two**

<b>Timetable for applying for school places for the normal admission rounds</b>	<b>Secondary transfers</b>	<b>Primary admissions</b>
Application process starts. Online application facility opens and paper application forms available. Composite prospectus available	1 September 2021	1 September 2021
Closing date for applications	31 October 2021*	15 January 2022*
Deadline for receipt of supporting documentation. Information received after this date will not be considered until after the accept/decline date listed below	10 December 2021	18 February 2022
Allocations to be finalised	11 February 2022	25 March 2022



Offers released Parents will be informed of the school place offered either: <ul style="list-style-type: none"> <li>• By letter to those parents and carers who have applied using a paper application form and to those online applicants who have requested their offer by letter</li> <li>• By email to those parents and carers who have applied using the web based online facility. In addition, online applicants can view their offer on this day by logging in to their online account</li> </ul>	1 March 2022**	19 April 2022**
Waiting lists prepared and vacancies re-allocated. Waiting lists will be held in criteria order.	After 1 March 2022	After 19 April 2022
Deadline for application appeals against local authority / governing body decisions	29 March 2022	18 May 2022
Appeal hearings (on time applications)	By 16 June 2022	By 20 July 2022
Appeal hearings (late and in year applications)	Within 30 school days of the appeal being lodged	Within 30 school days of the appeal being lodged
Late applicants will be advised of the outcome of their application after this date and within 10 school days of this date or receipt of application (whichever is the later), as far as possible	After 1 March 2022	After 19 April 2022

\*National closing date

\*\*In accordance with regulations which state that offers must be posted out on these dates except where these dates fall on a Saturday or Sunday and offers must be posted on the next working day

All dates will be reviewed on an annual basis in line with National guidance.

### Part three

#### Community and Voluntary Controlled Primary Schools as at December 2020

Alvanley Primary School
Ashton Hayes Primary School
Aston by Sutton Primary School
Barrow Church of England Primary School
Belgrave Primary School
Brookside Primary School
Byley Primary School
Cambridge Road Community Primary and Nursery School
Capenhurst Church of England Primary School
Charles Darwin Community Primary School
Cherry Grove Primary School
Christleton Primary School
Darnhall Primary School
Dee Point Primary School
Dodleston Church of England Primary School
Dutton St Peter's Church of England Primary School
Elton Primary School
Farndon Primary School
Frodsham Church of England Primary School
Frodsham Manor House Primary School
Frodsham Weaver Vale Primary School
Guilden Sutton Church of England Primary School
Hartford Manor Community Primary School
Hartford Primary School
Helsby Hillside Primary School
Highfield Community Primary School
Hoole Church of England Primary School
Horn's Mill Primary School
Huntington Community Primary School
Huxley Church of England Primary School
J H Godwin Primary School
Kingsley Community Primary & Nursery School
Kingsmead Primary School
Lache Primary School
Leftwich Community Primary School
Lostock Gralam Church of England Primary School
Malpas Alport Endowed Primary School
Manley Village School
Meadow Primary School
Mickle Trafford Village School
Moulton School
Neston Primary School
Newton Primary School
Oldfield Primary School
Overleigh St Mary's Church of England Primary School
Over St John's Church of England Primary School

Parkgate Primary School
Rivacre Valley Primary School
Rossmore School
Saughall All Saints Church of England Primary School
Shocklach Oviatt Church of England Primary School
St Chad's Church of England Primary School
Sutton Green Primary School
Tarporley Church of England Primary School
Tattenhall Park Primary School
The Acorns Primary and Nursery School
The Arches Community Primary School
The Oaks Community Primary School
Tilston Parochial Church of England Primary School
Tushingham-with-Grindley Church of England Primary School
Upton Westlea Primary School
Waverton Community Primary School
Weaverham Forest Primary School
Westminster Community Primary School
Wharton Church of England Primary School
Whitby Heath Primary School
Whitley Village School
Willaston Church of England Primary School
William Stockton Community School
Willow Wood Community Primary School
Wimboldsley Community Primary School
Wincham Community Primary School
Winnington Park Community Primary and Nursery School
Winsford High Street Community Primary School
Woodfall Primary School
Woodlands Primary School

### **Community High School**

Helsby High School
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## Appendix 2

### Determined co-ordinated admissions scheme for 2022-2023

#### Part one – Statutory basis

##### 1 Background

- 1.1 This scheme meets the requirements for a scheme for co-ordinating admission arrangements under the School Admissions Code (Admission Arrangements and Co-ordination of Admission Arrangements)(England) Regulations 2012, made under the School Standards and Framework Act 1998, for the areas of Cheshire West and Chester Council.
- 1.2 Applications for school shall be determined in accordance with the provisions set out in this scheme for admission in the school year 2022-2023 and for subsequent years, subject to any review.
- 1.3 The co-ordination scheme applies to all maintained schools, academies, studio and free schools in Cheshire West and Chester and to preferences expressed by parents and carers of children resident within the authority's administrative area, including preferences for schools in other English Local Authorities. Admissions to independent schools and special schools will not be covered by this scheme.
- 1.4 Cheshire West and Chester Council will be responsible for managing the admission of all pupils who are resident within its administrative area for the normal admission rounds and will also be responsible for the monitoring of in year school transfer applications administered by Cheshire West and Chester maintained schools and academies.
- 1.5 Parents and carers making applications as part of the normal admission round for schools maintained by other authorities with a different age of transfer (middle and upper schools) will also be included within these arrangements.

##### 2 General information – normal admission rounds

- 2.1 Cheshire West and Chester Council, as the admission authority for its community and voluntary controlled schools, will be responsible for ranking the preferences for these schools in accordance with the Council's published admission arrangements.
- 2.2 For schools or academies not maintained by Cheshire West and Chester Council, the relevant authority will be responsible for ranking their preferences in accordance with their published admission arrangements.
- 2.3 For academies and schools with voluntary aided, foundation or trust status, decisions on the applications will normally be made by the governing body. The exception to this will be where the governing body has made arrangements for another body, including the maintaining authority to consider the application and to determine by reference to the school's admission arrangements the criteria to be assigned.
- 2.4 The admission arrangements for schools maintained by Cheshire West and Chester Council will be published on the council's website and in its information booklets. Admission arrangements for schools with voluntary aided, foundation or trust status are available on the school or academy's website, in line with the requirements set out in the School Admissions Code (December 2014).
- 2.5 All parents and carers resident in Cheshire West and Chester will be asked to make their application on the common application form provided by Cheshire West and Chester Council (as the home local authority) either online or by paper. Parents and carers making applications on a maintaining authority's application form will be advised to contact their home authority. Parents and carers seeking places at independent i.e. fee paying schools, must apply direct to the school. Applicants not resident in an English authority or

resident abroad should apply directly to Cheshire West and Chester Council if they wish to be considered for a school or academy in the Cheshire West and Chester area.

- 2.6 Applications for places sent direct by parents and carers to individual schools cannot be accepted and will be sent back to the local authority for inclusion within these arrangements.
- 2.7 The common application form will invite parents and carers resident in the Cheshire West and Chester area to express three school preferences ranked in order of priority.
- 2.8 Parents and carers will be provided with the opportunity to give reasons for their preferences and can, if appropriate, provide any additional documents in support of their preferences.
- 2.9 Parents and carers will be asked to provide details of any siblings attending the preferred school at the time of application and who will be attending at the time of admission, and details of the current school attended where applicable.
- 2.10 If a parent or carer expresses a preference for a school designated as having a religious character (faith school) they will be asked to state the religious denomination of their child on their application form. Parents and carers will be advised to contact the school as they may also be required to complete a supplementary information form. Forms will be available on the council's website or direct from the school, which requests information in addition to that provided on the common application form. Such requests must be made in accordance with paragraph 2.4 of the School Admissions Code (December 2014). Examples of additional information that can lawfully be requested include membership of, or relationship with the church, or a reference from a priest or other religious minister as proof of religious commitment.
- 2.11 Where a school receives a supplementary information form, this local authority will not consider it to be a valid application unless the parent or carer has also listed the school as a preference on their home local authority's application form. Supplementary information forms should be returned direct to the school concerned.
- 2.12 When a parent or carer has submitted their application on the local authority's common application form but has not submitted a supplementary information form, where relevant, the admission authority must nevertheless consider the application in accordance with legal requirements (Paragraph 4.3 of Section 86(2) of the School Standards and Framework Act 1998). In circumstances where a supplementary information form has been received the admission authority must confirm with the local authority that there is also an application, in order for the preference to be considered.
- 2.13 In circumstances where a supplementary information form has not been completed the application will be assessed on the basis of the information submitted to the governing body on the home local authority's common application form.
- 2.14 All preferences will be considered on the basis of the equal preference model for allocating places, in accordance with legal requirements. This means that in the first instance, all preferences will be considered against the relevant oversubscription criteria only, i.e. without reference to the preferred ranking. Thereafter, where a pupil can potentially be allocated more than one school place stated on the application form, the single offer, determined by the home authority, will be for the school ranked highest by the parent or carer.
- 2.15 Preference ranking will not be shared with schools or academies in accordance with the School Admissions Code (December 2014) as this cannot lawfully be used when applying oversubscription criteria.
- 2.16 All preferences made in accordance with the local authority's admission arrangements will be met except where this would prejudice efficient education or the efficient use of resources e.g. where the year group in

question is full. The duty to comply with parental preference is, however, removed for a period of two years where a child has been permanently excluded from two or more schools from the date on which the latest exclusion took place.

- 2.17 For admission as part of the normal admission round places will normally only be offered up to the published admission number, which applies to the normal year of entry. A child cannot be refused admission to the normal year of entry on the grounds of prejudice to the provision of efficient education and efficient use of resources unless the published admission number has been reached. In respect of admission to year groups other than the normal point of entry, it is expected that the admission number will continue to be applied. However, if circumstances have changed since the year of entry, a place may be refused even if the admission number has not been reached.
- 2.18 In some circumstances the local authority, as the admissions authority for community and voluntary controlled schools, may agree with the school that admitting further pupils, i.e. above the published admission number, will not adversely affect the school in the longer term. In such circumstances, a preference will be met, even where the year group is full. The local authority will ensure, where relevant, that the duty to comply with infant class size legislation is not compromised.
- 2.19 The Department for Education has confirmed that the operation of in year fair access protocol is outside the arrangements of co-ordinated admissions and as such the statutory duty to comply with parental preference does not apply in those circumstances. Therefore, this scheme does not apply to children who fall under the authority's in year fair access protocol; such children will continue to be considered for admission in accordance with the procedures outlined in the authority's agreed protocol.
- 2.20 If the pupil is a Cheshire West and Chester resident and Cheshire West and Chester Council is not able to offer any of the preferences stated on the form a place will be allocated at the nearest Cheshire West and Chester school with vacancies using a straight line measurement from the centrally plotted basic land and property unit point of the child's home address to the centrally plotted basic land and property unit point of the school as defined by local land and property gazetteer. This will include allocating vacancies at voluntary aided, foundation school and academies.
- 2.21 Where a preference has been received from a parent or carer resident in another authority and a place cannot be offered Cheshire West and Chester Council will not allocate an alternative school place.
- 2.22 Offers will be made by Cheshire West and Chester Council in accordance to the dates stated in 'part two' in its role as the home authority, on behalf of the admissions authority for the school allocated as follows

Admissions authority	Category of school
Cheshire West and Chester Council	All community and voluntary controlled schools in Cheshire West and Chester
Maintaining local authority	All non-Cheshire West and Chester community and voluntary controlled schools
Governing body of the school	All aided, foundation and trust schools, academies, studio and free schools

- 2.23 Schools must not notify parents or carers that a place has become available but must inform their maintaining local authority in order that an offer can be made by the home authority.
- 2.24 Parents and carers will be informed in writing of their legal right of appeal against any decision not to offer them a place at a school stated as a preference on their application form and their right to be supported by a friend or adviser. Further information on the appeals process will be available on the council's website and by contacting officers of the local authority.

- 2.25 Parents and carers can submit an appeal in respect of each school for which an application has been refused. All appeal applications should be sent to the admission authority for the school for which the application has been refused within 20 school days of the refusal notification (paragraph 2.22).
- 2.26 The timetable for appeals against decisions on applications made during the normal admission rounds is listed in part two.
- 2.27 Waiting lists must be held for the normal admission rounds (entry into a reception class and year seven in September) until the 31 December 2021. The waiting lists will be held in criteria order and not on a 'first come first served' basis. Placing a child's name on a waiting list does not affect the statutory right of appeal. Waiting lists for oversubscribed schools will consist of any child refused a school place, those for whom an appeal has been received together with any late applicants.

Where vacancies arise, a place will be allocated to the child held on a waiting list with the highest criteria on the day the place becomes available.

Waiting lists will be prepared according to the dates specified in part two.

### **3 Application process**

- 3.1 Children reach compulsory school age at the beginning of the term following their fifth birthday. Under the Council's policy, children normally start school in the reception class in the September following their fourth birthday. For transfer to secondary school, children will usually transfer at the beginning of the autumn term following their eleventh birthday.
- 3.2 Parents and carers can request that the date their child is admitted to the primary school is deferred until later in the school year or until the child reaches compulsory school age in that school year. Applications for deferred admissions must be made by the published closing date. Parents and carers will not, however, be able to defer admission beyond the academic year for which their original application was accepted or beyond the beginning of the term after the child's fifth birthday.
- 3.3 To help younger children adjust to school, schools may propose to phase full-time admission admitting these children on a part-time basis. However, it should be noted that parents and carers have the right to insist on full-time education from the start of September.
- 3.4 Where parents and carers wish, children may attend part-time until the child reaches statutory school age.
- 3.5 In exceptional circumstances requests can be made for early or late transfer to secondary school. Parents and carers considering such a request must in the first instance speak to the head teacher of the child's primary school. If parents and carers wish their child to be considered for either a deferred entry or early transfer, they should apply for a place as normal but accompany their application with their request and any supporting documentation. This is to ensure that if their request is not agreed that the child will be part of the process.
- 3.6 Parents and carers will be able to make their application from 1 September in the year preceding the admission year.
- 3.7 For secondary transfer only, the Council will have records for all children resident within its area, who attends Cheshire West and Chester primary schools. In order to make sure that all resident pupils are included in the co-ordinated admission process, this authority will also request data from neighbouring authorities and from independent schools in the area at the end of the summer term in the year preceding admission for details of resident pupils who attend their schools who are eligible for secondary school transfer.



- 3.8 The authority's information booklets will be available electronically on the Council's website from 1 September or will be obtainable by request from the Council from the 12 September. Reference copies will be available to view at all maintained schools, academies, studio and free schools.
- 3.9 Booklets will include information on the application process including key dates, details of Cheshire West and Chester schools and allocation data relating to applications for the previous year, in compliance with School Information (England) Regulations 2008.
- 3.10 Parents and carers will be asked to submit their completed application directly to this Council by the statutory closing dates as specified in part two.

#### **4 Changing preferences**

- 4.1 After the closing date for applications, the local authority will not accept a change of preference unless it is satisfied that there is a genuine reason for doing so, such as a house move.
- 4.2 A panel of officers will consider information presented in support of the late change of preference. The parent or carer will be notified of the decision.
- 4.3 Full details must be provided to the authority for consideration by the deadline for receipt of supporting documentation as stated in part two. Any changes received after the deadline will be too late for consideration as the allocation process will have begun.
- 4.4 In the case of a recent house move, confirmation of disposal of previous property, exchange of contracts, completion of sale, tenancy agreement and utility bills must be provided. In addition, proof that the child resides in the new property will be required i.e. child benefit or child tax credit documentation or equivalent.
- 4.5 Any parent or carer wishing to change a preference after the closing date for applications without a genuine reason for doing so in the opinion of the local authority will be advised that the application will be treated as a late application.

#### **5 Processing applications**

- 5.1 The following actions will be implemented in accordance with the dates in part two.
- 5.2 Cheshire West and Chester Council will exchange information electronically with all relevant local authorities of applications made by parents and carers of pupils resident in Cheshire West and Chester requesting places for schools in other local authorities.
- 5.3 Cheshire West and Chester Council will provide details of applications to its voluntary aided, foundation schools, academies and free schools for consideration by governing bodies in accordance with the school's own published admission arrangements via the school access module.
- 5.4 Cheshire West and Chester voluntary aided, foundation schools, academies and free schools will provide the local authority with a list of all their preferences in criteria order in accordance with their admission arrangements via the school access module.
- 5.5 Cheshire West and Chester Council will exchange information with other local authorities of the outcome of the applications received for pupils resident within their boundaries and request details of the decisions they will be making to Cheshire West and Chester pupils, the exchanging of data will continue until allocations are finalised.

5.6 If at any time following determination of the published admission number, a voluntary aided, foundation, free school or academy decides that it is able to admit above its published admission number, to comply with the School Admissions Code, it must notify the local authority in good time to allow the authority to deliver its co-ordinated responsibilities effectively. Therefore, notification of the number of additional places that can be offered should be notified to the authority by the dates as specified in part two.

5.7 The local authority will finalise allocations on the basis of equal preferences in line with the agreed dates in part two, as far as possible.

## **6 Notifying parents and carers of decisions**

6.1 Cheshire West and Chester Council will notify all applicants of pupils resident in Cheshire West and Chester the outcome of their application, including the decisions of applications made for schools in other English authorities. A letter/email will be sent on the published offer day to applicants. Also online applicants will be able to log into their accounts after 12.30am on the published offer day to view the decision.

Children resident within another English authority will be notified of the decision by their home local authority. Children resident outside England will be notified of the decision by Cheshire West and Chester Council.

## **7 Late applications**

7.1 Applications received after the closing date will be recorded as late and considered after all on-time applications unless the local authority accepts that the reasons submitted in support of the application justify the application being considered alongside on-time applications, for example, exceptional medical reasons preventing an earlier application or late removal into the area. Reasons must be presented at the time of application and supporting documentation must be provided by the deadline for receipt of supporting documentation as specified in part two.

7.2 In the case of a recent house move, the authority will require supporting evidence to show that the place of residency has changed as stated in paragraph 4.4.

7.3 In respect of medical reasons preventing an earlier application, a letter of confirmation from a medical professional will be required.

7.4 Application forms and supporting documentation received after the published deadline for receipt of supporting documentation will be considered as late and processed after all on-time applications, even if there are good reasons for the late submission.

7.5 Late applicants will be considered together with those on the school or academy's waiting list and will be advised of the outcome of their application by email (if an email address is provided on the application) or by letter on the date specified in part two.

## **8 Moving house**

8.1 Parents and carers must inform the local authority immediately of a child's change of address, even if details of a future change of residency were included on the application form. The authority will require supporting evidence to show that the place of residency of the child has changed as stated in paragraph 4.4.

8.2 Supporting evidence must be received by the deadline for receipt of supporting documentation as specified in part two, to allow the new address to be used when considering the assigning of oversubscription criteria to the application.

8.3 The local authority cannot use a new address when supporting evidence is received after the published dates to assign a higher oversubscription criteria for admission, but will be used for correspondence purposes.

## **9 Waiting lists**

9.1 Waiting lists will be administered in accordance with the arrangements set out in paragraph 2.27.

## **10 Admission appeals**

10.1 The decision letter/email will explain the applicants' right of appeal and how appeals may be made.

10.2 The timescale for the appeals process for on-time applicants is outlined in part two.

10.3 Parents and carers can submit an appeal in respect of each school for which admission has been refused.

10.4 Appeals for late applications will be heard within 30 school days of the appeal being lodged.

10.5 All appeal applications should be sent to the admission authority for the school or academy for which admission has been refused (paragraph 2.22).

## **In year admissions**

### **11 Application process**

11.1 All parents and carers, irrespective of where they reside who are seeking an in year school transfer for schools and academies in Cheshire West and Chester, will be required to apply direct to the school or academy.

11.2 Cheshire West and Chester parents and carers wishing to transfer to a school in another local authority must contact the relevant authority for information on how to apply for a school place.

11.3 Parents and carers of children who are seeking a transfer to an alternative school for reasons other than a house move will be strongly advised to discuss the proposed transfer with the current school before submitting an application.

11.4 Parents and carers are required to complete a common in year application form for a school or academy place no more than 20 school days before the school place is required. The in year application form can be obtained from both Cheshire West and Chester Council and the school or academy.

11.5 On the common in year application form parents and carers will be required to state their Cheshire West and Chester preference school and will be invited to provide additional information in support of their application, including any supporting documents.

11.6 The completed in year application form and any supporting documentation must be returned to the preference school.

11.7 A place will normally be considered to be available at a preferred school if the number on roll is below the planned admission number for the year group, unless it would lead to a breach of infant class size or the prejudice of efficient education and efficient use of resources in a school with mixed age group teaching.

- 11.8 A school place is not available until the school is able to remove a child from roll according to the local authority's safeguarding protocol.
- 11.9 In respect of applications made during the course of the year, i.e. outside the normal admission round, children may also be admitted above the published admission number as part of the authority's in year fair access protocol or as a transitional measure in the case of a closing school.
- 11.10 Upon receipt of an application, if the school or academy has a vacancy, subject to the provision in paragraph 12.7, in the relevant year group, a place must be allocated.
- 11.11 If the school receives multiple applications on the same day for an in year transfer into a particular year group, which would result in the published or agreed admission number being exceeded, the admission authority will determine the order of priority for admission by reference to the school's oversubscription criteria.
- 11.12 The preference school must notify the parent or carer in writing of the outcome of their application within five school days using the local authority's letter templates.
- 11.13 If the school place can be offered, a notification letter will be sent to the parent or carer confirming the offer of the school place and stating the start date that has been agreed with the parent or carer.
- Admission will normally take place within 20 school days of the offer date, or exceptionally, at the start of a half term where agreement with the school has been reached.
- 11.14 The school will inform the previous school that a place has been offered and the agreed start date.
- 11.15 The school or academy must place the child on roll on the agreed start date.
- 11.16 If the child does not attend on the agreed start date the school or academy must follow the CME process.
- 11.17 If the school place cannot be offered, a notification letter will be sent to the parent or carer stating the reason why the school place cannot be offered, informing them of their legal right of appeal and the appeals process and directing the parent or carer to the local authority for information on school vacancies.
- 11.18 Schools and academies in Cheshire West and Chester must inform the local authority of all in year applications received and the outcome via the school access module. Where the place has been refused, the reason stated to the parent on the refusal letter must also be included on the notification to the authority via the school access module. Where an offer has been made the start date should be included in the notification.
- 11.19 Schools and academies in Cheshire West and Chester must inform the local authority of their current numbers on roll by updating the school access module as and when a change occurs, both when a child is taken off roll or admitted. This is to ensure that the local authority meets its statutory duty of informing parent and carers of where there are vacancies in the borough.

## **12 Waiting lists**

- 12.1 From 1 September waiting lists for reception and year seven entry will become in year waiting lists and they must be held until the end of December each year for all schools and academies.

The holding of these waiting lists past the end of December for voluntary aided, foundation, free schools, academies and studio schools will be determined by the school or academy.

For community and voluntary controlled schools, waiting lists will continue to be held by the schools in oversubscription criteria order and not on a first come first served basis. The schools will be responsible for administering and updating their waiting lists.

Waiting lists for all other year groups for community and voluntary controlled schools will be held by the schools in criteria order and not on a first come first served basis. Waiting lists for oversubscribed schools will consist of any child refused a school place, those for whom an appeal has been received together with any new applicants.

Schools must be clear to parents and carers as to how the waiting lists will be operated on an annual basis.

The holding of waiting lists for other year groups for voluntary aided, foundation, studio, free schools and academies will be determined by the school or academy.

### **13 Admission appeals**

13.1 In year admission appeals will be administered in accordance with the arrangements set out in paragraphs 2.25-2.26.

In year admission appeal hearings and appeals against decisions on sixth form applications will be heard within 30 school days of the appeal being lodged.

Part two – Normal admissions round key dates for 2021-2022

<b>Process</b>	<b>Secondary transfers</b>	<b>Primary admissions</b>
Application process starts online and paper application form and composite prospectus available.	1 September 2021	1 September 2021
<b>Closing date for applications</b>	<b>31 October 2021*</b>	<b>15 January 2022*</b>
Notification from schools and academies of temporary admittance above the published admission number / over-allocation	By 5 November 2021	By 21 January 2022
Preferences forwarded to other English local authorities	16 November 2021	28 January 2022
<b>Deadline for receipt of supporting documentation</b>	<b>10 December 2021</b>	<b>18 February 2022</b>
Aided, foundation, free schools and academies to have completed entering criteria to their preferences on the school access module	16 December 2021	11 February 2022
Provisional allocations of places at Cheshire West and Chester schools sent to other local authorities for their residents	14 January 2022	15 March 2022
Allocations to be finalised	11 February 2022	25 March 2022
<b>Offers released</b>	<b>1 March 2022**</b>	<b>19 April 2022**</b>
Waiting lists prepared and vacancies re-allocated	after 1 March 2022	after 16 April 2022
Notification of decisions for late applicants	after 1 March 2022	after 19 April 2022
Deadline for appeals against the local authority or governing body decisions (20 school days from refusal)	29 March 2022	18 May 2022
Appeals received by the deadline for the normal admission rounds will be heard by (40 school days from appeal deadline)	16 June 2022	20 July 2022
Appeals received after the deadline for the normal admission rounds will be heard	Within 30 school days of the appeal being lodged	
Appeals received for in year applications	Within 30 school days of the appeal being lodged	

\* National closing date for applications

\*\* In accordance with regulations which state that offers must be posted out on these dates except where these dates fall on a Saturday or Sunday and offers must be posted on the next working day

All dates will be reviewed on an annual basis in line with National guidance.

# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Director of Economy and Housing
<b>Cabinet Member:</b>	Councillor Matt Bryan
<b>Title:</b>	Housing Management Services Budget Report 2021-22

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### Is this a Key Decision\*?

**No**

\*One that affects finances over £1m or significantly affects two or more wards  
If this is a key decision then the item must be on the current forward plan of key decisions.

### 1 What is the report about?

- 1.1 This report sets out the proposed Housing Management Services Budget (Housing Revenue Account) for 2021-22, including details of the proposed rent increase.
- 1.2 The report also provides an update on the impact of COVID-19 on the operational housing management services and the response by the Council and housing management contractor partner, ForHousing.

### 2 Recommendation

- 2.1 Cabinet is asked to consider and approve for recommendation to Council:
  - (i) A rent increase of Consumer Price Index (CPI) of 0.5% + 1% implemented from April 2021
  - (ii) A CPI increase in garage rents of 0.5%
  - (iii) A CPI increase in Lifeline charges of 0.5%
  - (iv) A CPI increase in the management charge for leaseholders of 0.5%
  - (v) The proposed budget for the Housing Revenue Account (HRA) as set out in Appendix 1.

### 3 Reasons for the Recommendations

- 3.1 To ensure that the Council can implement a rent increase in line with current government guidelines, along with lifeline charges and management charges for leaseholders, and a setting of garage rents, with effect from April 2021. The income from rents is critical to being able to maintain service delivery to meet the needs of our tenants and continue to invest in their homes to ensure they live in decent neighbourhoods and homes, with reduced carbon emissions and fuel poverty.

## 4. Background

- 4.1 Each year the Council sets the rent and budget for its council owned housing. In February 2019 the Government announced that Registered Providers (including Local Authorities) could increase their rents by CPI + 1% for the next 5 years.
- 4.2 This year the proposed increase is 1.5%, based on CPI of 0.5% in September 2020. Whilst the Council appreciates the benefits of a rent reduction for tenants, this increase will enable the Council to continue to maintain service delivery standards and implement its 30-year investment plan which was adopted by Cabinet in October 2019 and included the Sutton Way regeneration project. Around 77% of Council tenants receive a welfare benefit that helps to cover their housing costs and any increase in rents will mean the benefit received will increase. If tenants have difficulties paying their rent, ForHousing and the Council have teams that provide further support and advice to help individual households. Tenants will be informed of the support that is available in the letter notifying them of the rent increase.
- 4.3 The Council's housing stock is managed by ForHousing under a housing management contract, with expiry of the initial term in July 2027. The Council pays ForHousing an annual management fee for the delivery of all day to day housing management services. In addition, the Council funds the capital investment programme that is managed and delivered by ForHousing. Both the annual management fee and the capital payments are subject to inflationary increases each year and both sets of payments are funded solely from the income generated from rents and other charges, within the Housing Revenue Account.
- 4.4 The role of the Council as a major housing stock owner in the Borough is significant. The Council plays a direct role in meeting housing needs in Ellesmere Port and Neston and through our housebuilding programme in Winsford.
- 4.5 The Council in the last 2 years, working in partnership with ForHousing, has:
- Built 230 new council homes
  - Developed proposals for major regeneration works at the Sutton Way estate in Ellesmere Port
  - Maintained investment in the housing stock, resulting in 99% of properties meeting the Decent Homes Standard
  - Completed sprinkler installation in the high-rise blocks and adopted a proactive approach to fire safety improvements
  - Match funded £500,000 of European funding to provide energy efficiency measures in our housing stock
  - Reduced void turn-around time
  - Introduced a wellbeing service to support some of our most vulnerable tenants.
- 4.6 Since the commencement of the ForHousing contract in 2017-18 a total of £12.4 million has been spent on improving Council housing. As at 31<sup>st</sup> March 2020 99.9% of the housing stock met the decent homes standard. Achieving decency across 100% of the stock is very difficult as every year, due to property elements reaching the end of their serviceable life, some properties fail to meet the necessary decent standards. The Council therefore requires an ongoing cyclical



maintenance programme to ensure that there is much needed continual investment in our homes. Further details regarding the Decent Homes standard are provided in Appendix 2.

- 4.7 The 30-year investment plan is funded from rental income. There is a significant £159 million investment programme over this period in the housing stock, which will improve lives for tenants, and ensure the quality of our homes and neighbourhoods are maintained and further enhanced. A summary of the main areas of planned expenditure are in the table below:

	£
Statutory Compliance & Fire Safety	1,521,252
Demand Led Elements	38,806,950
Decent Homes Compliance (modernity led)	38,013,485
Preventing ingress of Weather and Intruders	27,511,651
High and Low Rise Flats Investment Plan	11,319,542
ERDF Energy Efficiency Works	500,000
Sutton Way	13,900,000
Neighbourhood Improvement Schemes	12,880,000
Garages Sites	1,398,571
Contingency and Other Lower Priority Capital	13,171,020
<b>Total 30 Year Investment</b>	<b>159,022,471</b>

- 4.8 The capital programme will be reviewed in the coming months to look at how the Council can fund climate change measures and energy efficiency retrofit works across the housing stock to support our climate emergency response plan. A programme of new build homes and a revised programme will be brought back to Cabinet for approval in 2021-22.

## 5. Housing Revenue Account 2021-22

- 5.1 The proposed HRA budget for 2021-22 is attached as Appendix 1, sections 6 through to 8 provide specific details of various elements of the budget.

## 6. The Housing Management Service and COVID 19 impact and response

- 6.1 ForHousing took over the Housing Management contract on 1<sup>st</sup> July 2017. The contract runs for 10 years, with an optional two-year extension. The contract is managed via a robust performance management framework that monitors performance across a number of service areas, rent collection and arrears, repairs and maintenance, customer satisfaction, health and safety compliance and social value. Performance has been consistently good from the start of the new contract, with all KPIs meeting or exceeding the targets.
- 6.2 During the first quarter of 2020-21 performance in some service areas was detrimentally impacted by the national lockdown and Covid 19 restrictions. Routine repairs and all capital works were paused for several months and properties could not be re-let. However, during this time:

- All emergency & urgent housing repairs were attended to;
- 7,320 calls were taken by the service centre;
- 64 void properties were made ready for re-let;
- All essential health & safety checks, such as gas inspections and electrical testing, was carried out, other than where tenants were either self-isolating or shielding;
- Financial advice and support was offered to tenants who were financially impacted;
- All 5,450 Council tenants were contacted by ForHousing to offer support and help them access food and medicines;
- 154 wellbeing packs were delivered to tenants and £2,000 was donated to local community and voluntary sector groups.

6.3 Services have now largely resumed and the backlog of routine repairs has been cleared. Some capital investment works have been delayed but every effort is being made to deliver as much of the capital programme as possible in the remaining months of the financial year.

6.4 Although rent collection rates have fallen in recent months, ForHousing continue to adopt a rent first approach with all tenant contact and work with tenants to help them to manage budgets and sustain tenancies. This rent first approach means that whilst ForHousing provide support and assistance to tenants who are struggling the emphasis is always on getting the rent paid whether that's through assistance with benefits, budgeting advice or reviewing other financial commitments.

## **7. Rents**

7.1 The CPI + 1% rent increase will see the average weekly rent of the Council's social housing increase by 1.5% from £81.12 a week to £82.33. The average weekly rent of the Council's affordable housing will increase from £104.74 to £106.31.

7.2 The number of Council properties owned at the end of December 2020 was 5,452, the vast majority of these properties are charged social rents and 210 new build properties are charged affordable rents (up to 80% of the market rent).

7.3 For illustrative purposes, Table 1 below shows indicative rents for Weaver Vale Housing Trust and the Council, both of whom are proposing to increase their rents by CPI + 1%. Weaver Vale Housing Trust average rents include both social and affordable rents. The table includes the affordable rent levels for new build Council houses.

**Table 1**

Number of Bedrooms	Average Rent 2020/21 (Based on 50 weeks)			Indicative Average Rent 2021/22 (Based on 50 weeks)		
	Council Social Housing Rents	Council Affordable Housing Rents	Weaver Vale Housing Trust	Council Social Housing Rents	Council Affordable Housing Rents	Weaver Vale Housing Trust
	£	£	£	£	£	£
Bedsits/1 Bed	73.98	89.00	83.90	75.09	90.33	85.16
2	80.87	109.31	95.55	82.08	110.95	96.98
3	84.86	123.24	107.04	86.13	125.09	108.64
4	88.42		118.59	89.75		120.37
5	82.52		136.54	83.76		138.60
6+	91.36		128.19	92.73		130.11
<b>Average</b>	<b>81.12</b>	<b>104.74</b>	<b>98.41</b>	<b>82.33</b>	<b>106.31</b>	<b>99.88</b>

#### 7.4 Garage Rents

7.4.1 It is proposed that there should be an increase in garage rents for 2021-22 of 0.5% in line with CPI. This will increase the average cost of a garage rent from £6.00 to £6.03 per week. At 31<sup>st</sup> December 2020 there were 1,328 garages, of which 566 were unlet. A programme of garage demolition works has begun. This initially focuses on those sites that pose health and safety risks and have low occupancy rates. Wherever possible these sites will be used to create additional parking provision for residents.

#### 8. Lifeline Alarm Call System

8.1 Currently 307 council tenants receive lifeline services at a cost of £2.46 per week. 104 private residents also receive the lifeline service at a cost of £3.08 per week. It is proposed to increase these charges by 0.5% in line with CPI to £2.47 and £3.10 respectively.

#### 9. Landlord's Management Charge

9.1 When the Council sells properties under the Right to Buy, all the houses we sell are freehold because we are selling the land and the property that sits on it. When we sell flats and maisonettes we cannot sell the land therefore we enter into a long lease with the owners. Leaseholders are required to pay a service charge which includes costs payable for shared services; block repairs, maintenance and improvements; building insurance and the landlord's management charge.

9.2 It is proposed that the increase to the landlord's management charge for leaseholders is CPI 0.5%. The management charge can only cover the actual costs of running the service, which increased in line with inflation. The

management charge covers the administration of the accounts, the costs of time for setting charges, calculating charges, assisting tenants with any queries they have, invoicing and collection of charges and arrears from leaseholders and any housing related matters, such as anti-social behaviour, disputes and property conditions. There are currently 333 leaseholders. The average service charge to the leaseholder (including the management charge) is £75 a quarter or £300 a year.

## 10. National Policy Context

10.1 The Social Housing White Paper was published in November 2020. The White Paper looks to realign the relationship between landlord and tenant, through greater transparency and accountability, and drive a more consumer-focused social housing regulatory regime.

10.2 The White Paper also includes a new Charter setting out what every social housing resident should expect from their landlord:

**1. To be safe in your home.** The government will work with industry and landlords to ensure every home is safe and secure.

**2. To know how your landlord is performing,** including on repairs, complaints and safety, and how it spends its money, so you can hold it to account.

**3. To have your complaints dealt with promptly and fairly,** with access to a strong Ombudsman who will give you swift and fair redress when needed.

**4. To be treated with respect,** backed by a strong consumer regulator and improved consumer standards for tenants.

**5. To have your voice heard by your landlord,** for example through regular meetings, scrutiny panels or being on its Board. The government will provide help, if you want it, to give you the tools to ensure your landlord listens.

**6. To have a good quality home and neighborhood to live in,** with your landlord keeping your home in good repair.

**7. To be supported to take your first step to ownership,** so it is a ladder to other opportunities, should your circumstances allow.

10.3 The White Paper sets out what the government will do to ensure landlords deliver this change. The government is reforming the Regulator of Social Housing and Housing Ombudsman service to drive the culture change required, backed by legislation where needed. The Council and ForHousing will consider the implications of the White Paper with Members and tenants in order to determine if appropriate policy and procedural changes are required.

## 11. How does the decision contribute to the Council's Plan?

11.1 Approving the HRA Budget for 2021-22 contributes to the priorities within the Council Plan 2020-24. Given that access to appropriate and affordable housing is such an important element of maintaining health and wellbeing, including

mental and emotional wellbeing, it has a direct impact upon the following Council Plan priorities:

- Tackling climate change
- Growing the local economy
- Supporting children and young people to get the best start in life
- Supporting adults to live longer, healthier and happier lives
- Making neighbourhoods even better places to call home

## **12. How does the decision contribute to Closer Working with Partners?**

12.1 ForHousing is the Council's appointed housing management contractor and partner and this report brings together expertise from them, tenants, the Council and other partners to make improvements to the Council's housing stock.

## **13. What will it cost?**

13.1 The associated costs form part of the Council's Housing Revenue Account (HRA) which operates on a self-financing basis, underpinned by the Housing Revenue Account Financial Model. The full detail of the HRA budget for 2021/22 is set out in Appendix 1 and provides a breakdown of income and expenditure.

13.2 The HRA currently holds a reserve balance based on 3% of budgeted rent levels. The forecast position for 2021/22 is estimated at £0.671m.

13.3 The additional income generated by a 1.5% increase is £329,000.

## **14. What are the legal aspects?**

14.1 The HRA is a statutory account and is managed in line with legal and accounting guidelines laid down by Government. The Council has responsibility for managing the HRA and determining the annual capital and revenue budgets. In line with Section 103 of the Housing Act 1985, it will be necessary to serve notice of change of terms of tenancy on all tenants.

## **15. What risks are there and how can they be reduced?**

15.1 There are inherent risks in the HRA due to factors outside the control of the Council:

- Policy changes by Central Government; changes to rent setting or right to buy policy could significantly alter the HRA Financial Plan
- Interest rate risk and exposure to fluctuations in financing costs

15.2 Through careful financial management, financial reserves are sufficient to reduce the exposure of the HRA to external factors.

15.3 The timescale for the decision on any rent increase or decrease must be made by the end of February in order to ensure there is sufficient time to serve legal notices to tenants.

**16. What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

16.1 The Council's housing estates are located in some of the more deprived areas (as measured by the Government's index of deprivation) in West Cheshire and a number of areas, particularly around the centre of Ellesmere Port, fall within the bottom 5% and 10% nationally of deprived areas. Improving housing service, providing enhanced advice and support, and the scale of the Housing Capital Investment Programme, will help to improve the living conditions of many households and help to reduce fuel bills and the incidence of fuel poverty. Increased investment will also provide more job and apprenticeship opportunities to local residents.

**17. What are the implications of the decision on Climate Change?**

17.1 Following the Council's declaration of a Climate Emergency, work is now being undertaken to assess the energy performance of all property types within the housing stock in order to develop and cost up appropriate retrofit measures to improve the energy ratings, reduce fuel costs for tenants and reduce carbon emissions.

17.2 Interventions will be targeted intelligently to improve the rating and energy efficiency of the stock, but also balance the needs of ventilation, insulation, draught proofing, and efficient heat sources. An intelligence-based approach to this targeted investment will allow the Council to minimise fuel poverty, reduce its carbon footprint and provide warm homes which in turn will contribute to the health and wellbeing of tenants.

17.3 Future activities include identifying and securing grants and renewable energy income streams, delivering targeted carbon reduction work and provide extensive advice to tenants to ensure they are able to use their homes in the most energy efficient ways. The delivery of an ERDF funded investment scheme has recently been completed to provide External Wall Insulation to the remaining properties where this is an appropriate treatment and install the first Solar PV panels to the stock. The Council and ForHousing will continue to make use of emerging technologies to reduce the carbon footprint of the stock.

**18. Are there any other options?**

18.1 The Council could choose to not increase rents, or to increase rents by less than the prescribed formula, however this would have a cumulative detrimental impact upon the HRA business plan and financial position which is not sustainable and would impact upon the Council's ability to maintain and improve the housing stock for current and future residents. Therefore, this is not recommended.

**For further information:**

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**Officer:** Alison Amesbury

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**Background Documents:** Available for inspection via the contact details above

## Appendix 1 - HRA Budget 2021-22

	Budget 2020-21 £000	Budget 2021-22 £000
Income:		
Tenant Rents	22,090	22,345
Non Dwelling Rent		
Garage Rents	238	265
Leaseholder Charges	99	102
Lifeline Charges	98	98
	435	465
Other Income		
Commercial Property	187	187
Contribution to Expenditure	46	42
	233	229
<b>Total Income</b>	<b>22,758</b>	<b>23,039</b>
Operating Expenditure:		
Housing Management Contract	8,429	8,388
Client Budget		
Grounds Maintenance	210	226
Pension Contributions	69	69
Insurance	136	198
CWC Corporate and Management Support	498	473
	913	966
Contribution to Bad Debt Provision	442	447
<b>Total Operating Expenditure</b>	<b>9,784</b>	<b>9,801</b>
Other Expenditure:		
Principal Repayments of Loans and Borrowing	6,169	4,680
Voluntary Repayments of Loans	471	489
Interest Payments on Loans and Borrowing	2,795	2,754
Interest Received on Balances	(3)	0
Debt Management Expenses	7	3
Funding for Capital Expenditure & Future Principal Repayments	3,520	5,307
<b>Total Other Expenditure</b>	<b>12,959</b>	<b>13,233</b>
<b>Net HRA Revenue (Surplus) / Deficit for the Year</b>	<b>(15)</b>	<b>(5)</b>
<b>HRA Balance</b>		
Opening Balance	(651)	(666)
Net HRA Revenue (Surplus) / Deficit for the Year	(15)	(5)
<b>Closing Balance</b>	<b>(666)</b>	<b>(671)</b>

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## Appendix 2 - The Decent Homes Standard

The 30-year investment plan for the Council housing stock makes sure we maintain the Decent Homes standard across all our homes.

A decent home meets the following four criteria:

1. It meets the current statutory minimum standard for housing

Dwellings which fail to meet this criterion will have one or more hazards assessed as serious ('Category 1') under the Housing Health & Safety Rating System (HHSRS).

2. It is in a reasonable state of repair

Dwellings which fail to meet this criterion are those where either:

- one or more of the key building components are old and, because of their condition, need replacing or major repair; or
- two or more of the other building components are old and, because of their condition, need replacing or major repair.

3. It has reasonably modern facilities and services

Dwellings which fail to meet this criterion are those which lack three or more of the following:

- a reasonably modern kitchen (20 years old or less);
- a kitchen with adequate space and layout;
- a reasonably modern bathroom (30 years old or less);
- an appropriately located bathroom and WC;
- adequate insulation against external noise (where external noise is a problem); and
- adequate size and layout of common areas for blocks of flats.

A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria.

4. It provides a reasonable degree of thermal comfort

This criterion requires dwellings to have both effective insulation and efficient heating.

Example photographs of investment in the modern facilities and state of repair criteria of the Decent Homes standard are given below:



# Cheshire West and Chester

## Report to Cabinet

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<b>Date:</b>	10 February 2021
<b>Report Of:</b>	Gemma Davies, Director of Housing and Economy
<b>Cabinet Member:</b>	Councillor Matt Bryan (Cabinet Member, Climate Emergency)
<b>Title:</b>	Endorsement of Cheshire West and Chester Climate Emergency Response Plan and Carbon Management Plan.

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**Is this a Key Decision? No**

### **1 What is this report about**

- 1.1 This report provides Cabinet with an update on the Council's response to the Climate Emergency. It follows a report to Council in January 2020, which established the scale of the challenge faced by the borough in achieving the target of becoming a carbon neutral area by 2045.
- 1.2 A cross-party process led by the Climate Emergency Taskforce has produced a Climate Emergency Response Plan to set out how the Council will support the borough to be carbon neutral by 2045, and a Carbon Management Plan to set out how the Council will achieve carbon neutrality by 2030. The purpose of these plans is to ensure that Cheshire West and Chester makes its fair contribution to tackling the Climate Emergency, given the uniquely high nature of the borough's emissions. These plans aim to ensure that Cheshire West and Chester is an area that is at the forefront of the UK's transition to a sustainable and inclusive net-zero economy.

### **2 Recommendations**

- 2.1 That Cabinet:
- (i) Notes the outcome of the public consultation and stakeholder engagement as detailed in section 4.
  - (ii) Approves and adopts the Climate Emergency Response Plan and Carbon Management Plan, and delegates authority to the Director of Housing and Economy to make minor amendments to the Plan in

consultation with the Cabinet Member for the Climate Emergency as part of the plan refresh process set out in 3.24. The Climate Emergency Response Plan and Carbon Management Plan are included as Appendix 1 and 2.

- (iii) Agree to the changes set out in section 5 to the Climate Emergency Taskforce and its supporting Advisory Panel and to revise the terms of reference of the Climate Emergency Taskforce, included as Appendix 3.
- (iv) Notes the Green Pledges, and commits to work with Cheshire West Voluntary Action and the Chester Sustainability Forum to support and promote the Pledges. Cabinet asks the Task Force to review the Pledges and determine how the council will work towards them as it implements the Climate Emergency Response Plan.

### **3 Report Details**

3.1 Cheshire West and Chester Council declared a Climate Emergency in May 2019, in recognition of the significance of the threat that climate change poses to our collective social and economic security. An ambitious target for Cheshire West and Chester to be carbon neutral by 2045 was set via this declaration, and the Chief Executive was tasked to provide a report to Council establishing the “earliest date before 2045 that CW&C and the borough as a whole can be carbon neutral, and revise its targets to meet that date”. In January 2020, full Council unanimously agreed to the recommendations of the Chief Executive’s report, which additionally established that the Council would plan to be carbon neutral by 2030, to demonstrate leadership in the borough. The recommendations from January 2020 are set out in 3.2 below.

3.2 That Council:

- (i) Reaffirms its commitment to take rapid action to tackle the Climate Emergency, to support the borough as a whole to achieve carbon neutrality in light of the threat that Climate Change poses to the world;
- (ii) Notes that, due to our unique industrial base, Cheshire West and Chester is one of the local authority areas with the highest carbon footprints in the UK; and that this creates an additional responsibility for action;
- (iii) Notes that Cheshire West and Chester has a strong foundation on which to build a comprehensive action plan; including strong community support, mature and productive relationships with the borough’s energy-

intensive industries, and well-established environmental programmes; including its position as one of the UK's highest-performing waste and recycling authorities;

- (iv) Agrees the process set out in the paper for the development of a Climate Emergency Response Plan;
- (v) Sets an ambitious target date of 2030 to achieve carbon neutrality for the Council's own emissions, to be delivered through a Carbon Management Plan;
- (vi) Continues to support the on-going work of the Climate Emergency Taskforce, and Advisory Panel; and
- (vii) Requires reporting on progress and attainment annually to Council.

3.3 The January 2020 report set out the evidence gathered regarding the borough's current emissions and the scale of change required to meet the ambitious 2045 target. It established that the Council would produce two documents to set out the actions that it would take to support the borough to be carbon neutral by 2045, and to achieve carbon neutrality by 2030 in its own operations. Further information on the evidence gathered is included in Section 2.2. of Appendix 1, the Climate Emergency Response Plan.

3.4 This process was to be led by the cross-party Climate Emergency Taskforce, chaired by Councillor Matt Bryan, Cabinet Member for the Climate Emergency, and the Climate Advisory Panel, chaired by Andrew Lewis, Chief Executive of the Council.

3.5 Since May 2019, the Climate Emergency Taskforce has met to consider a range of key sectors and the contribution that the Council, partners, businesses and residents could make to tackling climate change. These meetings have been open, ensuring that residents have had a range of opportunities to comment on the Council's plans to tackle the climate emergency throughout the process. Further information on the communications approach undertaken for the Climate Emergency Response plan is contained in Section 3 of Appendix 1.

3.6 The Plans have been designed following an extensive co-production process involving feedback opportunities such as:

- A Public Evidence Session of the Taskforce in January 2020;
- The West Cheshire Action on Climate Change Conference in February 2020

- An open workshop held by the Taskforce in November 2020 to review the draft of the Plan;
- The engagement period on the Plan from 18 November – 6 January;
- Opportunities for public speaking and contributions at all meetings of the Taskforce.
- Carbon Management Plan workshop with Council lead officers in December 2019.

3.7 COVID-19 has had a moderate impact on the delivery of the Climate Emergency programme, as staff throughout the organisation have been re-deployed and re-prioritised to address the immediate challenges of adapting services to be COVID safe. In January 2020, there was an aspiration for the plans to be reviewed by the Taskforce in October 2020, this took place in November 2020, and this has led to the final plans being considered by Cabinet in February 2021, as opposed to Winter 2020 as originally envisioned. This relatively limited impact is testament to the way in which staff throughout the organisation have continued to view the climate as a priority, even in these challenging times.

The Council has also continued to deliver on a range of priorities during the COVID-19 pandemic, achievements include:

- Via the Mersey Forest, the authority is leading the Trees for Climate programme with England's Community Forests. This will see over 6000 ha of new woodland planted to sequester carbon and adapt towns and cities to projected climate change impacts such as flooding and an increasing urban heat island impact on our communities.
- Delivering the first year of the £7,500,000 Climate Emergency Fund, enabling 11 projects to deliver a range of interventions that will reduce carbon emissions.
- Committing to buying certified, renewable electrical energy from April 2020 for two years.
- During this period the Government announced a number of grant funding streams to help the nation build back greener from the coronavirus pandemic. Its Plan for Jobs paper published in July 2020 announced £3bn of funding for energy efficiency measures to reduce CO<sub>2</sub> and lower energy bills. A sub-regional bid for £3.2M has been made to the Green Homes Grant fund to support vulnerable households living in the most inefficient homes.

3.8 After taking on-board the views of the Climate Emergency Taskforce and a range of stakeholders, the Plans have been collaboratively developed by the Climate Emergency Working group, involving officers from Housing,

Transport, Economic Growth, Waste and Recycling, Planning, the Energy and Carbon Reduction team at Qwest services, the Mersey Forest, and Corporate services. This work has been undertaken under the supervision of the Climate Emergency Governance Board, chaired by the Deputy Chief Executive Environment, Communities, Economy.

## **Key Components of the Plans**

### **3.9 Climate Emergency Response Plan**

3.10 The Climate Emergency Response Plan is intended to be a live, functional document, and will be continually updated to reflect learning from implementation. The first design principle for the Plan is usability for officers leading and shaping services, and the structure of the plan reflects this. The structure is as follows:

#### **1. Executive Summary and Introduction**

a. Description: *Summarises the purpose of the plan. Provides essential key definitions and sets the ambitions of the Council.*

#### **2. The Principals:**

a. Description: *Describes the principles that underpin the plan; that this is democratically led process, underpinned by evidence, and that has been co-produced with communities.*

#### **3. Strategic Context**

a. Description: *Defines the scope of the plan, sets out the consultation that has been undertaken to date, describes the performance management approach, and outlines how the plan has taken into account best practice.*

#### **4. Sectoral Action Plans**

a. Description: *Provides information on the Council's response in six discrete areas. These are Transport, Energy and Industry, Housing, Business Premises and Engagement, Land Use, Adaptation and Climate Repair, and Waste and Recycling. These sections set out the context and evidence relating to each sector, the actions that the Council will take, split by actions the Council can take directly and those which require us to work closely with partners and government. They go on to set out the performance indicators relating to each section, and the steps that residents can take to contribute to tackling the Climate Emergency.*

#### **5. Next Steps**

a. Description: *This section describes the next steps that the Council will undertake to implement the Climate Emergency response plan.*

### 3.11 Carbon Management Plan

- 3.12 The Council has set an ambitious target date of 2030 to achieve carbon neutrality for its own emissions, to be delivered through a Carbon Management Plan. Although the Council only has direct control over 0.6% of borough-wide carbon emissions, there is a responsibility to show leadership by reducing our own emissions, as well as supporting local people, business and our partners to reduce their impact. The ambition to reduce carbon emissions is not being made from a standing start; over the past decade there have been two prior Carbon Management Plans; 2010-2015 and 2016-2020, with a total reduction in our own carbon emissions by 50.9% over this period.
- 3.13 The new Carbon Management Plan 2020-2030 will set out how the Council will achieve carbon neutrality in relation to its own in-scope emissions by 2030, which are predominately Scope 1 (direct) and Scope 2 (indirect) emissions within the financial boundary. These are the emissions that the Council can directly influence.
- 3.14 The Council also has an ambition to monitor and reduce emissions throughout its supply chain and in order to ensure carbon considerations are included in procurement activity, the Council will consider the expansion of reported emissions to include these supply chain (Scope 3) emissions in a future 2030-2035 Carbon Management Plan.
- 3.15 The last full year of emissions reported by the Council was for financial year 2019-2020 with a total of 26778.7 t/CO<sub>2</sub>e. This value will form the new baseline year against which energy and carbon reduction activity by Cheshire West and Chester Council will be monitored.

### 3.16 Climate Emergency Response Plan Performance Management

- 3.17 The requirement to annually report on progress against the borough's attainment of carbon neutrality by 2045 was set out by Council. A performance framework is required to enable Members, officers, partners and the public to assess whether the Council is achieving what it set out to do in this plan. In order to align to the Council's Corporate Performance Management approach, the following key principles are adopted:
- **Proportionality:** Performance management will track and focus on the issues that make the biggest difference, being tailored to the appropriate audience, rather than being an end in itself. The focus will be on improvement supported by efficient processes and systems for reporting, analysis and data collection.



- **Depth vs breadth:** There needs to be a balance between the range of information available and the depth of understanding it can give. Fewer indicators can enable more insight, analysis and focused improvement, as having an abundance of indicators can make it difficult to ‘see the wood for the trees’. Given the limited amount of time available to decision makers to scrutinise and review performance data, it is therefore preferable to have fewer, but meaningful, indicators, and arrange for ‘deep-dives’ in to areas of underperformance.
- **Intelligent target setting:** Recognising that this plan is the start of a 25-year monitoring period, targets are set on a medium-term basis where possible, specifically, to the end of the current Council Plan period. Targets will be set by taking account of Anthesis data, benchmarking information, considering historical trends and considering resources.
- **Managed flexibility:** Measures, targets and actions are sensitive to changed circumstances and a refresh of the framework takes place on an annual basis in an open and transparent manner.

3.18 A suite of 19 performance indicators are proposed to track performance against this plan. These indicators are not directly correlated to all actions within the plan, but act as proxies for the delivery of the plan’s objectives. The Council is not able to directly influence the attainment of the target on all indicators. Measures are therefore categorised as being either “Direct Influence” or “Indirect Influence”. The performance framework will enable members and residents to hold the Council to account for performance including any under achievement, enable us to celebrate success and positive achievement. Where a need to improve performance is identified, facilitated workshops will be held with the relevant service(s) to seek to understand and resolve barriers to delivering better outcomes.

### 3.19 **Carbon Management Plan Monitoring and Annual Review**

3.20 Systems to effectively monitor and demonstrate reductions have been selected for the current scope. However the Council will continue to develop effective methods for analysing and reporting, working with technology and policy as it develops.

3.21 Carbon emission management is not a static process. It has multiple feeds of data information, as such, it is recognised that the scope, emissions and targets may need to be adjusted over the lifetime of this document.

3.22 The Carbon Management Plan sets out a strategy based on all available information to direct urgent action towards reducing directly influenced and managed quantities of emissions; it is designed as a working document. The

Plan, its effectiveness, and additional actions will be continuously reviewed by the Climate Emergency Steering Group and Climate Emergency Taskforce, and updated with public reporting on an annual basis.

- 3.23 Any adjustments to the Scope, baseline, targets, additional or adjusted actions will be noted with explanation for the rationale.

### 3.24 **The Plan Refresh Process**

- 3.25 As set out in 3.10, there is a requirement for the Plans to be live, functional documents that are responsive to their environment and circumstances. In order to ensure the Plans are effectively maintained, it is recommended that authority to make minor amendments to the Plans is delegated to the Director of Economy, Housing and Planning, in consultation with the Cabinet Member for the Climate Emergency. Minor amendments include but are not limited to changes to the contextual elements of the plan, such as updating data as it becomes available, and updates to actions to reflect changing circumstances, such as funding awards, the addition of actions as new projects emerge, and/or changes to project timelines.

- 3.26 More significant changes to the Plans such as amendments to performance indicators or the removal of actions would require Cabinet approval. This is proposed to take place in an annual report to Cabinet in February.

### 3.27 **Reporting to Council**

- 3.28 There is a requirement for annual reporting to Council on progress and attainment against the Plans, and it is recommended that the first such report is presented in Autumn 2021.

### 3.29 **Areas for Continued Development**

- 3.30 The Climate Emergency Response Plans and Carbon Management Plans are the product of a significant process of engagement, and are intended to be the start, rather than the end, of a process of ongoing co-production with Members, staff, residents, businesses and other stakeholders to ensure we can deliver on our collective ambitions. It is also necessary to ensure the continued alignment of the Plans with national and regional strategies, such as the Government's recently published ten point plan for a green industrial revolution, and the work underway via the sustainable and inclusive growth commission via the Local Economic Partnership.

- 3.31 Further detailed, service specific work is required to quantify the resourcing requirements for the actions within the existing allocation, and this will be

undertaken once the actions have been reviewed by Cabinet, to ensure Cabinet and Council's feedback and priorities are reflected in the Plans.

3.32 The next steps for the development of the Climate Emergency Response Plan and Carbon Management Plan are:

- Implement any changes proposed by the Cabinet and publish the Climate Emergency Response Plan and Carbon Management Plan.
- Baseline performance targets based on the first year of data-gathering, where required.
- On an ongoing basis, align the proposals to the Budget process and review in year resourcing reflecting Cabinet's priorities for action
- Further develop the actions within the sectoral plans, prioritising the delivery of those that do not require additional resourcing and seeking to agree funding sources for those that require resource.
- Continue ongoing engagement with partners, stakeholders, businesses and residents.

#### **4 Communications and Consultation Outputs**

4.1 The Council has undertaken an extensive communications campaign on the Climate Emergency since the Climate Emergency Declaration. This has been via channels such as the Climate Emergency E-Newsletter, with a regular readership of more than 1000, regular posts on social media, an internal communications campaign, carbon literacy training for Council staff, and more. In addition to the co-production and engagement undertaken during 2020, via the measures referenced in Section 3.6, the Council launched a further consultation on 18 November, which ran until 6 January to seek any further views on the Climate Emergency Response Plan and Carbon Management Plan. The consultation was promoted via a member briefing, press release, and via the Council's social media channels. The Council received 30 responses to this consultation, which were high-quality and detailed submissions, which both inform the current Plans and will inform thinking in future regarding the Plans. Of the 30 responses, seventeen were from residents, five were from Parish Councils, six were from community organisations, and two were from Cheshire West and Chester Councillors. The Parish Councils and community organisations which responded to the consultation were:

- Chester Archaeological Society;
- Ashton Hayes and Horton-cum-Peel Parish Council and Ashton Hayes Community Energy C.I.C;
- Cuddington Parish Council;
- Acton Bridge Parish Council;

- Extinction Rebellion Cheshire;
- West Cheshire Green New Deal;
- Transport for Cheshire;
- Utkinton and Cotebrook Parish Council.
- Chester Cycling Campaign and Cycle North Cheshire

4.2 The responses have been reviewed and feedback matched with corresponding sections of the Climate Emergency Response Plan. Overall, the responses welcomed the plan and encouraged the Council to go further and faster in its response to the Climate Emergency. There was also feedback linked to section 3.16, performance management, which proposed that targets within the Plans should be made more stretching. The targets set to date have been made as ambitious as possible within the financial, legislative and policy environment in which the Council operates. The Council will evaluate performance against these targets following the first year of the Plan and where appropriate, will amend target levels to be more challenging or attainable, in order to ensure that targets are stretching but achievable. The feedback for the sectoral plans is outlined in section 4.3 - 4.8.

4.3 **Energy and Industry:** There are six responses which involve content relating to Energy and Industry. Key themes which emerge include:

- The necessity of supporting both blue and green hydrogen development. This is recognised in the plan, noting that blue hydrogen is intended as a transitional step towards green hydrogen, and that the Committee on Climate Change recognises a role for both technologies in the transition to net-zero. While the important role of blue hydrogen is noted as a key starting point in Cheshire West and Chester's local context, the need for a rapid transition to Green Hydrogen is expressed in the feedback.
- Continued emphasis needs to be given to the importance of carbon capture and storage, given the need to offset a proportion of emissions.
- The importance of ensuring that new housing development include renewable technology, and that it is feasible to retrofit these technologies on existing property.
- The need to take advantage of the Government's ten point plan for a green industrial revolution, noting Cheshire West and Chester's unique opportunity regarding Hydrogen.
- A continued focus on renewable energy investment, including in heat pump technology, with the Council providing assurance that these technologies are reliable and effective.

4.4 **Transport:** There are seventeen responses which reference the elements of the plan related to Transport. Key pieces of feedback, present in multiple submissions include:

- The need to improve the accessibility and reliability of public transport in order to support people to take lower-carbon journeys. Respondents noted that this was highly challenging during the lockdown period. There was also substantial feedback regarding the potential for the Council to exert more influence on bus transport, options for which are being explored via the Bus Services review.
- That further context should be added to the Transport section to recognise links with a wide variety of Transport initiatives that are currently underway; this point is recognised however in the interest of maintaining the document at a readable length, some wider context must be left out.
- That further detailed analysis should be undertaken to reflect the carbon costs and benefits of individual actions. This is a goal that is shared between the respondents and the Council, however requiring a full carbon analysis of all actions within the plans as a pre-requisite for the Plan's publication would delay the Plan; therefore further detailed work to understand the carbon impact of the actions will be undertaken in parallel with the delivery of the plan.
- Strong support for the roll-out of superfast broadband to rural communities, and the need to continue to emphasise the importance of this action in addressing digital inequalities.
- Emphasis on the importance of the Council procuring low-carbon vehicles for its own fleet, setting an example to other organisations.
- A number of Parish Councils and Councillors fed back on the importance of additional pedestrian crossing; an additional action has been added within the Transport section to reflect this.
- It was requested the Council should communicate how carbon assessments of transport schemes will be conducted in future, and ensure that these assessments are valued as a key determinant of scheme viability.
- Feedback that the Transport section should be amended to reflect that rail and waterborne navigation contribute a low proportion of emissions (less than 1 per cent), compared to on-road transport (19 per cent). The section has been re-written in-line with this feedback.
- It was noted that the Council has a range of documents that relate to Transport, and that there may be an opportunity to consolidate these documents to provide a central strategic vision.
- It was noted that there was a need to evaluate the ambition of the Council's climate targets as they relate to Transport. The Council will annually review performance against targets and determine where amendments to target levels are required.

- 4.5 **Housing:** There are five responses which reference the elements of the plan related to Housing. Key elements of feedback, present in multiple submissions include:
- A need to work with Government to support the Heat pump and renewables installation industries, ensuring that training and accreditation are in-place to ensure that customers are confident in these products.
  - Support for proposals to explore strengthening local building regulations.
  - Support to the principle of developing net zero carbon homes – building right the first time, rather than requiring costly retrofits in future years.
  - As the measures within the Housing plan were still in development at the time of the consultation's publication, it was noted that there was a need to ensure that targets are appropriately ambitious. The Council will annually review performance against targets and determine where amendments to target levels are required.
- 4.6 **Business Premises and Engagement:** There are five responses which reference the elements of the plan related to Business premises and engagement. Key pieces of feedback include:
- Recommendations to explore creating credentials/awards for businesses that demonstrate high standards of climate-awareness and carbon reduction in their practices.
  - Recommendations to support villages, parish and town councils and other community organisations to retrofit buildings to install renewable technologies. This is one of the aims the Climate Emergency Fund and to date five community organisations have been successful in bids to the fund.
  - An emphasis on the importance of the Council and Government ensuring that public transport provision is available to support employees to reduce their commute, thereby reducing business' carbon footprint.
- 4.7 **Land Use, Climate Repair and Adaptation:** There are eight responses which reference the elements of the plan related to land use, climate repair and adaptation. Key pieces of feedback include:
- That the Council should consider encouraging urban garden management to promote air quality and biodiversity within urban areas.
  - That the Council should ensure that the heritage and archaeological assets of the borough should not be detrimentally affected by the development of renewable energy assets. There was also feedback linked to Anthesis' description of the expansion in renewable energy supply required, which could be met through an expansion in wind and solar power. It should be noted that Anthesis' research was establishing the electricity supply required for the transition to net zero and provides a theoretical baseline for how significant the growth in supply would need to

be, however this demand in renewable energy supply could be serviced throughout the UK, including via opportunities such as offshore wind.

- That the Council should work with the agricultural community during the period in which the Environmental Land Management System is implemented to ensure that the carbon, adaptation and biodiversity benefits of this policy are maximised for Cheshire West and Chester.
- That the Council should do more to encourage dietary change, both via communications to residents and via engagement with the agricultural community.

4.8 **Waste and Recycling:** There are 5 responses which reference the elements of the plan related to waste and recycling. Key pieces of feedback include:

- That the Council should be ambitious in relation to action 2 in section 9.5, relating to purchasing hydrogen or electric vehicles for its waste fleet.
- Recommending further targeted communications to people who are not recycling correctly, and social media campaigns to provide information on what can and cannot be recycled.
- That the Council should introduce additional recycling bins both to promote recycling and to ensure that recycling is highly visible.

### **Cheshire West Voluntary Action – Green Pledges**

4.9 During the consultation period the Council has also been approached by Cheshire West Voluntary Action (CWVA) with an offer to co-ordinate our activity, ensuring that the Council maximise the effectiveness of the existing network of voluntary and community organisations, who are already taking proactive action on the Climate Emergency.

4.10 CWVA plan to launch a major communication and engagement programme in Spring 2021. This will be a high-profile campaign to engage with individuals, local businesses and local charities to sign up to positive, realistic and personalised green pledges in response to the Climate Emergency we are all facing. It is proposed that the campaign will be run in partnership with Cheshire West and Chester Borough Council (and aligned to the Council's Climate Emergency Response Plan) and the campaign is supported by the Chester Sustainability Forum which brings together a wide range of local environmental groups (and substantial individual membership) across the Borough. The Green Pledges campaign is also supported by Chester Zoo and the University of Chester.

4.11 The campaign will be co-ordinated with the Council's communications activity on the Climate Emergency to ensure that messages are aligned and consistent.

4.12 The primary focus of the campaign is intended to be ten Green Pledges that are ambitious but realistic for individuals and organisations to adopt or work towards. These pledges are:

<b>G</b>	<b>Going Around</b>	(1) <b>Reduce flying Pledge:</b> A commitment to zero or reduced personal air flights and business flights
		(2) <b>Reduce Car emissions Pledge:</b> Reduce personal/business mileage by 50%
<b>R</b>	<b>Reduce, Reuse and Recycle</b>	(3) <b>Reduce consumption Pledge:</b> To proactively reduce consumption (as an individual and/or as an organisation)
		(4) <b>Increase Reuse and Recycling Pledge:</b> To increase your reuse and recycling of your resources
<b>E</b>	<b>Energy</b>	(5) <b>100% Renewable Energy Pledge:</b> Move towards using 100% Renewable energy sources
		(6) <b>Fossil Fuel / High-carbon sector Pledge</b> – A rapid transition to reduced investments in all fossil fuels and high-carbon sectors.
<b>E</b>	<b>Eating to save the Planet</b>	(7) <b>Vegan Pledge:</b> Reduce weekly meat and dairy consumption as an individual/organisation
		(8) <b>Food Waste Pledge:</b> Reduce your food waste
<b>N</b>	<b>Nature</b>	(9) <b>Protecting our Trees Pledge:</b> Commitment to planting and maintaining more trees
		(10) <b>Plastic-Free Pledge:</b> Committing to reduced or zero plastic use

4.13 Each Pledge is intended as a direction of travel for individuals and organisations to move towards at their own pace and as they feel comfortable with and feel they can achieve. Signing up to the Pledge is an intention and commitment to this positive action but there will be no negative repercussions (or monitoring) if any Pledges are not achieved.

4.14 In addition to the Green Pledges, CWVA plan to undertake a wide array of activity including social media, press releases and monthly case studies.

4.15 Uptake of the pledges would be regularly monitored, and fortnightly press releases issued/social media coverage reporting on the numbers with case studies showing the pledges/actions undertaken by individuals and organisations. Ultimately the aspiration for this programme is to achieve significant societal and structural changes from individuals and the larger



organisations as they are encouraged and motivated to voluntarily sign up to the Pledges. Attainment against the pledges would also be regularly monitored to understand the tangible impacts of the programme.

## **5 Future of the Climate Emergency Taskforce**

5.1 The Climate Emergency Taskforce has been a vital and effective forum to direct the development of the Climate Emergency Response Plan and Carbon Management Plan. The cross-party group has met nine times, to consider a range of themed which now form the key elements of the Climate Emergency Response Plan.

5.2 It is recommended that:

1. The Terms of Reference of the Climate Emergency Taskforce and its supporting Advisory Panel should be revised in-light of the achievement of its initial goal, the development of the Climate Emergency Response Plan and Carbon Management Plan.
2. The Climate Emergency Taskforce and Advisory Panel should be merged in order to develop a group which brings together political influence and representation from the borough's key stakeholders and emitters.
3. This revised Taskforce should act as a partnership forum to support the delivery of the Climate Emergency Response Plan and Carbon Management Plan, with quarterly meetings focused on specific themes of the Plan.
4. The Taskforce should continue to act as a forum for the ongoing co-production on the Council's Climate Emergency Response, by remaining an open public meeting, with public speaker slots. This would be enhanced by merging with the Advisory Panel, which has resident representatives.

5.3 The proposed revised Terms of Reference for the Taskforce are attached as Appendix 3.

## **6 How does the decision contribute to the Council's Plan?**

6.1 The decision to endorse the Climate Emergency Response Plan and Carbon Management Plan will reaffirm the Council's commitment to tackling the Climate Emergency, which is in-line with the Council Plan priority. The benefits of tackling the Climate Emergency are not solely environmental, there are also direct links to ensuring people of all ages live longer, healthier and happier lives via improving air quality and insulation, creating a sustainable and inclusive economic future through opportunities such as HyNet, and

supporting children and young people to make the best start in life and achieve their full potential.

- 6.2 There are also significant links between the Climate Emergency Response and the Council's priorities on tackling poverty, inequality and improving mental health. As an example of work that is underway to tackle these issues in a joined-up way, the Council is working with the Welcome Network to explore becoming a 'Sustainable Food Place'; creating a sustainable food system will reduce food poverty, reduce waste and generate lower carbon emissions. The detrimental effects of climate change are disproportionately felt by people who are experiencing poverty, similarly, the effect of climate change on creating anxiety, especially in young people, has been widely noted in the national and international media. It is essential that we bear the linkages between these agendas in-mind when designing interventions. For example, it is widely discussed that building to carbon neutral standards adds cost, but it is essential that this does not present a barrier to people with lower incomes living in high-quality, carbon neutral housing. Furthermore, people with lower incomes may be less able to pay independently for insulation to their home, leading to higher energy bills and reinforcing the cycle of fuel poverty while also generating additional carbon emissions. These are perverse outcomes and we must robustly tackle them in our climate response.

## **7 What will it cost?**

- 7.1 The delivery of significant elements of the Climate Emergency Response Plan and Carbon Management Plan can be achieved within existing resources. The indicative four-year budget to 2024-25 (included as a separate item on February's Cabinet agenda) includes £400,000 per annum allocated to this priority, alongside £12.7m<sup>1</sup> of capital investment. This does not, and could not, however, go far enough to transition Cheshire West and Chester to being a net-zero borough. There are a range of actions within the plan, such as retrofitting existing housing, that will require significant and additional government investment. The Council will continue to actively engage with government via opportunities such as consultations and other mechanisms to ensure that we advocate for the required changes to policy and funding to make these actions deliverable. The Council will also monitor available funding opportunities to ensure we are considering all feasible options for the delivery of actions. It is also important to emphasise that delivering on this priority is not solely about new expenditure. It is about using our existing capital programme and revenue spending to create the outcomes we want via intelligent and carbon-informed procurement.

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<sup>1</sup> The Council has committed £16.2m of capital investment to this priority during the life of the Council Plan, 2020-2024. The £12.7m figure reflects that £3.5m of this commitment has been delivered to date, with £12.7m remaining.

## **8 What are the legal aspects?**

- 8.1 The UK's main legislation relating to climate change is the Climate Change Act 2008 which sets a legally binding target to reduce carbon dioxide and other greenhouse gases by at least 80% of 1990 levels by 2050 and required the setting of statutory five-year carbon budgets towards the 2050 target. The UK government on 27 June 2019 amended the 2008 Act to set a net-zero target for 2050.
- 8.2 Internationally, the Paris Agreement, adopted in 2015 and signed in 2016, was entered into by a number of states and the European Union. The Paris Agreement sets out a global action plan on climate change with a target of limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C.
- 8.3 The Council has continued to ensure that it reviews the impact of emerging new legislation, such as proposed Planning reforms, to ensure these are fully understood, and that legal impacts and risks are accounted for when considering the response and actions of the Council.
- 8.4 In addition to legislative updates, legal advice will be sought on all applications for grant funding and any partnership and contractual implications of projects arising to ensure compliance with the Council's Finance and Contract procedure rules. Governance advice is being sought on collaborative working arrangements.

## **9 What risks are there and how can they be reduced?**

- 9.1 Not prioritising work to tackle the Climate Emergency will increase risk to residents' health, livelihoods and wellbeing, due to the impacts of climate change. It is essential that both mitigation and adaptation activity are maximised to reduce the risk faced by our residents, and ensure that we can continue to live with the detrimental effects that are already 'baked in' to the climate system due to existing emissions. While COVID-19 was recognised as the most pressing global risk of 2020, Climate Change is recognised as both the greatest long-term global risk to health and the economy by the World Health Organisation and World Economic Forum respectively. The Council must also continue to accelerate delivery given the priority residents and partners place on responding to the climate emergency. Cheshire West and Chester also has a unique economic opportunity to be a world-leader in industrial decarbonisation. Not progressing with the delivery of our climate goals would jeopardise that opportunity, and therefore it is essential that this plan is delivered at pace.

## **10 What is the impact of the decision on health inequalities and equality and diversity issues?**

10.1 There are no detrimental equality and diversity issues directly associated with the adoption of the Borough's Climate Emergency Response Plan and Carbon Management Plan. The Plans is intended to enhance the environmental wellbeing, preparedness and prosperity of everyone who lives and works within the Borough. Action linked to reducing carbon emissions will have co-benefits such as creating better air quality, increases in walking and cycling, warmer homes, better access to green spaces which are proven to support mental wellbeing, and healthier diets. This will in turn combat health inequalities and reduce the demand on the NHS and Social Care.

## **11 What is the impact of this decision on Climate Change?**

11.1 The implementation of the recommendations of this report begin to meaningfully tackle the Climate Emergency within Cheshire West and Chester, by committing the Council to a programme of action over the next four years which will reduce carbon emissions and enhance our preparedness for the detrimental effects of climate change.

## **12 Are there any other options?**

12.1 Other options include recommending amendments to the Plans prior to endorsement and standing down the Climate Emergency Taskforce. Existing governance channels such as Cabinet could be used to review progress. This is not a recommended option, as a formal public meeting is unsuited to meeting flexibly and having meetings wholly dedicated to one issue or topics, which the currently proposed set-up of the Climate Emergency Taskforce can accommodate.

### **Further Information / Contact Details:**

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**Appendix 1:** Climate Emergency Response Plan

**Appendix 2:** Carbon Management Plan

**Appendix 3:** Terms of Reference – Climate Emergency Taskforce

# Cheshire West and Chester Climate Emergency Response Plan

## Foreword:

From the Climate Emergency Taskforce & Chairman Matt Bryan

We face a climate emergency that will have an impact on all aspects of our lives, and while it is undeniably a global challenge, it can only be solved through concerted action at a local level. As one of the highest emitting areas in the UK, we feel a heightened sense of responsibility to act now, and to act at scale.

In our Council Plan, Play Your Part to Thrive, we set out that every part of our community would have a role in creating a cleaner, greener, fairer and more prosperous area. There is no stronger case for collective action than climate change, as everyone, from our largest industrial producers, to individuals, can take positive action and make a real difference.

The measures set out in this plan will contribute to radically reshaping how we live in Cheshire West and Chester over the next three decades. But we do not currently have the powers and resources we need to go as far enough, so we will work with Government to seek to devolve these competencies to a more local level.

As a Climate Emergency Taskforce, we unanimously believe that climate change is not a party political issue; it is an existential crisis that we must work together to solve. Therefore this Plan has been designed from the outset as a cross-party initiative, that is based on the best available evidence and data, to enable us to do more than our fair share to tackle this issue.

Half measures and partial efforts are no longer enough, nor were they for the past two decades. This Plan is designed with the principle of maximisation in mind. We must go as far as we can in all areas to tackle this issue. This will involve sacrifices and changes to our way of life. But we will be a better place for it, and all that contribute will be able to feel proud about their role in pulling together to beat climate change.

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## 1. Executive Summary:

In 2019 Cheshire West and Chester Council voted unanimously to declare a climate emergency. This declaration represented a major statement of intent by the Council and, as set out in the Council Plan and the Stronger Futures Plan for Recovery and Renewal following COVID-19, climate change is an organisational priority.

Cheshire West and Chester is, in many ways, a microcosm of the UK. Few places can claim to have such a variety of key emitters and sectors located in one area. As a result of the concentration of industry in the north of the borough, the borough is the fourth highest emitting of all local authorities in the UK. This at once a challenge, a responsibility, and an opportunity.

In declaring a climate emergency, the Council directed the Chief Executive to “produce a report to Council within six months to determine the earliest date before 2045 that CW&C and the borough as a whole can be carbon neutral, and revise its targets to meet that date (ideally 2030 to demonstrate leadership in the borough).”

This report was produced and presented to Council in 2020. It set out the scale of the challenge in achieving carbon neutrality by 2045 and the type of interventions that would be required. More importantly, it noted that the end-point of the transition to carbon neutrality is only part of the challenge. Research from the Tyndall Centre demonstrates that unless unprecedented progress is made over the next 6 years, the limits set by the Paris Agreement will already be breached within that period.

This plan sets out the actions that the Council will take to respond to the climate emergency, alongside evidence on the borough’s current carbon footprint, and its potential trajectory over the period 2020-2045. It describes a range of actions to reach carbon neutrality within this period; including actions under the direct control of the Council, as well as those the Council could advocate for the borough as a whole, and at national and international level. Actions generally can be categorised as those which are primarily mitigation-based – those that reduce carbon emissions, those that are adaptation-based – that reduce the detrimental effects of climate change, and those that will we will ask of our residents to effect change in their own lives.

## What is Carbon Neutrality?

Carbon Neutrality is a term that is interchangeable with the term 'net zero carbon'. It refers to carbon dioxide emissions being balanced with carbon reduction (offsetting) measures such as tree planting and carbon capture and storage. It is essential that we minimise the need for carbon reduction measures by reducing our emissions as fully as possible. Typically, it is much more expensive to off-set emissions than it is to reduce them, so our efforts are primarily focused on carbon reduction. Throughout this report, the term is also used as a proxy for the intent to achieve the area's carbon budget, while recognising that this is highly challenging given the current technological, regulatory and funding environment.

In order to determine its approach, the Council adopted three principles;

- That any plan should be democratically led;
- That the plan should be underpinned by the best available evidence and data.
- That the plan should be co-produced with communities to ensure it harnessed the skills and efforts of our residents.

This plan needs to go beyond fine words. It is resourced and subject to scrutiny, to ensure that it makes a real difference to our communities. Over the next four years, the draft budget plan includes £1.6m in revenue spending, alongside more than £12.7m in available capital, to ensure that we can deliver on this priority. The actions which make up the plan are clear, and there are appropriate performance measures to enable us to understand whether the actions taken are having an impact. The delivery of the plan will be kept under continual review by the Climate Emergency Taskforce, and an annual report will be presented setting out performance against the identified metrics.

The evidence we have available paints a stark picture. Information assessed by the Climate Emergency Task Force, concerning the high carbon-intensity of our industrial sector, and the radical nature of policy changes that would be required to meet this target, makes even the adopted 2045 target and associated carbon budget exceptionally challenging to deliver.

An inconvenient truth underlies this work. Our carbon reduction plan does not and cannot go far enough while remaining deliverable by a local authority. We need radical change in the political, social and economic context, beyond anything currently envisaged by either local or national



government to deliver carbon neutrality. While we have not created the current situation; we have a moral responsibility to do all we can to resolve it.

## **1.1 Introduction**

This plan sets out how the Council will support the borough to achieve carbon neutrality by 2045. It is a highly ambitious and aspirational plan, and its success will be dependent on the hard work and goodwill of all our stakeholders. Collectively, we cannot afford to forget the fundamental truth that Climate Change poses the most significant threat to our way of life, and that we need to dedicate an exceptional amount of effort to tackling this crisis.

Even in light of the significant efforts proposed in this report, it must be made clear that achieving the carbon budget set out by the Tyndall centre, and the area's carbon neutrality target date of 2045 are highly challenging targets. Despite these challenges, the Council will pursue these goals and make all efforts to achieve them. The Council does not have all of the levers required to independently address this issue, but we will seek to work in partnership with those that do, including national government, local industry and communities to bring about the required change. Cheshire West and Chester is not without assets; it is a borough with vibrant and engaged communities, with one of the highest recycling rates in the country, with well-developed relationships with industry and agriculture, with the unique ability to be at the heart of the UK's hydrogen infrastructure development, and with exceptional partners in all sectors who are fully committed to de-carbonisation. As an organisation central to the civic life of the borough, the Council is well-placed to bring together the coalitions needed to tackle climate change. We know this will require previously un-thinkable changes to our way of life, significant investments, and re-thinking how we interact with our environment.

This report sets out the scale of the challenge that we face to meet achieve compliance with the area's carbon budget and achieve carbon neutrality by 2045. It reflects the work that has been done to gather evidence on the current state of emissions in the borough, and the engagement and intervention planning that has been undertaken since the climate emergency was declared. It sets out the action required to achieve carbon neutrality, and how the delivery of these actions will be tracked. To inform this work we have captured evidence from a wide range of stakeholders to create the evidence base.

Climate Change is recognised as both the greatest global risk to health and the economy by the World Health Organisation and World Economic Forum respectively. As shown in the recent flood events of 2019, and ever-increasing average summer temperatures, the impacts of climate change are significant and disruptive, and they fall disproportionately on vulnerable communities. According to data published in a recent study in the journal Nature Communications<sup>1</sup>, sea level rise as a result of carbon emissions associated with an increase in temperatures of two degrees Celsius presents a risk to a range of settlements within Cheshire West, including Ellesmere Port and its surrounds, Frodsham and Chester.

These considerations mean that in the wake of COVID-19, there is an even more significant need to create a greener, more sustainable Cheshire West and Chester to pass on to future generations.

## **2 The Principles:**

### **2.1 Democratically Led Process**

It is important that any response to the Climate Emergency Declaration is democratically led to ensure the views of residents are represented throughout. Following the declaration, the Council took two actions; convening the cross-party Climate Emergency Taskforce and expert Advisory Panel to provide leadership to the Council's response, and appointed Councillor Matt Bryan as the Leader's Champion and Cabinet Member for the Climate Emergency. Since May 2019, the Climate Emergency Taskforce has met eight times to consider a range of key sectors and the contribution that the Council, partners, businesses and residents could make to tackling climate change.

### **2.2 An Evidence Based Process**

To provide appropriate evidence to support the development of the Climate Emergency Response Plan, the Council commissioned Anthesis, a sustainability consultancy. Anthesis have worked closely with the Department for Business, Enterprise and Industrial Strategy and the Tyndall Centre for Climate Change research in recent years to develop a methodology to manage and monitor local-authority level emissions. Locally, this work had several objectives:

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<sup>1</sup> <https://www.nature.com/articles/s41467-019-12808-z>. It should be noted that this mapping solely represents the effects of sea level rise and does not account for the impact of coastal defences.

1. The establishment of a baseline in Cheshire West and Chester that is compatible with carbon reporting standards such as the Carbon Disclosure Project;
2. The provision of a scientifically informed carbon budget for the Cheshire West and Chester area via the ‘grandfathering’ of UK’s national emissions budget under the Paris Agreement to the Cheshire West area;
3. Analysis using the Setting City Area Targets and Trajectories for Emission Reduction (SCATTER) tool to review the impact of forty interventions at four ambition levels on the area’s emissions, in order to determine the scale of change necessary;
4. Given the borough’s significant agricultural economy and heritage, a review was completed of the emissions attributable to the agricultural sector’s activities in the borough.
5. Finally, in light of the need for the Council to demonstrate both leadership and accountability for tackling the Climate Emergency, the Council requested additional information about its organisational emissions.

The outputs of this work are set out in full detail in Anthesis’ report<sup>2</sup>. The document sets out the Cheshire West and Chester emissions baseline via SCATTER. This refers solely to the borough’s energy systems and excludes forestry, agriculture and land use, which are covered separately.

Cheshire West and Chester emits approximately 4 million tons<sup>3</sup> of carbon dioxide equivalent emissions per year, and that the primary contributor to emissions within the borough’s boundary is Industrial and Institutional Buildings, at 53 per cent of emissions, followed by on-road transport at 19 per cent, residential buildings at 14 per cent, commercial buildings and facilities at 11 per cent, with 1 per cent or less from rail, waterborne navigation, solid waste disposal, and wastewater.

The Council’s work has also been informed by a report from by the Tyndall Centre for Climate Change, produced for all UK local authorities, available in the background documents section, which supported the delivery of the second objective, the setting of a scientifically informed carbon budget for the Cheshire West and Chester area. The key recommendations of the report were that, to make its ‘fair’ contribution towards the Paris Climate Change Agreement, Cheshire West and Chester should:

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<sup>2</sup> Available at: [https://info.anthesisgroup.com/hubfs/CW&C\\_per\\_cent20Final\\_per\\_cent20Report.pdf?hsLang=en](https://info.anthesisgroup.com/hubfs/CW&C_per_cent20Final_per_cent20Report.pdf?hsLang=en)

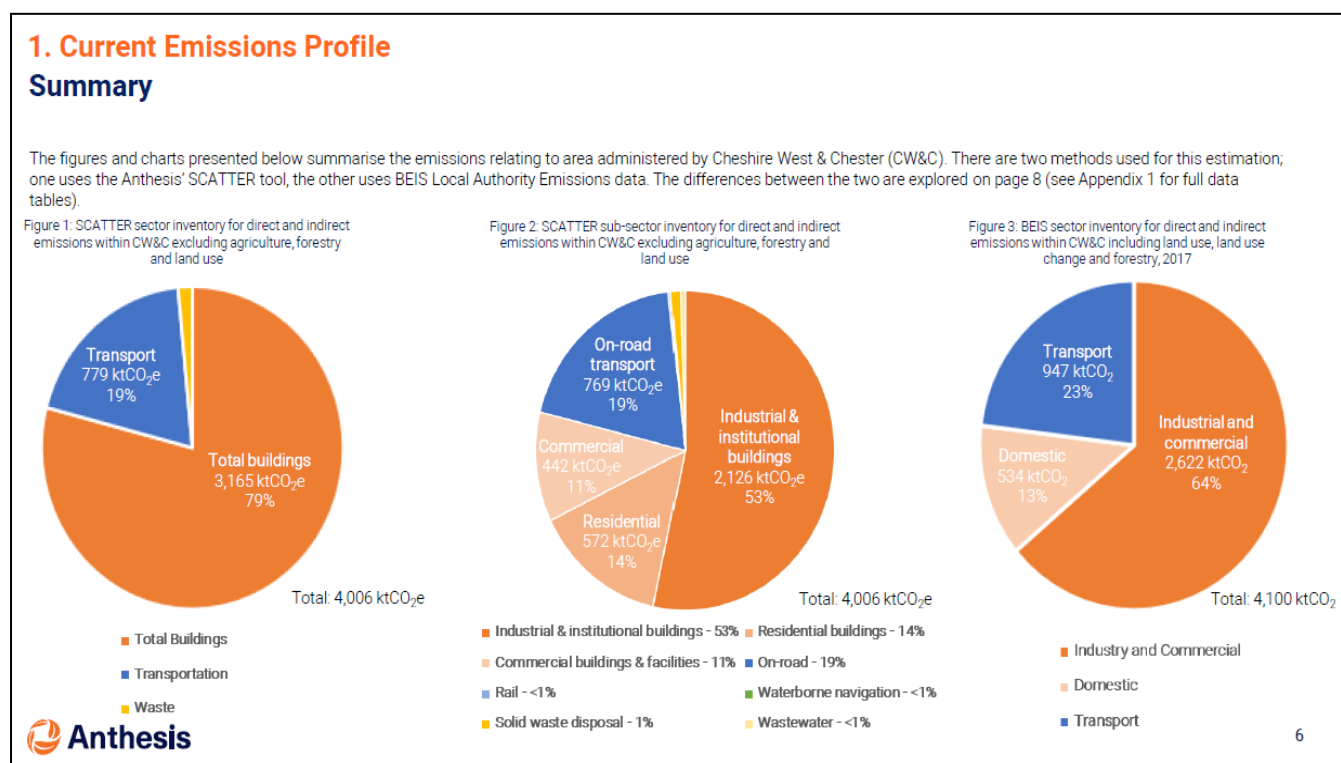
<sup>3</sup> As of 2017 data, SCATTER data set out that 4,006 ktCO<sub>2</sub>e was emitted in Cheshire West and Chester, while BEIS Local Authority Emissions data represented 4,100 ktCO<sub>2</sub>e. Differences in methodologies are set out on Page 8 of Anthesis’ report. As of 2018 BEIS Local Authority Emissions data, emissions within Cheshire West and Chester stood at 3,620 ktCO<sub>2</sub>e, a decrease of 11.7 per cent. This is significantly in excess of the national decline from 2017 to 2018 of 2.1 per cent. The primary reason for the local reduction in emissions is a 461.5 ktCO<sub>2</sub>e reduction in industrial emissions observed in 2018.

1. Stay within a maximum cumulative carbon dioxide emissions budget of 24.0 million tonnes (MtCO<sub>2</sub>) for the period of 2020 to 2100. At 2017 CO<sub>2</sub> emission levels, Cheshire West and Chester would use this entire budget within 6 years from 2020.
2. Initiate an immediate programme of CO<sub>2</sub> mitigation to deliver cuts in emissions averaging a minimum of -14.0 per cent per year to deliver a Paris aligned carbon budget. These annual reductions in emissions require national and local action, and could be part of a wider collaboration with other local authorities.
3. Reach zero or near zero carbon no later than 2040. This report provides an indicative CO<sub>2</sub> reduction pathway that stays within the recommended maximum carbon budget of 24.0 MtCO<sub>2</sub>. At 2040 5 per cent of the budget remains. This represents very low levels of residual CO<sub>2</sub> emissions by this time, or the Authority may opt to forgo these residual emissions and cut emissions to zero at this point. Earlier years for reaching zero CO<sub>2</sub> emissions are also within the recommended budget, provided that interim budgets with lower cumulative CO<sub>2</sub> emissions are also adopted.

The third objective of the Anthesis work relates to the scale and pace of change required to achieve carbon neutrality in Cheshire West and Chester. The SCATTER model uses forty interventions which are considered across both energy supply and demand. Each intervention has a series of 'ambition levels' which are articulated as ranging from Level 1 to Level 4. Level 1 assumes minimal action beyond current, national policy (where sufficiently defined by sector or measure) and nationally led decarbonisation of the electricity grid. In contrast, Level 4 assumes that the region goes significantly beyond national policy and national grid decarbonisation, across both energy supply and energy demand measures.

High-level analysis of the borough’s greenhouse gas emissions under SCATTER is set out below:

**Figure One:**



<sup>4</sup> Accessible Description, Figure 1: There are three pie charts in the image. The first is the SCATTER sector inventory for direct and indirect emissions within Cheshire West and Chester excluding agriculture, forestry and land use. This chart details that in the total buildings section of the chart, there are 3,165 ktCO<sub>2</sub>e, or 79 per cent of the total emissions. Transport makes up 779 ktCO<sub>2</sub>e, or 19 per cent of total emissions, while Waste makes up 2 per cent of emissions. The second pie chart is the SCATTER sub-sector inventory for direct and indirect emissions within CW&C excluding agriculture, forestry and land use. Industrial and institutional buildings are the largest section, at 2126 ktCO<sub>2</sub>e, or 53 per cent. Transport makes up 769 ktCO<sub>2</sub>e at 19 per cent. Residential makes up 572 ktCO<sub>2</sub>e at 14 per cent. Commercial makes up 442 ktCO<sub>2</sub>e at 11 per cent. Solid waste disposal makes up 1 per cent. Rail, waterborne navigation and wastewater make up less than 1 per cent respectively. The third pie chart is the BEIS sector inventory for direct and indirect emissions within Cheshire West and including land use, land use change and forestry, 2017. Industrial and commercial emissions are the largest section, at 2622 ktCO<sub>2</sub>. Transport makes up 947 ktCO<sub>2</sub> or 23 per cent, and domestic makes up 534 ktCO<sub>2</sub>, at 13 per cent, for a total of 4,100 ktCO<sub>2</sub>.

Figure Two:

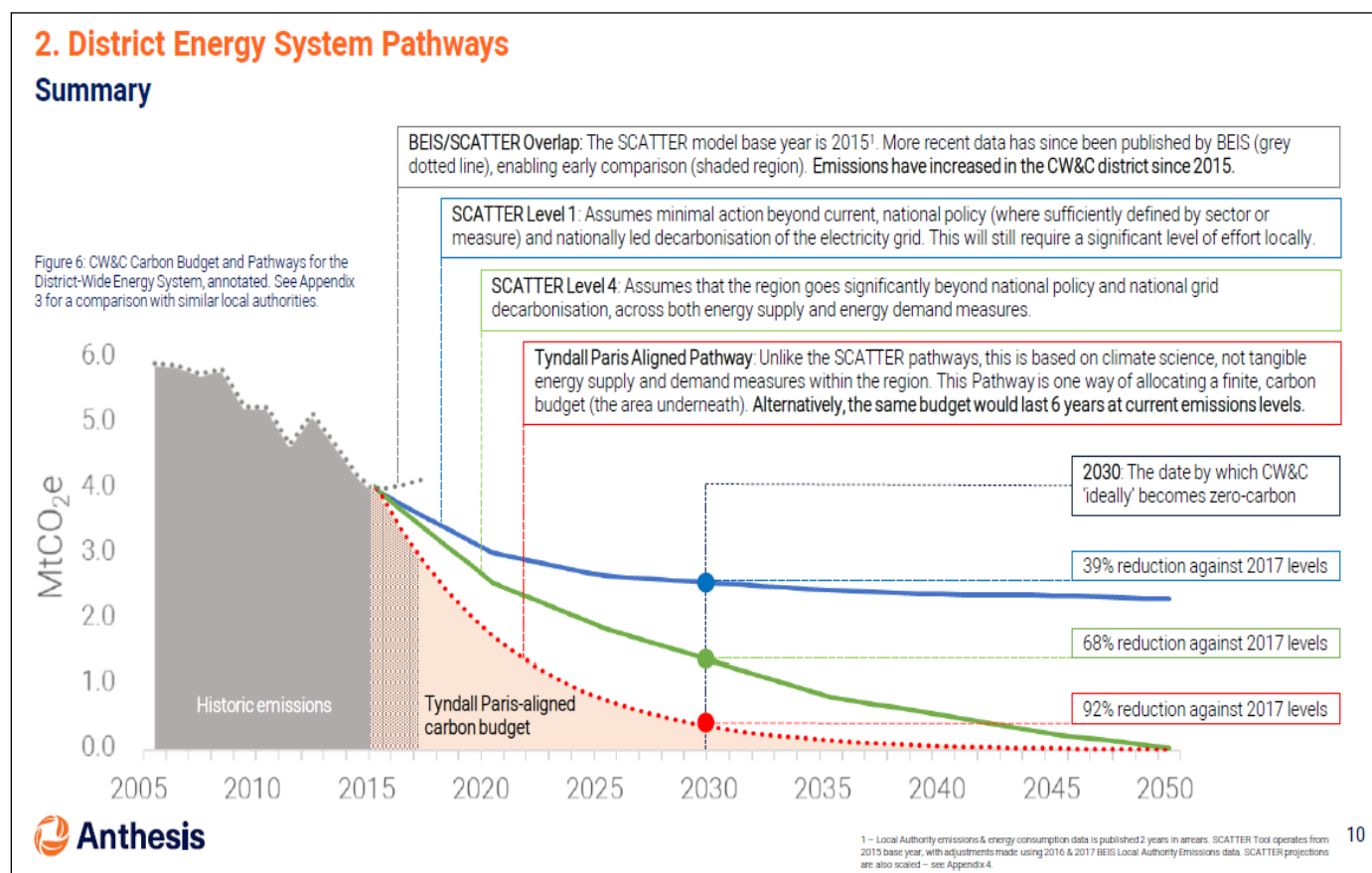


Figure Two demonstrates that achieving carbon neutrality and meeting the Tyndall-aligned carbon budget in Cheshire West and Chester by 2045 would require a level of technical intervention that is not currently feasible under the most ambitious scenarios. It is therefore recognised that the 2045 target and carbon budget are exceptionally challenging based on the current policy, funding and technological environment. However, setting an exceptionally challenging target is in this case, appropriate, as it will facilitate speed of action in reducing carbon emissions, which is the most significant consideration in tackling climate change.

### 2.3 A Co-produced Plan

The scale of this challenge means that it cannot be addressed by a traditional, 'top-down' public sector response. The response to the climate emergency must draw on the skill, knowledge and

<sup>5</sup> Accessible Description, Figure 2: This graph covers the Cheshire West and Chester Carbon Budget and Pathways for the district wide energy system. It details that as of 2017 Cheshire West and Chester's emissions stood at around 4 million tons per year. It describes three pathways, the first is SCATTER level 1, which assumes the current level of intervention. This achieves a 39 per cent reduction in CO<sub>2</sub> against 2017 levels by 2030. The second is SCATTER level 2, which is the highest level of intervention possible, which would achieve a 68 per cent reduction by 2030. The third is the Tyndall Paris aligned carbon budget, which required a 92 per cent reduction against 2017 levels by 2030. The Tyndall and SCATTER level 4 pathways intersect by 2050.

enthusiasm of all our businesses, residents and partners if it is to be effective. Therefore, we have sought throughout this process to take a collaborative approach. This is exemplified by ensuring that all meetings of the Taskforce and Advisory Panel are open to public attendance, and that we will continue with a programme of co-production and engagement on this Plan throughout its lifetime, rather than treating this as a static document. Further information on our approach to co-production is included in section 3 – Communications.

### **3. Strategic Context**

In February 2020 the Council ratified its four-year Council Plan, “Play your part to Thrive”. This document, accompanied by a four-year budget, sets out the strategic priorities for the Council in coming years, and how we will change the way we work to meet the needs of our communities. It is underpinned by the principle of listening and co-producing services with residents. The Council has subsequently developed a Recovery and Renewal Plan which sets out updated action plans against the Council priorities following the impact of COVID-19 and the national and local response.

Six main challenges were identified in the plan:

- Tackling the climate emergency;
- Growing our local economy and delivering good jobs with fair wages for our residents;
- Supporting children and young people to get the best start in life and achieve their full potential;
- Enabling more adults to live longer, healthier and happier lives;
- Making our neighbourhoods even better places to call home;
- Being an efficient and empowering Council.

The fact that tackling the Climate Emergency is central to the Council Plan illustrates the significance of the issue. This is a priority that we know our residents share. In the survey which informed the Council Plan, 83 per cent of respondents said that they were concerned about climate change, with 44 per cent of respondents being very concerned. 21 per cent agreed that 2050 is the right deadline by which to bring UK emissions to net zero, but 55 per cent think that it should be done more quickly, in-line with the Council’s aspiration of achieving carbon neutrality by 2045.

The plan set out that over three-quarters of participants agreed with all the Council's proposals for tackling the climate emergency, with particularly strong support around tree planting, energy efficient homes and supporting industry to reduce their carbon footprint. There were also calls for the Council to lead by example, to invest in awareness and educational behaviour change campaigns and to improve the public transport and cycling infrastructure to make sustainable transport a more viable option. Over two-thirds of residents agreed with ideas of how residents could play their part, particularly around reducing and recycling waste, buying local and green and switching to greener energy.

But we know that real change requires both money and time. In addition to the resourcing set out on page 4, we will begin to use all of the Council's purchasing power to reduce carbon emissions throughout our supply chain, by taking carbon considerations in to account when making procurement decisions. The Council cannot however bring about the required change independently, we are dependent on a range of factors such as clarity regarding the national planning framework and the provision of a long-term funding settlement from government. We will continue to work with government to create the foundations required for effective local action on climate change, and in the interim will do all we can with the powers, resources and time available to us.

There are also significant links between the Climate Emergency Response and the Council's priorities on tackling poverty, inequality and improving mental health. The detrimental effects of climate change are disproportionately felt by people who are experiencing poverty, similarly, the effect of climate change on creating anxiety, especially in young people, has been widely noted in the national and international media. As an example of work that is underway to bring tackle these issues in a joined-up way, the Council is working with the Welcome Network to explore becoming a 'Sustainable Food Place'; creating a sustainable food system will reduce food poverty, reduce waste and generate lower carbon emissions. It is essential that we bear the linkages between these priorities in-mind when designing interventions. For example, it is widely discussed that building to carbon neutral standards adds cost, but it is essential that this does not present a barrier to people with lower incomes living in high-quality, carbon neutral housing. Furthermore, people with lower incomes may be less able to pay independently for insulation to their home, leading to higher energy bills and reinforcing the cycle of fuel poverty while also generating additional carbon emissions. These are perverse outcomes and we must robustly tackle them in our climate response. Education will also play a crucial role in supporting people's mental health



as it relates to the Climate Emergency, by making clear the ways in which people can make a real, tangible difference to tackling climate change.

### **3.1 Scope**

This plan is focused on achieving carbon neutrality within the Cheshire West and Chester area by 2045 alongside seeking to limit emissions to meet the area's carbon budget. Carbon neutrality means that we need to reduce our emissions to 'net zero', so that any carbon emissions produced in Cheshire West and Chester by 2045 would be met by an equal level of carbon sequestration (capture). Throughout this document, the term carbon neutrality and net zero are used as widely understood proxies for net-zero greenhouse gas emissions, which is the intent of the Council's Climate Emergency declaration. The actions within the plan are intended to be initiated within the Council's current Council-plan period, 2020-24.

This plan and objective is linked to, but distinct from the Council's organisational Carbon Management Plan, which concerns the actions that the Council will take to reduce its emissions to carbon neutrality by 2030.

### **3.2 Consultation:**

Given the scale of public interest and enthusiasm within communities to tackle the Climate Emergency, the Council has started a programme of internal and external communications activity to engage with staff and residents. Initially this involved ensuring that all relevant campaigns and stories include consistent messages on the significance of considering the climate impacts of the Council's activities.

The Council has also established a webpage to summarise its Climate Emergency Response, at: <https://www.cheshirewestandchester.gov.uk/your-council/councillors-and-committees/the-climate-emergency/the-climate-emergency.aspx>

This page provides information regarding the times and dates of public meetings, the minutes of meetings, the Council's commissioned research, and links to wider resources on climate change. To provide regular progress updates to residents and other interested local stakeholders, we have established a monthly e-newsletter which now has a regular readership of more than 1000, and

the Council has a regular campaign of social media promotion and engagement on the issue of the climate emergency.

The Council held a public evidence session on Friday 24 January. We received more than 100 written evidence submissions and public speakers from a diverse range of backgrounds and perspectives. The key messages from this session are included in the action plans section of this report. The minutes and webcast of the meeting are available on the Council's website.

In February 2020, the Council held a Climate Summit, "West Cheshire Action on Climate Change", in order to bring together a diverse range of stakeholders from the public, private, third sectors and from our communities in order to share the outputs of our research develop a consensus regarding the scale and urgency of the challenge, and begin jointly producing solutions with our partners. While in-person engagement has been affected by the COVID-19 pandemic, we have continued to regularly engage digitally to ensure that we continued to share progress and invite contributions from the public.

The Council has engaged with a diverse array of stakeholders, including;

- Engagement with voluntary and community sectors groups such as the Chester Sustainability Forum and Friends of the Earth;
- Engagement with private sector partners in a range of sectors, including the energy, chemicals and manufacturing sectors;
- Receiving enquiries and public evidence submissions to inform the Public Evidence session of the Taskforce via [ClimateChange@cheshirewestandchester.gov.uk](mailto:ClimateChange@cheshirewestandchester.gov.uk);
- Engagement with the Local Enterprise Partnership on the issue of the Climate Emergency to ensure this issue is central to the development of the Local Industrial Strategy.
- Engagement with local authority partners in the Cheshire and Warrington sub-region and in North Wales to align action to tackle the Climate Emergency, including supporting the delivery of shared priorities such as Growth Track 360.
- Engagement with partners in the local public sector, including the NHS, Police, Fire and Rescue service.
- Engagement with Housing Associations via the Housing Partnership;
- Engagement with stakeholders via the Climate Advisory Panel such as;
- Engagement with the Federation of Small Business;
- Engagement with the Environment Agency;

- Engagement with the Cheshire Energy Hub;
- Engagement with WRAP (Waste and Resources Action Programme);
- Engagement with Chester Zoo;
- Engagement with the Mersey Forest;
- Engagement with Grosvenor Farms.
- Engaged with the University of Chester.

Staff engagement will be central to the Council delivering on its ambition to be a carbon neutral organisation by 2030, and to support the borough to achieve carbon neutrality by 2045. Given this ambition, the Council has rolled-out a mandatory e-learning module to all staff on carbon literacy to promote awareness of the changes that can be made in both a personal and professional capacity to reduce carbon emissions. This is accompanied by a corporate objective for all staff to complete this module and to take action to reduce carbon emissions within their roles.

The Council believes that transparency of decision making is essential to maintaining and increasing public trust on this vital issue. In order to promote transparency, the Taskforce and Advisory Panel have held open meetings, with their agendas published on the Council's climate emergency webpage. There have also been provisions for members of the public to ask questions of and make statements to the Taskforce. Through these measures, we want to create the conditions for this plan to be delivered in partnership with our communities.

In addition to the extensive co-production and engagement undertaken during 2020, via the measures referenced in Section 3.6, the Council launched a further consultation on 18 November, running until 6 January to seek any further views on the Climate Emergency Response Plan and Carbon Management Plan. The consultation was promoted via a member briefing, press release, and via the Council's social media channels. The Council received 30 responses to this consultation, which were high-quality and detailed submissions, which both inform the current Plans and will inform thinking in future regarding the Plans. Of the 30 responses, seventeen were from residents, five were from Parish Councils, six were from community organisations, and two were from Cheshire West and Chester Councillors. The Parish Councils and community organisations which responded to the consultation were:

- Chester Archaeological Society;
- Ashton Hayes and Horton-cum-Peel Parish Council and Ashton Hayes Community Energy C.I.C;
- Cuddington Parish Council;

- Acton Bridge Parish Council;
- Extinction Rebellion Cheshire;
- West Cheshire Green New Deal;
- Transport for Cheshire;
- Utkinton and Cotebrook Parish Council.
- Chester Cycling Campaign and Cycle North Cheshire

The responses have been reviewed and feedback matched with corresponding sections of the Climate Emergency Response Plan. Overall, the responses welcomed the plan and encouraged the Council to go further and faster in its response to the Climate Emergency. There was also feedback linked to section 3.3 performance management, which proposed that targets within the Plans should be made more stretching. The targets set to date have been made as ambitious as possible within the financial, legislative and policy environment in which the Council operates. The Council will evaluate performance against these targets following the first year of the Plan and where appropriate, will amend target levels to be more challenging or attainable, in order to ensure that targets are stretching but achievable. The feedback for the sectoral plans is outlined below.

**Energy and Industry:** There are six responses which involve content relating to Energy and Industry. Key themes which emerge include:

- The necessity of supporting both blue and green hydrogen development. This is recognised in the plan, noting that blue hydrogen is intended as a transitional step towards green hydrogen, and that the Committee on Climate Change recognises a role for both technologies in the transition to net-zero. While the important role of blue hydrogen is noted as a key starting point in Cheshire West's local context, the need for a rapid transition to Green Hydrogen is expressed in the feedback.
- Continued emphasis needs to be given to the importance of carbon capture and storage, given the need to offset a proportion of emissions.
- The importance of ensuring that new housing development include renewable technology, and that it is feasible to retrofit these technologies on existing property.
- The need to take advantage of the Government's ten point plan for a green industrial revolution, noting Cheshire West and Chester's unique opportunity regarding Hydrogen.
- A continued focus on renewable energy investment, including in heat pump technology, with the Council providing assurance that these technologies are reliable and effective.

**Transport:** There are eighteen responses which reference the elements of the plan related to Transport. Key pieces of feedback, present in multiple submissions include:

- The need to improve the accessibility and reliability of public transport in order to support people to take lower-carbon journeys. Respondents noted that this was highly challenging during the lockdown period. There was also substantial feedback regarding the potential for the Council to exert more influence on bus transport, options for which are being explored via the Bus Services review.
- That further context should be added to the Transport section to recognise links with a wide variety of Transport initiatives that are currently underway; this point is recognised however in the interest of maintaining the document at a readable length, some wider context must be left out.
- That further detailed analysis should be undertaken to reflect the carbon costs and benefits of individual actions. This is a goal that is shared between the respondents and the Council, however requiring a full carbon analysis of all actions within the plans as a pre-requisite for the Plan's publication would delay the Plan; therefore further detailed work to understand the carbon impact of the actions will be undertaken in parallel with the delivery of the plan.
- Strong support for the roll-out of superfast broadband to rural communities, and the need to continue to emphasise the importance of this action in addressing digital inequalities.
- Emphasis on the importance of the Council procuring low-carbon vehicles for its own fleet, setting an example to other organisations.
- Several Parish Councils and Councillors fed back on the importance of additional pedestrian crossing; an additional action has been added within the Transport section to reflect this.
- It was requested the Council should communicate how carbon assessments of transport schemes will be conducted in future, and ensure that these assessments are valued as a key determinant of scheme viability.
- Feedback that the Transport section should be amended to reflect that rail and waterborne navigation contribute a low proportion of emissions (less than 1 per cent), compared to on-road transport (19 per cent). The section has been re-written in-line with this feedback.
- It was noted that the Council has a range of documents that relate to Transport, and that there may be an opportunity to consolidate these documents to provide a central strategic vision.

- It was noted that there was a need to evaluate the ambition of the Council's climate targets as they relate to Transport. The Council will annually review performance against targets and determine where amendments to target levels are required.

**Housing:** There are five responses which reference the elements of the plan related to Housing.

Key elements of feedback, present in multiple submissions include:

- A need to work with Government to support the Heat pump and renewables installation industries, ensuring that training and accreditation are in-place to ensure that customers are confident in these products.
- Support for proposals to explore strengthening local building regulations.
- Support to the principle of developing net zero carbon homes – building right the first time, rather than requiring costly retrofits in future years.
- As the measures within the Housing plan were still in development at the time of the consultation's publication, it was noted that there was a need to ensure that targets are appropriately ambitious.

**Business Premises and Engagement:** There are five responses which reference the elements of the plan related to Business premises and engagement. Key feedback includes:

- Recommendations to explore creating credentials/awards for businesses that demonstrate high standards of climate-awareness and carbon reduction in their practices.
- Recommendations to support villages, parish and town councils and other community organisations to retrofit buildings to install renewable technologies. This is one of the aims the Climate Emergency Fund and to date five community organisations have been successful in bids to the fund.
- An emphasis on the importance of the Council and Government ensuring that public transport provision is available to support employees to reduce their commute, thereby reducing business' carbon footprint.

**Land Use, Climate Repair and Adaptation:** There are eight responses which reference the elements of the plan related to land use, climate repair and adaptation. Key feedback includes:

- That the Council should consider encouraging urban garden management to promote air quality and biodiversity within urban areas.
- That the Council should ensure that the heritage and archaeological assets of the borough should not be detrimentally affected by the development of renewable energy

assets. There was also feedback linked to Anthesis' description of the expansion in renewable energy supply required, which could be met through an expansion in wind and solar power. It should be noted that Anthesis' research was establishing the electricity supply required for the transition to net zero and provides a theoretical baseline for how significant the growth in supply would need to be, however this demand in renewable energy supply could be serviced throughout the UK, including via opportunities such as offshore wind.

- That the Council should work with the agricultural community during the period in which the Environmental Land Management System is implemented to ensure that the carbon, adaptation and biodiversity benefits of this policy are maximised for Cheshire West and Chester.
- That the Council should do more to encourage dietary change, both via communications to residents and via engagement with the agricultural community.

**Waste and Recycling:** There are 5 responses which reference the elements of the plan related to waste and recycling. Key pieces of feedback include:

- That the Council should be ambitious in relation to action 2 in section 9.5, relating to purchasing hydrogen or electric vehicles for its waste fleet.
- Recommending further targeted communications to people who are not recycling correctly, and social media campaigns to provide information on what can and cannot be recycled.
- That the Council should introduce additional recycling bins both to promote recycling and to ensure that recycling is highly visible.

### **3.3 Performance Management:**

The requirement to annually report on progress against the borough's attainment of carbon neutrality by 2045 was set out by Council. A clear performance framework is required to enable Members, officers, partners and the public to assess whether the Council is achieving what it set out to do in this plan. In order to align to the Council's Corporate Performance Management approach, the following key principles are adopted:

- **Proportionality:** Performance management will track and focus on the issues that make the biggest difference, being tailored to the appropriate audience, rather than being an end in itself. The focus will be on improvement supported by efficient processes and systems for reporting, analysis and data collection

- **Depth vs breadth:** There needs to be a balance between the range of information available and the depth of understanding it can give. Fewer indicators can enable more insight, analysis and focused improvement, as having an abundance of indicators can make it difficult to ‘see the wood for the trees’. Given the limited amount of time available to decision makers to scrutinise and review performance data, it is therefore preferable to have fewer, but meaningful, indicators, and arrange for ‘deep-dives’ into areas of underperformance.
- **Intelligent target setting:** Recognising that this plan is the start of a 25-year monitoring period, targets are set on a medium-term basis where possible, specifically, to the end of the current Council Plan period. Targets will be set by taking account of Anthesis data, benchmarking information, considering historical trends and considering resources.
- **Managed flexibility:** Measures, targets and actions are sensitive to changed circumstances and a refresh of the framework takes place on annual basis in an open and transparent manner.

19 performance indicators are proposed to track performance against this plan. These indicators are not directly correlated to all actions within the plan, but act as proxies for the delivery of the plan’s objectives. The Council is not able to directly influence the attainment of the target on all indicators. Measures are therefore categorised as being either “Direct Influence” or “Indirect Influence”. The performance framework will enable members and residents to hold the Council to account for under-performance, and enable us to celebrate good performance. Where a need to improve performance is identified, the Climate Change team will offer facilitated workshops with the relevant service to seek to understand and resolve barriers to delivering better outcomes.

### 3.4 Best Practice:

Hundreds of Councils throughout the UK have declared a climate emergency, in a range of different contexts, from predominantly rural areas such as Cornwall, to cities such as Manchester, Leeds and Bristol. We have reviewed the process of responding to the declaration of a Climate Emergency and sought to take learning from areas evidencing best practice. Examples of common themes in responding to the Climate Emergency, and how we have learnt from them, include:



1. **Be inclusive:** The development of local plans should be as inclusive as possible, as local residents, businesses, public sector partners and community groups will be more likely to support a plan they have been involved in co-designing from the outset.
2. **Make a statement of intent:** Councils that have been successful in promoting and delivering on their climate emergency goals have made a clear declaration of intent, i.e. setting a target for area-wide carbon neutrality, rather than a more generic aspiration to reduce carbon emissions. They have launched the action planning process and set out a timeline, calling for input from residents, business and partners. They have used a range of communications channels from in-person, to social media, to online direct engagement to develop engagement in building the plan.
3. **Engage Key Stakeholders:** Authorities have worked as 'convenors' to bring together thought leaders such as universities, community groups, think-tanks and experts to ensure processes are informed by the best available evidence. There are a range of models to facilitate expert engagement, from options such as Leeds, where the Climate Change Commission is chaired by the University of Leeds, to Lancaster's Climate Change Cabinet Liaison Group, which is chaired by Lancaster City Council and includes representatives from Lancaster University and a range of other interested stakeholders. In Cheshire West and Chester, we have sought to learn from these examples by creating the Climate Advisory Panel. Chaired by the Chief Executive of the Council, this group is made up of expert representatives from the public, private and third sectors, and includes representatives from our communities. The group advises the Taskforce and ensures that the Taskforce receives relevant and high-quality information.
4. **Reflect local issues:** The Climate Change engagement process must be responsive to local needs and key issues to be meaningful. The issues faced in each local area are significantly different. In Cheshire West and Chester, this is reflected in the borough's engagement with industry, given the high proportion of industrial emissions in our area. In view of this, we have engaged with bodies such as the Cheshire Energy Hub throughout this process to co-design solutions to reducing industrial emissions. This involved representatives from local industry hosting a session at the West Cheshire on Climate Change event on industrial decarbonisation.
5. **Be clear on scope:** Action plans should be clear on what they have responsibility for, and what targets they are working towards. For example, Bristol has a clear target to be carbon neutral by 2030, and has a One City Climate Strategy to achieve that, underpinned by the Mayor's Climate Emergency Action Plan that sets out the actions the Council will take. Cheshire West and Chester's Plan builds on this learning and is in two parts, the Climate

Emergency Response Plan covers how the Council will support the borough to achieve carbon neutrality by 2045, while the Carbon Management Plan sets out how the Council as an organisation will achieve carbon neutrality by 2030.

- 6. Emphasise co-benefits and empower residents:** When considering interventions, the most successful plans are broad rather than narrow in how they convey the benefits of taking climate action. Projects typically do not only deliver carbon benefits, and these are not always the most engaging benefits to residents, especially when projects can be disruptive. E.g. home insulation projects may deliver carbon benefits, but it is often having a warmer home and lower heating bills that are more meaningful for people. It is important to emphasise the co-benefits of climate action, such as cleaner air, healthier diets, and creating safer, stronger communities. Citizens also need to understand how we can bring about change in our own lives. In-line with the Council's aspiration to enable all our residents to play their part in helping the borough to thrive, this plan includes guidance on how residents can make an immediate impact in their communities.

## **Action Plans by Sector:**

### **4. Energy and Industry:**

#### **4.1 Sector Description, Key Targets:**

Emissions from industrial processes make up the largest single element of Cheshire West and Chester's total emissions at approximately 2.1 million tons per year based on Anthesis' SCATTER analysis, or 53 per cent of total emissions. There are differing methodologies to capture and attribute emissions produced by industry and it is important to be aware of these. Based on Department for Business, Energy and Industrial Strategy (BEIS) Local Authority statistics, combined Industrial and Commercial emissions stand at 2.6 million tons per year. Based on EU Emissions Trading scheme data, these emissions stand at 3.5 million tons per year. This is linked to the fact that BEIS and SCATTER analysis re-distributes carbon emissions from large industrial installations throughout the country in its analysis. For more information on the EU Emissions trading scheme, refer to Appendix 1. The conclusion however remains unchanged. We need to reduce carbon emissions that are produced by the use of fossil-fuel derived energy both in industry, and also in our homes, shops and other premises by switching to renewable sources. It is important to note that while industrial processes do generate carbon emissions, that industry has achieved significant reductions in emissions in recent years, and these businesses are essential to area's economic prosperity, supporting a range of high-quality jobs. Artificially reducing emissions by out-sourcing emissions to nations with lower environmental standards is not a sustainable way to reduce global emissions.

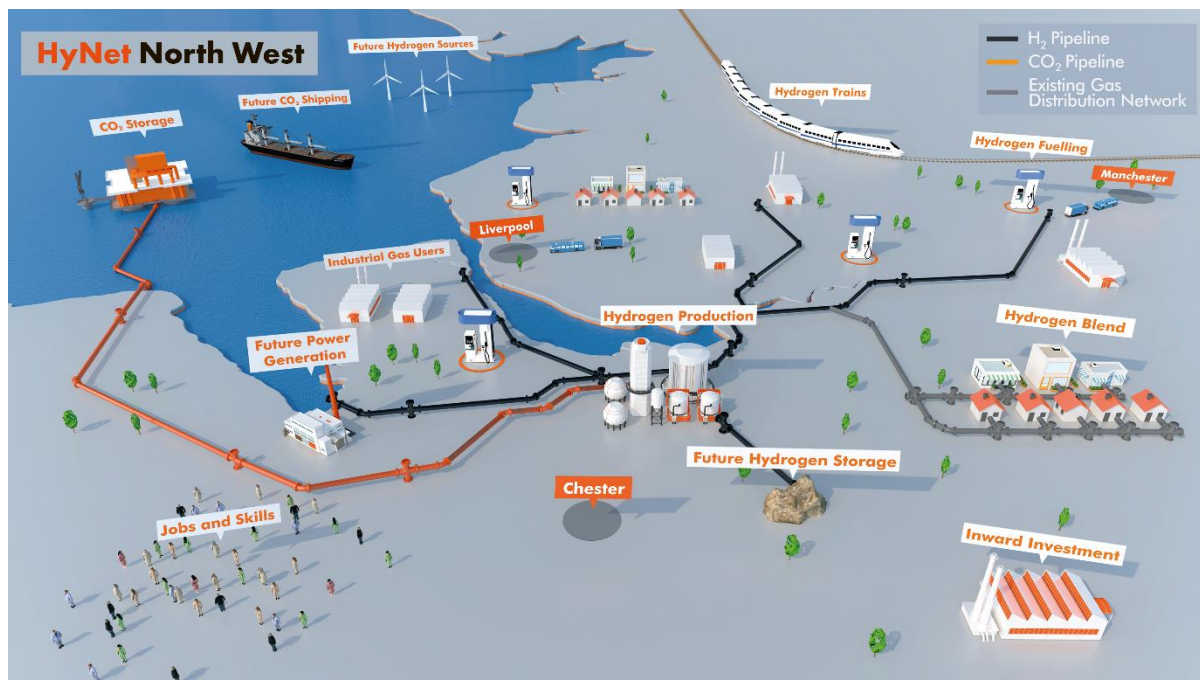
Projects such as HyNet, which plans to reduce carbon emissions across the North-West by 10 million tonnes, and which is centred in our area due to its assets enabling hydrogen production, storage and networking, offer a unique opportunity for Cheshire West and Chester to be the UK's first low-carbon hydrogen borough. Of all the interventions set out in the Climate Emergency Response Plan, HyNet is the most transformative and offers the greatest potential for carbon reduction. It is therefore imperative that the Government supports HyNet in order to lay the foundation for the green industrial recovery to COVID-19.

## Case Study: HyNet North West

HyNet North West, the world's first low carbon industrial cluster, is being developed right here in Cheshire West and Chester. The project has a critical role in the global fight against climate change and is essential for rapidly transforming the borough into a low carbon place to live and work.

The UK's leading industrial decarbonisation project will produce, store and distribute low-carbon hydrogen. Once produced, hydrogen will safely travel within a pipeline to be used initially within our industry and then increasingly for clean transport and to heat our homes and businesses.

Together with carbon capture and storage (CCS), these technologies have the potential to reduce carbon dioxide (CO<sub>2</sub>) emissions by 10 million tonnes every year by 2030 – the equivalent of taking four million cars off the road.



Many of our local energy intensive manufacturers are participating in this game-changing project, including Essar, CF Fertilisers and Encirc, to deliver net zero through sustainable products and manufacturing processes. This exciting, world leading project is being supported by our very own University of Chester who are researching opportunities for skills and the supply chain which HyNet North West will create, and Cadent, the gas distribution network operator, as a key project partner.

More information is available at [www.hynet.co.uk](http://www.hynet.co.uk)

Achieving carbon neutrality by 2045 will require a significant increase in renewable energy production and infrastructure to meet increased demand, both for electricity and low-carbon hydrogen.

Within the Energy systems analysis provided by Anthesis, the scale of change required in the delivery of renewable energy is set out:

- To provide sufficient solar power to support the decarbonisation of the grid, 0.3 gigawatts (GW) of installed capacity is required by 2025, prior to the delivery of 0.8 GW by 2050. This would represent a 25x increase in installed capacity, based on current capacity of 0.032 GW;
- The report also references the need to significantly increase wind capacity, at a 20.4x increase by 2050;
- A 52.6x increase in Bioenergy capacity – from 5 MW to 263 MW, is required, alongside a 681x increase in installed solar thermal capacity for the provision of hot water;
- Furthermore, the potential for wave and tidal power to grow in capacity over time is noted but is largely unaccounted for in the tool.

The Council also works closely with local industry to support the development of a green economy which provides high-quality, skilled and low-carbon jobs to our residents. This is via existing partnerships such as the Cheshire Energy Hub. Anthesis described a range of interventions for reducing industrial emissions;

- An 11 per cent reduction in industrial energy demand would need to be achieved by 2025, moving towards a 38.5 per cent reduction by 2050;
- This would need to be accompanied by a 6 per cent electrification of industrial processes, with a view to a 31 per cent increase by 2050. Significant expansions in carbon capture usage and storage are required; with 2 per cent of industrial energy coming from carbon capture and storage by 2025, increasing to 42 per cent by 2050.
- Anthesis also noted that a significant reduction in Oil production would be required relative to 2015 levels.

It should also be noted that it is inevitable that there will be residual emissions of CO<sub>2</sub> and other greenhouse gases. Therefore, there will also be a need to remove CO<sub>2</sub> from the atmosphere (negative emissions) so that the UK achieves its goal of net zero emissions. Clearly natural absorption of CO<sub>2</sub> by tree planting will be a key component of this. There are also early stage technology developments of 'Direct Air Capture (DAC)' which would extract CO<sub>2</sub> from the

atmosphere, and then store it in carbon capture and storage (CCS) facilities. The technical and economic feasibility of DAC is currently unknown. However, a proven route to negative emissions is Bio-energy with CCS (BECCS). Biomass used as the feedstock to make synthetic natural gas or hydrogen, with carbon capture and storage for the by-product CO<sub>2</sub> from the process, results in an overall removal of emissions from the atmosphere. The Committee on Climate Change (CCC) has estimated that the UK will require 51 million tonnes per year of negative emissions from BECCS by 2050 to achieve net zero. With carbon capture and storage already planned to be delivered at scale by the HyNet project, and several biomass-based processes planned at locations including Protos, Cheshire West and Chester, and the wider north west UK region, will be very well placed to support the delivery of this UK need.

#### **4.2 Feedback from the Climate Emergency Taskforce and Residents:**

The Climate Emergency Taskforce noted that the borough's energy intensive industries, while contributing a significant proportion of local emissions, were also vital to sustaining a range of high-quality jobs. Neither the Council nor the Taskforce support reducing local emissions by encouraging these industries to move out of the borough. The Taskforce was updated on the work undertaken by the Cheshire Energy Hub and the development of a local hydrogen economy. It was agreed that Government, both national and local, would need to support the decarbonisation of existing industries via a range of mechanisms in order to retain the benefits of these industries while reducing carbon emissions. It was requested that the Council continue work to engage with Government to maximise the benefit of existing renewable energy funding for energy efficiency and renewable energy generation projects across the public sector estate.

#### **4.3 Residents' Recommendations:**

25 responses to the Climate Emergency Taskforce's call for evidence related to Energy and Industry. Residents' recommendations were wide-ranging, but the following key themes were present in multiple submissions to the Climate Emergency Taskforce:

1. Expanding renewable energy generation, such as solar, wind, geothermal on Council land and assets, promoting the roll-out of these power sources across the wider borough, and exploring the use of district heating networks.
2. Exploring the area's potential for Energy innovation relating to Hydrogen and Carbon Capture and Storage.

#### **4.4 How the Council will play its part:**

#### **4.5 Local Action:**

1. Purchase renewable electricity for the Council, beginning in 2020-21;
2. In 2021-22, review the feasibility of purchasing 'green' gas for the Council's buildings;
3. When replacing heating systems in buildings, or including systems in new Council developments, our default option will be low-carbon alternatives to gas/coal/oil based heating systems.
4. In 2020-24, review the establishment of a recycling fund to deliver renewable energy or energy efficiency projects, and prioritise in the Council's capital programme improving the energy efficiency of public sector buildings through measures such as improved insulation.
5. The Council will deliver Phase 2 of the Council's LED streetlight replacement programme, reducing energy demand and speeding the achievement of carbon neutrality in the Council's own operations.
6. The Council will make available a Climate Emergency Fund in 2020-21, which among other uses will provide opportunities to expand community energy provision.

#### **4.6 Working with Partners and Government**

7. Support in principle the development of a low-carbon hydrogen economy. The HyNet project aspires to capture 10 million tonnes of CO<sub>2</sub> from the North West's industrial cluster, add £17bn Gross Value Added to the North West economy, alongside supporting 5979 jobs. The Council will also explore opportunities for hydrogen to be mixed with the gas grid using existing infrastructure for the purposes of domestic and commercial heating. It is noted that the blue hydrogen proposed in HyNet is intended to be a transitional step towards green hydrogen, and therefore the development of green hydrogen will also be supported by the Council.
8. Work with the LEP, the Mersey Dee Alliance, Net Zero North West and Cheshire Energy Hub to review opportunities to reduce industrial energy use within Cheshire West and Chester, through projects such as the Energy Innovation District and E-Port Smart Energy Master Plan, which aim to aims to reduce the carbon emissions from the Ellesmere Port industrial cluster by 34 per cent by 2030;
9. Working with the Liverpool City region on the Mersey Tidal project to seek to deliver clean energy to the Cheshire and Merseyside region;

10. The Council will work with central Government and local industrial stakeholders to promote the development of funding mechanisms to ensure the economic viability of blue hydrogen, as a transitional step towards green hydrogen, to enable the delivery of initial HyNet infrastructure by 2025.
11. The Council will work with the Mersey Dee Alliance on the development and delivery of an energy prospectus.
12. The Council will work with the local Energy Network infrastructure provider, SP Energy Networks, to assure the delivery of network upgrades to facilitate readiness for 100 per cent electric vehicles by 2030.

#### 4.7 How residents can play their part:

We all need to change our habits and here are some suggestions to help make a difference:

1. Switch to a renewable energy supplier;
2. Install renewable energy generation at home;
3. Plan to switch your home heating system to a renewable alternative, such as a heat pump.
4. Consider the energy required to produce the products you purchase.

#### 4.8 Key Performance Indicators:<sup>6</sup>

Ref	Measure	Measure Type	Baseline	2024 Target
M1	Industrial Sector Annual Carbon Emissions – Cheshire West and Chester - (BEIS)	Indirect Influence	2,147.4 ktCO <sub>2</sub>	11 per cent reduction
M2	Percentage of the LED streetlight replacement programme completed	Direct Influence	73 per cent	100 per cent

#### 4.9 Key Supporting Documents:

<sup>6</sup> Accessible Description: Energy and Industry Indicators Table. Measure 6 is Industrial Sector Annual Carbon Emissions, Cheshire West and Chester. This is an indirect measure. The baseline is 2,147.4 ktCO<sub>2</sub>. The 2024 target is an 11 per cent reduction. Measure 7 is the Percentage of the LED streetlight replacement programme completed. This is a direct measure. The baseline is 73 per cent. The target is 100 per cent by 2024.



- Local Enterprise Partnership Energy and Clean Growth Strategy
- Mersey Dee Alliance Energy Prospectus

#### **4.10: Community Action Case Study**

##### **Green energy for Vivo Care Choices**

Cheshire West and Chester Council company Vivo Care Choices has signed a renewable energy contract to help create a greener and cleaner environment.

As part of its Carbon Neutral Plan for 2020-25 to support the Council's Climate Emergency campaign, Vivo will be using 100 per cent renewable energy from April 2021.

Vivo's Plan sets out for the organisation to become carbon neutral by 2025, with renewable energy one of the 12 key actions being put in place. Others include measuring its carbon footprint, using light-emitting diode (LED) lighting and solar panels, and contributing a percentage of Community Fund grants to environmental projects.

[https://www.yourwestcheshire.co.uk/NewsArticle/%7BB8978788-CF08-49B9-9BF5-6D0015D78524%7D?utm\\_medium=email&utm\\_source=govdelivery](https://www.yourwestcheshire.co.uk/NewsArticle/%7BB8978788-CF08-49B9-9BF5-6D0015D78524%7D?utm_medium=email&utm_source=govdelivery)

## 5. Transport:

### 5.1 Sector Description, Key Targets:

Transport is the second-highest emitting sector locally, only surpassed by industry; the majority of emissions from Transport relate to on-road transport (19 per cent of total emissions), with a minimal proportion (less than 1 per cent) attributable to rail and waterborne transport. Anthesis' report sets out that significant changes in the way we travel will need to occur in order to achieve carbon neutrality. Currently, 74 per cent of employed residents travel to work by car, with 15 per cent of residents commuting out of the Cheshire West and Chester region. 40 per cent of households own more than one car, and within the Chester urban area, fewer than 10 per cent of journeys to work were undertaken on public transport. The most impactful intervention we can make is distance reduction, (the most significant change we can make is avoiding powered travel entirely, followed by reducing the distance that we travel), which can be facilitated by the use of digital infrastructure. This sits at odds with continued projected rises in traffic growth, of 8.3 per cent locally by 2030. Education on both the need for and options available regarding sustainable travel will play a central role in tackling the climate emergency. It is important to note that Transport is interdependent with the other issues within the plan, in particular Energy in relation to climate change, given the necessity for significant transition to renewable energy to fuel renewable transport. The extent of change required is therefore stark, and would represent a fundamental change in the way we live and move in the borough, including measures such as:

- By 2025, a 17 per cent reduction in total travel demand will be required, alongside a 25 per cent reduction in car travel. This will be required to increase to 25 per cent and 38 per cent respectively by 2050;
- Where travel is required, however, there is a substantial carbon benefit derived from using public transport. The modal share of public transport would need to increase from less than 10 per cent, to 18 per cent by 2025, increasing to 29 per cent by 2050;
- This public transport would itself be low-carbon, either via electrification or the use of low-carbon hydrogen fuel, with the achievement of 100 per cent low carbon rail and 51 per cent low carbon buses by 2025;
- Where car travel is unavoidable, these cars would need to be low or zero carbon, with a transition to 100 per cent electric or hydrogen vehicles by 2050;
- The most challenging aspect of transport to decarbonise is road freight, and a conservative 6 per cent transition to zero carbon freight is assumed in SCATTER Level 4.

## **5.2 Feedback from the Climate Emergency Taskforce and Residents:**

The Taskforce noted that the Council's Cycling and Walking strategy had been recently consulted on, and that alongside this, Local Cycling and Walking Infrastructure Plan (LCWIP) are being developed focusing on our economic hubs. The LCWIP was adopted in July 2020. These consultations set out that there was strong support for improving cycling and walking infrastructure. Members highlighted the importance of integrating active travel and public transport. Members discussed that when considering potential routes for cycling infrastructure, there is a need to ensure that all areas can benefit rather than just those where active travel is already common. The opportunity for a significant expansion in green infrastructure when considering new development and the re-design of existing transport networks was raised by at the Advisory Panel, and it was discussed that wildflower planting should play a role in this to promote biodiversity and improve air quality.

The need for appropriate metrics was also discussed – moving past using the number of vehicles as a measure of success, and towards broader public satisfaction with our places and spaces. It was discussed that Government, both local and national, needed to improve on how it valued non-motorised traffic in business cases in order to shift investment towards lower-carbon options. The importance of transport options that work around people's lives was also discussed, and that given the complexity of the journeys that might occur during the course of a day, sustainable transport options must be flexible and have the same degree of accessibility as personal transport.

## **5.3 Residents' Recommendations:**

58 responses to the Climate Emergency Taskforce involved references to Transport and Infrastructure. The following key themes are present in multiple submissions:

1. Expanding cycling and walking infrastructure, and distance reduction opportunities.
2. A significant expansion of communication, engagement and education on public transport options, with multiple references to bus and rail subsidies.
3. Support for electric vehicles, with recommendations that the Council take the lead in respect of its fleet.
4. Consideration of the carbon impacts of the Council's current and planned infrastructure and regeneration schemes.

#### **5.4 How the Council will play its part:**

#### **5.5 Local Action:**

1. Develop a Residential Design Guide that drives modal shift and supports the achievement of carbon neutrality. In-line with the government's 'Gear Change' vision, develop separate cycling and active travel infrastructure that is designed around usability, that is joined up, and which feels direct, logical and intuitive. This will be achieved by creating segregated cycling infrastructure, re-balancing the street towards equal prioritisation of pedestrians, cyclists and cars, and supporting electric vehicle/low carbon vehicle infrastructure.
2. All future major transport projects will have a carbon assessment as part of their business case.
3. Review Bus Transport in 2021-22, working closely with local operators to review options for zero emissions buses on all routes, to create the conditions to achieve 51 per cent electrification by 2025 and full electrification by 2030. This will be enabled by provision of zero emission fuelling infrastructure, including hydrogen buses and future electric buses.
4. Within the current Council Plan period, review the Local Transport Plan to strengthen provisions regarding climate change in-line with the Council's Climate Emergency priority.
5. Review the outcomes of e-scooter trials within Cheshire West and Chester.
6. Procure zero emission vehicles where technology is available and cost effective when we replace our existing fleet.
7. Ensuring that residents and businesses can access fast and reliable digital connections is a social and economic goal for the council. Whilst we have made some significant progress through the Connecting Cheshire programme to date there is more to do. Almost 39,500 premises having benefited from public sector funding for superfast broadband access, but we need to go further to address disparities in coverage and to ensure that all communities benefit from future technological change and growth. Cheshire and Warrington Local Enterprise Partnership (LEP) is nearing the completion of a Digital Infrastructure Plan, a key action from the Cheshire & Warrington Digital Strategy (published 2019). We are a strategic partner in this work and will be working with them once completed to help ensure it results in action and tangible outcomes for residents and businesses. Having the skills to know how to access and use digital devices and connections is also an important part of our focus and we are supporting this through the delivery of digital skills in our own adult education programmes and working with the Digital Skills Partnership for Cheshire and Warrington.

8. Work with Building Digital UK (BDUK) through next phases of gigabit capable infrastructure programmes.
9. Develop and support the work of the Sustainable Travel Taskforce in its goal to achieve consensus on ways to improve the delivery of inclusive walking, cycling and public transport projects.

## **5.6 Working with Partners and Government:**

10. Support the development of Hydrogen infrastructure for trains, buses and road freight, and review opportunities for hydrogen refuelling stations on arterial routes.
11. Work with partners and draw down funding from Government to increase the number of publicly available EV charging points developed by the Council.
12. Support the development of Growth Track 360, which includes the electrification of the line from Crewe to North Wales.
13. Continue to work with Transport for the North and Department for Transport on their respective key transport decarbonisation plans.
14. Working with local partners, including Town and Parish Councils, schools and communities to improve walking infrastructure through improved pavement hedgerow control, dropped kerbs and suitable pedestrian crossings.

## **5.7 How residents can play their part:**

We all need to change our habits and here are some suggestions to help make a difference:

1. Consider if you can avoid the need for a journey by using technology;
2. Prioritise making journeys by no-carbon options, such as cycling or walking;
3. Where powered travel is needed, use public transport;
4. Consider purchasing an electric or low-carbon vehicle;
5. Share a car with a colleague or friend if you can;
6. Aviation is a significant contributor to carbon emissions, and reducing our use of flights makes a significant difference to reducing our personal carbon footprints;
7. Buy local products to reduce the emissions incurred to transport your goods to their destination;
8. Consider offsetting your travel emissions by contributing to offsetting schemes.

## 5.8 Key Performance Indicators:<sup>7</sup>

Ref	Measure	Measure Type	Baseline	2024 Target
M3	Transport Sector Annual Carbon Emissions – Cheshire West and Chester - (BEIS)	Indirect Influence	950.1 ktCO <sub>2</sub>	17 per cent Reduction
M4	Electric vehicle infrastructure: Number of publicly available electric vehicle charging devices developed by the Council	Direct Influence	0	48
M5	Department for Transport: Modal Share by Local Authority, Weekly Cycling	Indirect Influence	8.7 per cent	25 per cent increase
M6	Department for Transport: Modal Share by Local Authority, Weekly Walking	Indirect Influence	69.1 per cent	25 per cent increase
M7	Resident Satisfaction (Public Transport options - NHT)	Indirect Influence	58 per cent	61 per cent

## 5.9 Key Supporting Documents:

- Local Transport Plan – Update 2017
- LEP Transport Strategy
- Chester Transport Strategy

<sup>7</sup> Accessible Description, Transport Indicators Table: Measure One is Transport Sector Annual Carbon Emissions for Cheshire West and Chester. This is an indirect measure. The baseline is 950 ktCO<sub>2</sub>. The 2024 target is 17 per cent reduction. Measure 2 is Electric Vehicle Infrastructure: Number of publicly available electric vehicle charging devices developed by the Council. This is a direct measure. The baseline is 0 reflecting that this is the start of the measuring period. The 2024 target is 48. Measure 3 is Department for Transport Modal Share by Local Authority, Weekly Cycling. This is an indirect measure. The baseline is 8.7 per cent. The target is a 25 per cent increase. Measure 4 is Department for Transport Modal Share by Local Authority, Weekly Walking. This is an indirect measure. The baseline is 69.1 per cent. The target is a 25 per cent increase. Measure 5 is Public Satisfaction in Public Transport Options. This is an indirect measure. The baseline is 58 per cent. The target is 61 per cent.

- Northwich Transport Strategy
- Winsford Transport Strategy
- Cycling Strategy
- Local Cycling and Walking Infrastructure Plan
- Local Plan

## 5.10 Community Action Case Study

### **Council and Sustrans working together to get people more active**

A project funded by Cheshire West and Chester Council and delivered by Sustrans aims to get residents in Chester and Winsford travelling more actively, such as by walking or cycling.

The Active Travel Transformation project is a two-year behaviour change project which started in May 2019. Active travel is a simple low cost and effective way for people to travel whilst increasing levels of physical activity in their day to day life.

As well as health benefits, the project will also benefit the environment. An increase in walking and cycling can help to reduce car travel leading to reductions in air pollution, carbon dioxide emissions and levels of congestion.

[https://www.cheshirewestandchester.gov.uk/your-council/councillors-and-committees/the-climate-emergency/updates/Council-and-Sustrans-working-together-to-get-people-more-active.aspx?utm\\_medium=email&utm\\_source=govdelivery](https://www.cheshirewestandchester.gov.uk/your-council/councillors-and-committees/the-climate-emergency/updates/Council-and-Sustrans-working-together-to-get-people-more-active.aspx?utm_medium=email&utm_source=govdelivery)

## 6. Housing:

### 6.1 Sector Description, Key Targets:

Residential property makes up a substantial proportion of Cheshire West and Chester's greenhouse gas emissions, at 572,000 tons carbon dioxide equivalent per year, or 14 per cent as of 2016 based on SCATTER data<sup>8</sup>. This is the third largest element of the borough's emissions, following Industrial and commercial emissions and Transport.

Steady progress has been made on improving the energy efficiency of domestic properties in recent years. Residents within the borough have benefited from the installation of energy efficiency measures provided through a variety of funding sources, including the national Energy Company Obligation (ECO). Since the inception of ECO in 2013, 9,122 Cheshire West households have benefitted from the installation of energy efficiency measures such as loft or wall insulation and efficient boilers. In addition, the Council has been successful in applying to funding bodies for delivery of energy efficiency schemes and works closely with affordable warmth practitioners within the borough signposting eligible residents into local schemes which install measures and provide energy efficiency advice and guidance.

The energy efficiency of properties is measured using Energy Performance Certificate (EPC) ratings. The information below shows the EPC ratings for domestic properties from 2008-2019<sup>9</sup>:

- EPC Rating A: 43 Lodgements
- EPC Rating B: 2,426 Lodgements
- EPC Rating C: 27,076 Lodgements
- EPC Rating D: 42,346 Lodgements
- EPC Rating E: 17,536 Lodgements
- EPC Rating F: 4,947 Lodgements
- EPC Rating G: 1,580 Lodgements
- Not Recorded: 1
- Total Number of Lodgements: 95,955

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<sup>8</sup> The latest available data from BEIS relates to 2018. This sets out that emissions from domestic sources stand at 530,000 tons CO<sub>2</sub>.

<sup>9</sup> Only 66 per cent of properties carry a publicly available EPC rating.



Source: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-energy-performance-of-buildings-certificates#epcs-for-all-properties-non-domestic-and-domestic>

In order to achieve carbon reductions to enable carbon neutrality by 2050, Anthesis proposed that the following scale of intervention would be necessary;

- Solid wall insulation at a rate of 1,087 households per year;
- Loft insulation at a rate of 2,500 households a year;
- Super-glazing installations of 2,345 per year;
- new builds to Passivhaus standard and a 21 per cent reduction in thermal leakiness, by 2025.
- By 2050, the vast majority of homes would have been subject to retrofit, and a 75 per cent reduction in thermal leakiness would have been achieved on all properties;
- Furthermore, average home temperatures would have reduced from 17.3 degrees Celsius to 16 degrees; this could be achieved through zonal heating controls, rather than reducing comfort.
- Significant changes are required to home heating. Currently, 139,200 – or 96 per cent of homes, have gas systems installed.
- While gas boilers will be banned in 2025, there is a need to rapidly accelerate a transition from gas, through the installation of 43,400 new heating systems, including technologies such as air or ground-source heat pumps.
- By 2050, 144,000 or 93 per cent of homes will have had new heating systems installed.
- Finally, the electrification of cooking (currently 47 per cent) will need to continue, achieving 69 per cent by 2025, and 100 per cent by 2050.

## **6.2 Feedback from the Climate Emergency Taskforce and Residents:**

The Climate Emergency Taskforce reviewed work planned by ForHousing, the Council's Housing Management Provides for Council homes in Ellesmere Port, Neston and Winsford. The Taskforce welcomed ForHousing's plans to improve the energy efficiency of its housing stock with up to £17m of planned investments. Members also supported the work of the Council's Housing Partnership (including Sanctuary, Weaver Vale, ForHousing and other registered providers) which is encouraging and working with all providers to understand how they are contributing to achieving carbon neutrality by 2045. It was discussed that this could involve enabling Housing providers to also declare a Climate Emergency.

The delivery of new build homes was also discussed. Officers highlighted the opportunity for the Council to deliver high standards in its own housing delivery, and the need to reflect on the balance between cost and the number of affordable homes delivered.

The Taskforce also reviewed the impact of building regulations on local property development. It was discussed that while the Council could set higher local standards, without effective tools for ensuring compliance they may not be adhered to, as nationally operating building control inspectors do not necessarily check for local variations from the national regulations. The Taskforce recommended that the Council should lobby for a change in regulations regarding building control services to ensure that locally set requirements are prioritised.

In addition to the Climate Emergency Taskforce, there has also been a Scrutiny review of the Local Plan which is due to be finalised in the autumn and subsequently report to Cabinet. One of the draft recommendations from this review is: that all new builds (Council and private developments) are built at least to a higher standard such as the Passivhaus Standard, renewable energy and EV charging points and access to a high standard of broadband infrastructure. This will be incorporated into the action plan.

### **6.3 Residents' Recommendations:**

17 responses to the Climate Emergency Taskforce's call for evidence included reference to Housing interventions. Residents recommended:

1. Consideration of increasing building regulations to Passivhaus standards;
2. Supporting the retrofitting of insulation and other energy efficiency measures in domestic properties, including a transition to low-carbon methods of home heating such as electrification.

### **6.4 Actions**

#### **6.5 Local Action:**

13. The Council will review options and costs for low-carbon housing in Council-led housing schemes.
14. Develop an action plan specifically aimed at reducing the number of fuel poor households across the borough, working closely with established affordable warmth partners.

15. Work with the Housing Partnership to agree shared Climate Emergency goals, including the aspiration to work towards a carbon neutral borough by 2045, and work with social housing partners to deliver low-carbon housing and retrofit existing stock.
16. Ensure the Council and housing providers support all forms of homeowners, tenants and occupiers to maximise access to all available funding opportunities for retrofit measures to improve homes, including the Green Homes Grant LAD scheme, energy redress programmes and others.
17. Review the available domestic energy advice and support offer to ensure that government funding schemes are appropriately promoted and leveraged to achieve the highest possible carbon return on investment. This includes the Green Homes Grant.
18. Review opportunities to support private sector landlords for whole house retrofit and other energy improvements for private rented properties that do not meet the Minimum Energy Efficiency Standard.
19. Review the feasibility of ensuring that all new builds (Council and private developments) include renewable energy and EV charging points and access to a high standard of broadband infrastructure.
20. The Council will explore options for ensuring that new development should comply with the UN Sustainability Targets and the Anthesis targets.

## **6.6 Working with Partners and Government:**

21. Support businesses and partners to sign up to the Net Zero Carbon Buildings Commitment. This commitment challenges organisations to reach net zero carbon in operation for all assets under their direct control by 2030.
22. Work with Government and partners to review opportunities for significantly expanding whole-house retrofit programmes in social housing to support the achievement of Anthesis' targets relating to low carbon energy, solid wall insulation, loft insulation and superglazing.
23. Work with Homes England to deliver our shared priorities around climate change and ensure sufficient resource is available to deliver new build low carbon affordable homes and request that Homes England considers establishing and providing expert support to housing providers regarding delivery options for low carbon homes.
24. The Council will respond to Government consultations to ensure that the legislative framework for Planning and Building Control promotes the ability for local areas to set higher standards for energy efficiency than the national minimum standards and puts a framework in place to ensure these standards are implemented.

## 6.7 How residents can play their part:

We all need to change our habits and here are some suggestions to help make a difference:

1. Consider switching to electricity for cooking.
2. Switch provider to one that provides sustainable energy
3. Ensure your home has LED lighting and draught-proofing.
4. Upgrade your home insulation – loft, cavity wall and draught.
5. Turn down your heating where you can, while remaining comfortable.
6. Think about whole-house retrofit, particularly if carrying out renovations.
7. Review government grant opportunities to improve homes.
8. Consider opportunities for community-led housebuilding.

## 6.8 Key Performance Indicators: <sup>10</sup>

Ref	Measure	Measure Type	Baseline	2024 Target
M8	Annual Housing Emissions (BEIS LA CO <sub>2</sub> emissions)	Indirect Influence	530kt CO <sub>2</sub>	450kt CO <sub>2</sub> per annum
M9	Carbon neutral new build homes planned, pipeline delivered include council housing programme and housing provider programmes	Direct Influence	To be baselined in 2020-21.	To be determined following the establishment of the baseline.
M10	Private sector landlords supported to retrofit properties that do not meet the Minimum	Direct Influence	To be baselined in 2020-21.	To be determined following the establishment of the baseline.

<sup>10</sup> Accessible Description: Housing Indicators Table: Measure 8 is Annual Housing Emissions based on BEIS data. This is an indirect measure. The baseline is 530 ktCO<sub>2</sub>. The target is 450ktCO<sub>2</sub> per annum. Measure 9 is Carbon neutral new build homes planned, pipeline delivered including council housing programme and housing provider programmes. This is a direct measure. The baseline and target for this measure are in development. Measure 10 is private sector landlords supported to retrofit properties that do not meet the minimum energy efficiency standard. This is a direct measure. The baseline and target for this measure are in development. Measure 11 is retrofit measures to council housing and housing provider stock. This is a direct measure. The baseline and target for this measure are in development. Measure 12 is the per cent of properties achieving Band C EPC rating or above. This is an indirect measure. The baseline and target are in development.

	Energy Efficiency Standard.			
M11	Retrofit measures to council housing and housing provider stock	Direct Influence	To be baselined in 2020-21.	To be determined following the establishment of the baseline.
M12	Per cent of domestic properties achieving to Band C or above	Indirect Influence	30.7 per cent	To be determined as part of Action 13 during 2020-21.

### 6.9 Key Supporting Documents:

- Housing Strategy 2014-2020
- Local Plan
- Home Energy Conservation Act Reporting

## **7. Business Premises and Engagement:**

### **7.1 Sector Description, Key Targets:**

Commercial and non-domestic buildings fall within the 64 per cent of emissions derived from Commercial (11 per cent) and Industrial and Institutional buildings (53 per cent). Emissions from commercial buildings total 442,000 tons per year, the fourth highest emitting sector after industry, transport and residential. In order to achieve the SCATTER Level 4 pathway, four interventions are proposed;

- A significant reduction in commercial heating and cooling (16 per cent by 2025);
- The electrification of heat (a 32 per cent reduction in gas and oil-fired boilers by 2025);
- A significant increase in the energy efficiency of appliances and lighting in non-domestic buildings (from 1.63 TWh to 0.59 TWh) by 2025;
- A 22 per cent increase in the electrification of cooking.

### **7.2 Feedback from the Climate Emergency Taskforce and Residents:**

The Climate Emergency Taskforce received information on the work of the North Wales Mersey Dee Business Council to support the decarbonisation of small and medium enterprise (SME) locally, and the work of the Federation of Small Businesses. This included information on the FSB report for the Welsh Government “The New Normal – an Environmental Approach for SMEs” published in December 2019. The primary drivers covered were power, transport, air pollution and recycling/ waste. The report contained the FSBs environmental principles, the five actions SMEs can take and the five actions the government can take to facilitate decarbonisation, listed below.

Five actions SMEs can take:

1. Understand their own environmental impact, including their supply chain;
2. Consider energy efficiency improvements;
3. Aim for best practice;
4. Redesign the commute;
5. Prepare for changes to waste and recycling policy.

Five actions that government can take:

1. Provide an advice line for SMEs on environmental issues;
2. Consider including business premises in decarbonisation or insulation schemes;

3. Develop a long term EV strategy;
4. Deliver a clean air framework that works for smaller businesses;
5. Ensure new recycling and waste regulations understand the needs of SMEs.

The Taskforce raised the following key issues:

- The need to have a clear starting point in terms of businesses readiness to adapt to climate change, this could include measures such as the business needs survey;
- It was noted that Cheshire West and Chester is well-placed geographically in terms of connectivity, and it was discussed that a holistic approach to transport which enabled SMEs to thrive was necessary;
- In relation to electric cars, range anxiety was discussed as an issue for SMEs, but it was felt this would reduce as vehicles improved and EV infrastructure is bolstered;
- In relation to power supply, businesses did not feel they always had significant influence on power supply in leased properties, and this was felt to be a significant issue. Therefore, engagement with landlords would also be necessary to promote the adoption of renewable energy in the commercial sector;
- The cost implications of clean air zones for SMEs were highlighted, though it was recognised that businesses understood the need to improve air quality;
- Similar concerns were expressed around the cost implication of a workplace parking levy and it was discussed that it would be important to provide transitional support if these measures were implemented;
- It was discussed that zero percent loans to businesses to support them to transition to renewable forms of energy would be helpful;
- Providing support for businesses to gain environmental accreditation such as PAS 2060 was also suggested as a potential measure;
- It was discussed that the Council was a large client for businesses throughout the borough and that standardising its procurement approach.
- The need to promote working from home was discussed, as a measure to both tackle COVID-19 and to potentially reduce transport emissions.

### **7.3 Residents' Recommendations**

30 responses provide views on interventions regarding how the Council could work with business to reduce carbon emissions. The following key themes are present in multiple submissions:

1. Communicating with and supporting local businesses to reduce their carbon emissions, through 'quick wins' such as closing doors during the day to reduce heat loss.
2. Encouraging businesses to transition to low-carbon heating;
3. Encouraging businesses to ensure their staff do not keep engines on while stationary;
4. Work with business to support the transition to low-carbon transport e.g. asking businesses to commit to having 30 per cent of their fleet as EV by 2030;

#### **7.4 How the Council will play its part:**

#### **7.5 Local Action:**

1. Review the Business Needs Survey process, ensuring that this is used to gather baseline information on business needs regarding climate change mitigation and adaptation;
2. Develop a communications plan that includes an information pack on the LetsTalkBusinessCW website that: provides helpful information to support SME's to make changes; informs and engages business in this agenda; that supports business to access new initiatives and funding streams.
3. Ensure that the energy efficiency of the Council's own industrial and commercial assets improves in order to support the delivery of the Council's own 2030 carbon neutrality target, further information is available in the Carbon Management Plan.
4. Working with partner agencies, ensure that any regeneration or enterprise zone projects are designed with net-zero in mind and contribute to the achievement of net-zero by 2045.

#### **7.6 Working with Partners and Government:**

5. Work with the Local Enterprise Partnership to develop a long-term business grant programme (phase 2 programme) to support low-carbon and energy efficiency investments;
6. Work with Government to develop new financial models to make commercial retrofit at scale a feasible option.
7. Work with the Mersey-Dee Alliance to initiate activity as part of the MDA workplan.
8. Embed low carbon discussions into the Inward Investment and Key Account Management strategy (in development).

#### **7.7 How businesses can play their part:**

We all need to change our habits and here are some suggestions to help make a difference:



1. Understand your own emissions and environmental impact, including your supply chain;
2. Switch to a renewable energy supplier;
3. Engage with your landlords/tenants to switch to green energy;
4. Access support available via existing schemes such as the LEP Blue Orchid programme, the LEP Low Carbon Energy Fund, and the Industrial Energy Transformation Fund;
5. Install renewable energy generation at your premises;
6. Plan to switch your heating system to a renewable alternative;
7. Support your employees to work from home and use public transport;
8. Switch your fleet to electric or low-carbon vehicles;
9. Include carbon management and sustainability in your procurement policy;
10. Ensure any land you own or manage promotes biodiversity.

## 7.8 Key Performance Indicators:<sup>11</sup>

Ref	Measure	Measure Type	Baseline	2024 Target
M13	Commercial property median EPC rating;	Indirect Influence	D	C

## 7.9 Key Supporting Documents:

- LEP Strategic Economic Plan
- LEP Energy and Clean Growth Strategy
- Local Plan
- Ten Point Plan for a Green Industrial Revolution

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<sup>11</sup> Accessible Description: Business Premises and Engagement Measures Table: Measure 13 is Commercial Property Median EPC rating. This is an indirect measure. The baseline is D. The 2024 target level is EPC rating C.

## **8: Land Use, Adaptation, Climate Repair**

### **8.1 Sector Description, Key Targets:**

Land management can have a range of impacts on the mitigation of climate change through complex systems of emissions and sequestration (capture) of CO<sub>2</sub>. Cheshire West has a high density of dairy farming, that provide a challenge and also an opportunity for actions that can help to reduce green house gas emissions.

Land management also plays a key role in the adaptation of communities and landscapes to the projected climate change due to historic emissions of carbon dioxide. Reducing flood risk and providing connected habitats for wildlife are two examples of potential adaptation actions.

Some of the mitigation and adaptation opportunities are listed below:

#### Mitigation:

- Carbon storage and sequestration
- Providing low carbon fuels
- Material substitution
- Food production
- Reducing the need to travel by car

#### Adaptation:

- Managing high temperatures
- Managing water resources
- Managing riverine flooding
- Managing coastal flooding
- Managing surface water
- Reducing soil erosion
- Helping other special adapt
- Managing visitor pressure

Avoiding the worst impacts of climate change is complementary to many other objectives. In the context of land use in Cheshire West and Chester, there are many co-benefits of taking steps to

cut emissions. When deciding where and how to make emissions reductions there are many other considerations, including but not limited to:

- Future land stewardship promotions by government for mitigation and adaptation. This will be delivered via the emerging Environmental Land Management Scheme, due to launch in 2022.
- Balancing food production with land-use management and land-use change;
- Flood management;
- Maintaining landscape character, particularly in the context protected land, nature reserves;
- Maintaining and enhancing biodiversity, including connected habitats;
- Improving animal welfare;
- Improving wellbeing, our natural capital as a health asset
- Opportunities to work together as a wider region to make the necessary carbon reductions in a way that maximises the co-benefits while minimising potential adverse impacts

## **8.2 Land Use:**

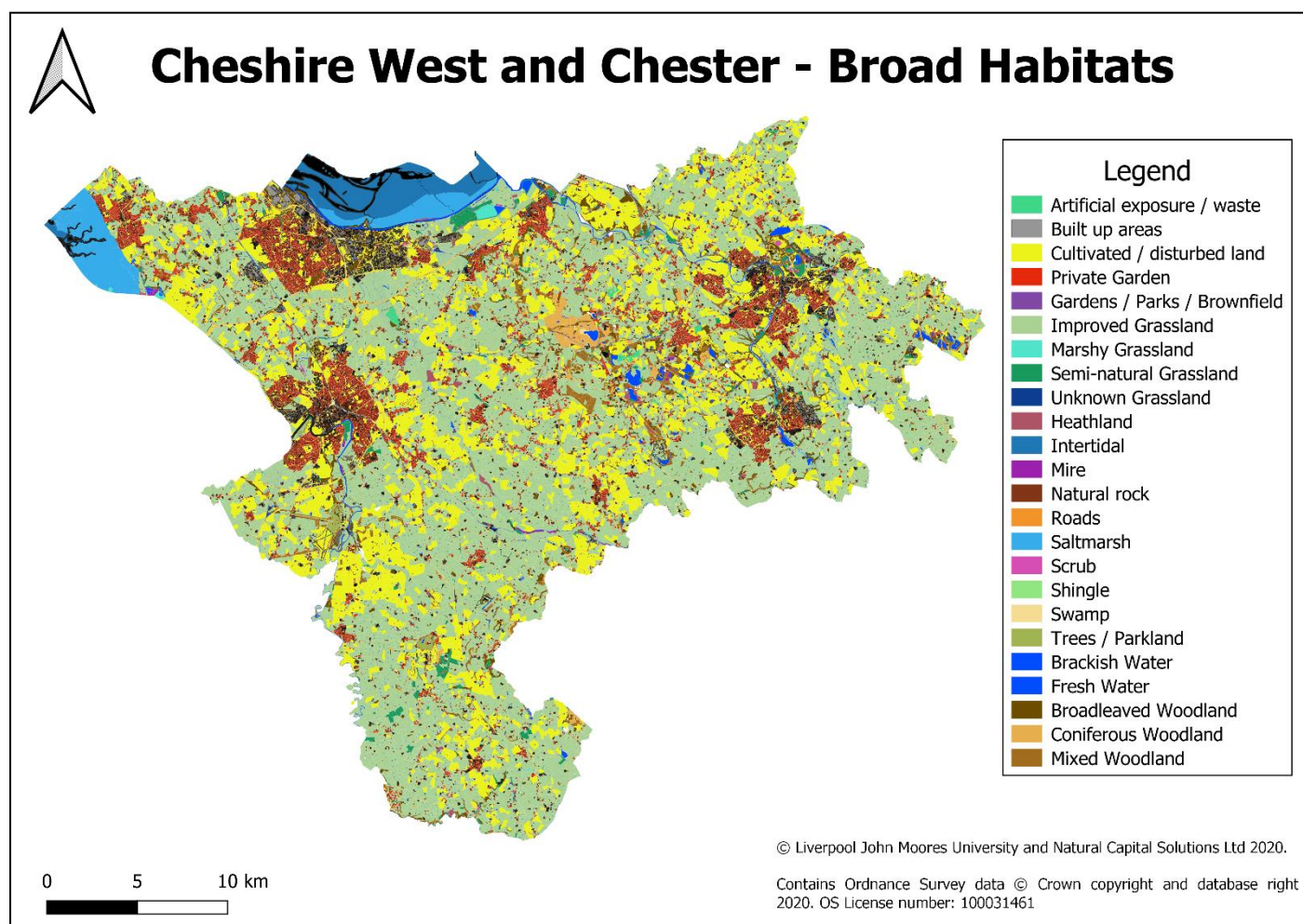
Natural capital is the concept that we can use to value the assets that nature provides to us. We need a flourishing natural environment to support economic growth and development. The stock of natural capital, our biodiversity, wildflowers, forests, and rivers has been significantly depleted during the twentieth century. This depletion needs to be reversed to achieve climate change mitigation and adaptation benefits and support long-term natural and economic prosperity. To support this, the Council is jointly funding a Local Enterprise Partnership project to produce a Natural Capital Audit, Investment and Implementation Plan. This work will lead to:

- Improved knowledge about the stocks and flows of natural capital across the Cheshire and Warrington area, forming the basis for increasing awareness of the opportunities to use the areas natural capital more effectively to support sustainable growth in the sub region and provide Improved air, land and water quality as well as health, resilience, carbon capture and inward investment.
- Highlight the current provision of climate services provided by land across Cheshire West and Chester and places where there may be a need for additional mitigation or adaptation services to meet local needs.
- Improved level of understanding of the scale and value of natural capital in Cheshire and Warrington on a regional and national scale and how this relates/contributes to socio-economic factors including social and economic deprivation.

- Identification and quantification of opportunities to improve the quality and quantity of natural capital within Cheshire and Warrington.
- Development of mechanisms (including potential modelling) to support the identification and prioritisation of significant projects that will enhance ecosystem service benefits from our natural capital assets and lead to more resilient communities and our economy.
- Identification of investment opportunities which will maximise the value of prioritised natural capital assets in Cheshire and Warrington and help meet local and national socio-economic priorities.

As part of a Natural Capital Audit and Investment Plan for Cheshire and Warrington, current land management types have been identified.

**Figure 3:**

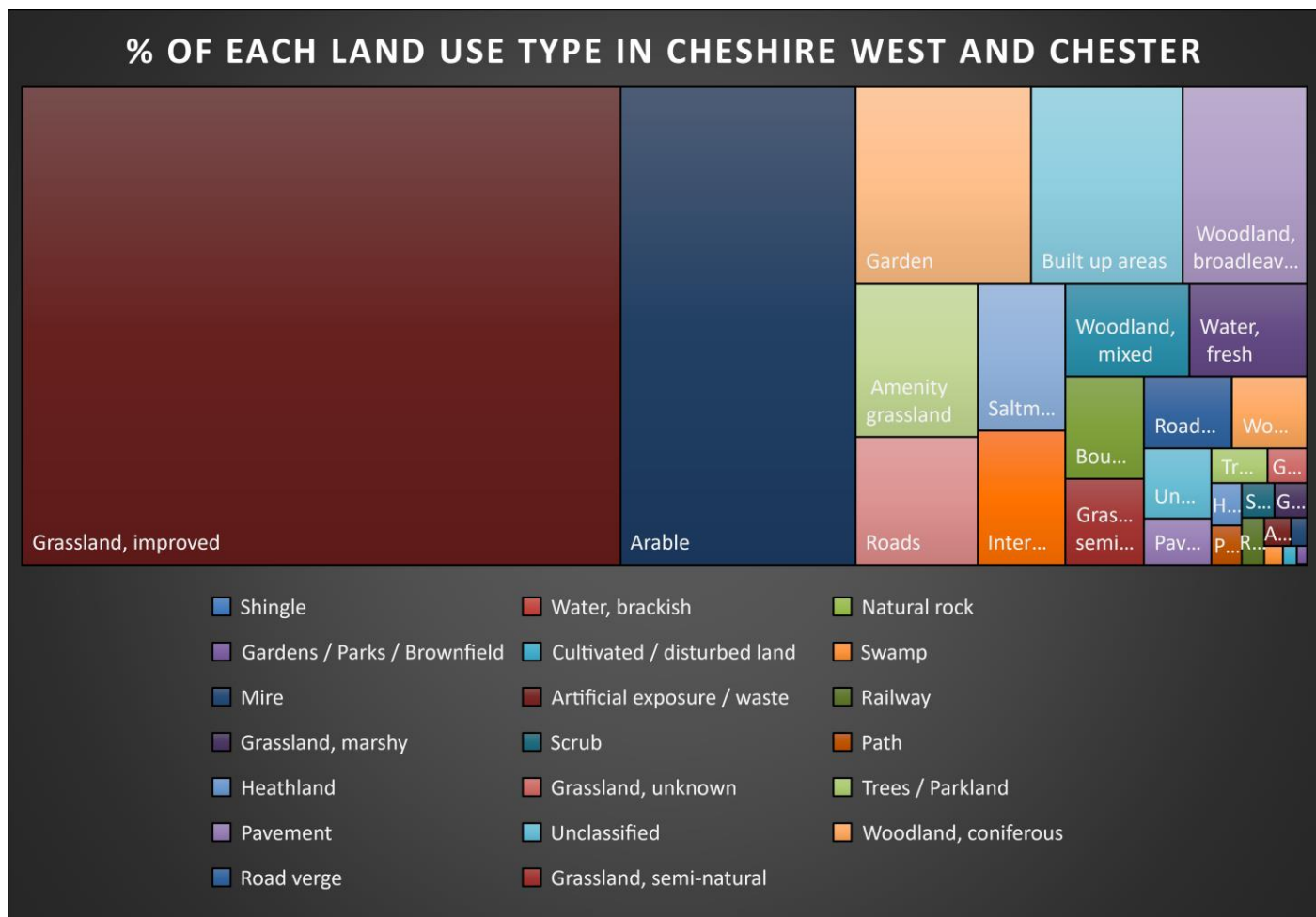


12

<sup>12</sup> Accessible Description: Figure 3: This is a map which describes land use in west Cheshire. It is a map of the borough in which land is categorised by its use, such as improved grassland, arable land, garden, amenity grassland, roads, etc.

We can look in detail at the breakdown of land use types in Cheshire West and Chester below.

**Figure 4:** <sup>13</sup>



In terms of land types, agriculture and in particular improved grassland is the most abundant land type and from Anthesis' research we know that it is an area for GHG emission reductions to be targeted. Gardens are also one of the top 10 land use types and here individuals can act. Whilst individually these areas are small, cumulative action could provide significant benefits.

The more detailed maps showing where climate mitigation and adaptation services are provided already and where there is a need for these services that are not being provided at the moment will be published in spring 2021.

Green house gas emissions from agriculture and land use (gross) in Cheshire West and Chester are in excess of 340 ktCO<sup>2</sup>e/annum, approximately 8 per cent of emissions from CW&C area.

<sup>13</sup> Accessible Description, Figure 4: This table describes land use in west Cheshire in a different format to figure 3. It demonstrates that improved grassland is the most common land type. Arable is the second most common land type. Garden is the third most common, followed by built up areas and woodland.

Emissions from livestock are the dominant source of emissions from land use and agriculture, responsible for approximately 92 per cent of gross emissions. Dairy cows are responsible for 55 per cent of gross emissions and non-dairy cows are responsible for 33 per cent. The other 8 per cent is the result of crop and grassland emissions, typically the result of nitrous oxide emissions from fertilisers. The land also acts as a carbon sink, removing approximately 1 per cent of gross emissions from the atmosphere. In Cheshire West and Chester, trees and woodlands across the borough currently absorb c 45% of the emissions from agriculture.

Using Committee on Climate Change forecasts, reducing consumption of beef, dairy and lamb could reduce gross emissions by as much as 37 per cent per year as compared to current gross emissions. Doubling the area of planted forest within the CW&C region could reduce emissions from livestock and land by approximately 25 per cent as compared to current gross emissions.

Emissions from agriculture come from two main sources:

- Livestock production produces 92 per cent of gross emissions. The majority comes from enteric fermentation in dairy cattle.
- Fertiliser applications produce the remaining 8 per cent. The main sources are nitrous oxide from grassland (which has low fertiliser applications but a large total area) and wheat production (which has a high average fertiliser application rate and large area). These will vary each year if crops are rotated.

The table below shows emissions from livestock. These come predominantly from methane emissions by breeding dairy cattle, due to the large feed intake required for producing milk, and the large herd size.

**Figure 5:** <sup>14</sup>

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<sup>14</sup> Accessible Description, Figure 5: This table details emissions from livestock. The largest contributor is dairy cattle, of which there are 40,828 in the borough, they produce 188,377 tons of carbon dioxide in total, at 4.61 tons per head. The second largest category is non dairy cattle, of which there are 58,156 in the borough. They produce 111,637 tons of carbon dioxide, or 1.92 per head. The third largest category is sheep, of which there are 42,444, producing 5,575 tons, or 0.13 per head. The fourth largest category is pigs, of which there are 21,750, producing 8712 tons, or 0.40 per head. The final category is poultry, of which there are 508,024, producing 966 tons, or 0.00 per head.

Livestocktype	Number	Total CO <sub>2</sub> e, t	Per head CO <sub>2</sub> e, t
Dairy Cattle	40,828	188,377	4.61
Non-dairy cattle	58,156	111,637	1.92
Sheep	42,444	5,575	0.13
Pigs	21,750	8,712	0.40
Poultry	508,024	966	0.00
Total	671,202	315,269	0.47

The Sixth Carbon Budget<sup>15</sup>, published in December 2020, sets out the UK's path to net zero. It highlights many of the activities contained in this Plan. The report highlights the importance of agricultural and the drivers for land use and land management change that support a drive toward net zero. These actions are supported by the National Farmers' Union policy for net zero farming by 2040<sup>16</sup>. Low carbon farming may include reduction of emissions from the soil through changes to practice (or through management to increase soil carbon), the management of livestock and manure management (including anaerobic digestion – see energy section). Intensification of production and the use of nitrogen fixing grass mixes are identified as further management options to achieve the path to net zero.

Changes in diet, as set out in the Anthesis report, are also the basis for the Sixth Carbon Budget analysis of the path to net zero. (see 8.3 below)

Whilst not a major land type in Cheshire West and Chester, peatland is a major store of carbon. Restoration of peatlands is a priority for government and part of its Nature for Climate programme that is delivering over 600m over the next 4 years. The Natural Capital report will provide up to date information on the extent and location of peatland across the borough.

With anticipated to land use, driven by consumer diet change and wider changes to agricultural practice, there is an opportunity to consider how biomass, short rotation coppice or forestry or growing Miscanthus could be promoted. The Natural Capital Audit will provide a basis for targeting these crops. The opportunity is to link to large scale energy projects such as HyNet, proving a local fuel source as part of the plans for Biomass Energy and Carbon Capture.

<sup>15</sup> <https://www.theccc.org.uk/publication/sixth-carbon-budget/>

<sup>16</sup> <https://www.nfuonline.com/nfu-online/business/regulation/achieving-net-zero-farmings-2040-goal/>

Again, Cheshire West has some unique factors, based on geography and current land use that may enable joined up activity across sectors (agricultural, forestry, energy) at scale to provide significant environmental and economic opportunities.

### **8.3 Dietary Change**

The modelled scenarios in the Anthesis report include a reduction in the national consumption of dairy, beef and lamb of 20 per cent (medium) and 50 per cent (high) by 2050. Some of this is replaced by increased consumption of pork and chicken. This is modelled as a 20 per cent or 50 per cent reduction in cattle numbers, and the same reductions in grassland and associated fertiliser applications. Pig and chicken numbers increase by 20 per cent under both ambition levels. Grassland is reduced by about 5,000 and 13,000 hectares respectively in the medium and high scenarios. While more crops will be needed to replace some of the animal products, gains in productivity<sup>17</sup> should mean little additional cropland is needed.

### **8.4 New woodland planting**

In Anthesis' report the equivalent area of grassland freed by dietary change is converted to forestland over the period to 2100. The forest management plan used by the Committee on Climate Change is followed – a mix of native broadleaved and conifer woodlands which are managed to provide some fuel and harvested wood products. The grassland area is planted at a constant rate per year to the year 2100, equivalent to 60 hectares per year (medium) and 150 hectares per year (high). Grassland is assumed to be replaced by woodland to provide a simple scenario for the purposes of these calculations. Planting 12,600 ha of woodland would double the existing area of woodland within the borough.

### **8.5 Greenhouse gas emissions reductions**

The table below shows average annual emissions reductions associated with these scenarios between now and 2100

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<sup>17</sup> <https://www.theccc.org.uk/wp-content/uploads/2018/11/Land-use-Reducing-emissions-and-preparing-for-climate-change-CCC-2018.pdf>



**Figure 6:** <sup>18</sup>

Scenario	CO2e, t net emissions reductions per year		% of current gross emissions <sup>3</sup>	
	Medium	High	Medium	High
Dietary change (grassland) - change to 2100	-388	-969	-0.1%	-0.3%
Dietary change (livestock) - change by 2050	-49,313	-125,710	-14%	-37%
Dietary change (subtotal)	-49,701	-126,679	-14%	-37%
Planting forests on saved land	-37,046	-84,356	-11%	-25%
<b>Total</b>	<b>-86,747</b>	<b>-211,036</b>	<b>-25%</b>	<b>-62%</b>

## 8.6 Adaptation and Climate Repair:

The Council recognises in its Local Plan that “positive adaptation to climate change will continue to be promoted and communities will be supported in taking positive action towards sustainable living”. Adaptation is essential in mitigating the detrimental impacts of Climate Change, such as increased flood risk, sea level rise, increased risk of summer deaths due to higher average temperatures, and many more adverse effects. We will therefore prioritise action that offers adaptation co-benefits alongside mitigation effects, such as nature-based solutions to climate change that also deliver sustainable water management, or the delivery of projects that install green infrastructure in urban locations, to tackle the urban heat island effect and address issues of air quality, while delivering carbon reduction.

## 8.7 Planning and the Climate Emergency:

Planning is a key element of the Council’s ability to influence land use in the borough. The Cheshire West and Chester Scrutiny Committee is currently engaged in a review of the Local Plan to determine whether there are opportunities to strengthen its provisions relating to Climate Change. The Committee will report on the findings of the review in Winter 2020.

## 8.8 Feedback from the Climate Emergency Taskforce and Climate Advisory Panel:

Taskforce Members were supportive of the Natural Capital Audit approach, and wanted to understand if the audit would help identify other potential schemes (relating to peat lands and

<sup>18</sup> Accessible Description, Figure 6: This table describes Anthesis’ modelling of emissions reductions scenarios for land use, land use change and forestry. The interventions are classified as medium or high. The first intervention is changing grassland to woodland. In the medium scenario this is linked to a reduction of 388 tons of carbon dioxide per year. In the high scenario this is linked to a reduction of 969 tons per year. The second intervention is reducing the consumption of beef, dairy and lamb. In the medium scenario this results in a reduction of 49,313 tons per year. In the high scenario this results in a reduction of 125,710 tons per year.

wetlands) in our locality to contribute to this agenda, to what extent can we find more urban solutions to provide tree planting space, and highlighted existing concerns on protecting mature trees during development. It was discussed that the audit would look at a range of different habitats, giving data on the existing carbon balance to inform future decisions on carbon storage and management. Given it is the first time we will have this data it may also provide opportunities to explore a range of new ideas. The Taskforce were supportive of increasing the scale and pace of tree planting in the borough.

## **8.9 Residents' Recommendations**

22 responses provide views on interventions regarding how the borough's environment and green infrastructure should be supported in order to mitigate the effects of, and adapt to, the climate emergency.

The following key themes are present in multiple submissions:

1. Using afforestation to improve air quality, sequester carbon and improve environmental amenity.
2. Tackling engine idling;
3. Support for wildflower planting; but considerations were also raised regarding the biodiversity of the wildflowers that are used.

## **8.10 Local Action:**

1. Support, on average over the 5-year (2020-2025) programme, an aspiration for 150 hectares of new planting a year across the borough, a total of 750ha over the lifetime of the programme.
2. Bid for EU Horizon 2020 funding to deploy exemplar nature-based solutions to Climate Change to provide models for wider deployment and incorporation into borough wide plans and strategies.
3. Implement new policies on wildflower verges, enhancing local biodiversity and reducing our cost for green space management.
4. Review the Council's land holdings, including its farm estate, to explore the case for this land to contribute to the Council's goal of becoming carbon neutral by 2030. This may include reviewing opportunities to support low-carbon agricultural practices which reduce

emissions and increase carbon sequestration, alongside promoting solutions such as tree planting, wetland management and creation.

5. We will work with the Planning Service to introduce the requirement for 'net gain' in biodiversity in new development.
6. We will identify where natural flood management approaches can be used to increase carbon sequestration and deliver improved catchment management. This will be initiated by an opportunity mapping exercise.
7. We will work publish a Biodiversity strategy which sets out how we will promote biodiversity and carbon sequestration through new approaches to Streetscene management and wider work across the borough.
8. Explore opportunities to deliver income generation through Woodland management.
9. We will develop a detailed Action Plan that will support delivery of Local Action and work with partners and local canno.

#### **8.11 Working with Partners and Government:**

10. Work with the LEP to develop, finalise and launch a Natural Capital Audit, Investment and Implementation Plan for Cheshire and Warrington.
11. Assess the opportunity to work with the Local Nature Partnership to develop a co-created, borough wide, Biodiversity Strategy to complement the Natural Capital Audit and providing a framework for investment, including through Net Gain.
12. Apply to be the accountable body, programme managers, funding recipient and distributor for the Trees for Climate national programme, ensuring the effective management of this nationwide programme.
13. Support the ongoing delivery of the Mersey Forest Plan.
14. Assess how we work together to increase carbon capture and store across the whole landscape including wetlands, peatlands, woodland and farmland.

#### **8.12 How residents can play their part:**

1. Choose plants that provide pollen and nectar for as long a season as possible, from spring (Crocus and Mahonia for example) through to autumn (Michaelmas daisy, Sedum spectabile and ivy);
2. Grow a mix of trees and shrubs in your garden;
3. Join a local Friends Group or nature conservation charity;
4. Get out and enjoy local greenspaces;

5. If you can, add water to your garden, even a small pond adds significant wildlife value;
6. Compost;
7. Provide food and water to birds all year;
8. Scatter wildflower seeds in your garden, and don't be too tidy, areas of longer grass and decaying wood can be havens for wildlife.
9. Consider reducing your intake of carbon intensive foods such as beef, lamb and dairy.

### 8.13 Key Performance Indicators: <sup>19</sup>

Ref	Measure	Measure Type	Baseline	2024 Target
M14	Land Use Sector Annual Carbon Emissions – Cheshire West and Chester - (BEIS)	Indirect Influence	340 ktCO <sub>2</sub> e	10 per cent reduction by 2025 <sup>20</sup>
M15	Annual tree planting (ha)	Direct Influence	In measurement	60ha/yr on average by 2024, with a stretch target of 150ha/yr on average by 2024
M16	Natural Flood Management	Indirect Influence	In measurement	2,500,000 litres of additional storage capacity in the landscape
M17	Carbon in the landscape - updated natural capital assessment of carbon stored in the landscape	Indirect Influence	In measurement	1 per cent increase <sup>21</sup>

### 8.14 Key Supporting Documents:

<sup>19</sup> Accessible Description: Land Use, Adaptation and Climate Repair Indicator Table: Measure 14 is Land Use Sector Annual Carbon Emissions, Cheshire West and Chester. This is an indirect measure. The baseline is 340 ktCO<sub>2</sub>e. The target by is a 10 per cent reduction by 2025 – prorated, this is 8 per cent by 2024. Measure 15 is Annual tree planting (hectares). This is a direct measure. The baseline is in measurement. The 2024 target is 60 ha/ya by 2024, with a stretch target of 150 hectares on average by 2024. Measure 16 is Natural Flood Management. This is an indirect measure. The baseline is in measurement. The 2024 target is 2,500,000 litres of additional storage capacity in the landscape. Measure 17 is carbon in the landscape. This is an indirect measure. The baseline is in measurement. The 2024 target is a 1 per cent increase.

<sup>20</sup> Additional work with industry experts including Agents, colleges, National Farmers Union, Country Land and Business Association and by Cheshire West and Chester Council to develop specific activity to meet this target. This will be detailed in the Action Plan.

<sup>21</sup> This target needs additional assessment to develop the final target in the Action Plan.

- LEP Natural Capital Audit, Investment and Implementation Plan (Due Winter 2020)
- Local Plan
- Biodiversity Strategy
- Cheshire West and Chester Strategic Flood Risk Assessment
- Cheshire West Tree and Woodland Strategy
- Cheshire West and Chester Green Infrastructure Framework
- Mersey Forest Plan

## **8.15 Community Action Case Study**

### **Mersey forest– tree planting in the borough**

The Mersey Forest is a growing network of woodlands and green spaces across North Cheshire and Merseyside. Since it was established, over 25 years ago, the partnership has planted more than 9 million trees. At the time there was a real sense of urgency about the need to tackle the scars on the area's post-industrial landscape. Now looking ahead, there's that same sense of urgency about how more trees can be planted to help tackle the climate crisis.

In the west Cheshire area, more than 2 million trees have been planted over 793 hectares of woodland - that's the same as 1,111 full-sized football pitches. Trees and learning have been brought to nearly half of the primary schools within the borough, connecting children to nature through tree planting and forest schools.

### **Sustainable Palm Oil City Chester Campaign**

As part of the wider Sustainable Palm Oil Challenge campaign spearheaded by Chester Zoo, the City of Chester was announced as the World's first Sustainable Palm Oil City in March 2019. Palm oil, when produced unsustainably, is linked to many negative environmental impacts including deforestation which is a key contributor to climate change. As a result, Chester Zoo's campaign advocates for certified sustainable palm oil (CSPO) which is grown in a way that protects against deforestation.

Sustainable Palm Oil Cities is an innovative behaviour change programme that aims to increase demand for sustainable palm oil one city at a time. A collaboration of more than 50 organisations in Chester from restaurants, cafes and businesses to schools and manufacturers united to help

tackle the crisis. These organisations made changes to the products they use in their food procurement, committing to CSPO. Key success stories include Edsential becoming the world's first CSPO schools catering provider, and Chester University working with its national supplier to commit to CSPO. The success of the project is testament to the community spirit of Chester and shows the need for collaboration and people power in creating a sustainable city model.

## **9. Waste and Recycling:**

### **9.1 Sector Description, Key Targets:**

Cheshire West and Chester Council is one of England's leading waste and recycling authorities. The area's high performance does not, however, mean that the challenge to decarbonise waste is any less difficult, as many of the 'easy wins' to achieve higher waste and recycling performance have already been delivered locally, such as the implementation of food waste collections. A 1.2 per cent reduction in household waste has been achieved between 2015 to 2018, alongside a 18.4 per cent reduction in non-household waste during the same period.

- The rate of reduction of household waste collection would need to increase from 0.3 per cent per year to around 1.3 per cent per year, in order to achieve the required 8 per cent reduction in household waste by 2025;
- This reduction would need to increase to 25 per cent by 2050. Furthermore, in relation to recycling, currently 58 per cent of waste is recycled, and a 9 per cent increase to achieve 67 per cent by 2025 would be required to be on-track to achieve carbon neutrality by 2050.

The Council is currently undertaking a strategic review of its waste strategy to provide a 10-year plan for the management of household waste and recycling. The outcomes of the Council's waste strategy review will inform the future shape of our waste collection and recycling services and will be available in spring 2021. The strategy will also align with the Government's National Waste Strategy, which sets out how they will preserve material resources by minimising waste, promoting resource efficiency and moving towards a circular economy in England. This, combined with bringing the waste collection service back into local authority control from April 2020 rather than being run through a private company, will create exciting opportunities for change. Cheshire West Recycling is run on cooperative principles where residents, businesses and staff have a greater say in the operation of the service, helping to reduce, reuse and recycle waste.

### **9.2 Feedback from the Climate Emergency Taskforce and Residents:**

The Climate Emergency Taskforce discussed Cheshire West and Chester Council's Waste Strategy. The Taskforce discussed the issue of food waste and how recycling rates could be improved. It was discussed that this would be considered and included in the Council's renewed Waste Strategy in Spring 2021. Another issue raised was around school recycling and how this

could be improved. Members also recommended that communications regarding the importance of home composting was shared with residents. The Taskforce also considered the impact of the Environment Bill on the Waste landscape, benefiting from a presentation from the Waste and Resource Action Programme (WRAP).

Councillors discussed issues around construction waste and what rules or guidance could be put in place for construction firms to factor in recycling and re-purposing before undertaking demolition works. Members also considered packaging standards on plastic. It was discussed that at present, the government approach was to incentivise producers to reduce packaging rather than regulate. The problem is well-recognised in Industry and the UK Plastic Pact is an example of a collaborative approach between businesses, WRAP, non-governmental organisations and Government to work together to tackle this issue.

The COVID-19 pandemic has seen waste collection services affected, including the temporary closing of Household Waste Recycling Centres and the suspension of garden waste collection service. The volumes of household waste collected for disposal has increased significantly during this period due to these changes, and as a result of more people being at home. The overall volumes of household waste and recycling will continue to be monitored to understand the long term impact of COVID-19.

### **9.3 Residents' Recommendations:**

16 responses provide views regarding reducing waste and promoting reuse, repair and recycling. The following key themes are present in multiple submissions:

1. Consideration of the promotion of cloth nappies;
2. The expansion of awareness raising on the impacts of plastic waste, and the adoption of innovative methods of using recycled plastics.
3. Concern regarding the use of incinerators in Waste disposal.
4. Recommendations concerning waste communications, including educating young people on the impacts of waste, promoting a reduction in unnecessary consumption, and conveying the results of recycling, such as the production of energy from waste, and other outputs.

### **9.4 How the Council will play its part:**



## 9.5 Local Action:

1. End avoidable single-use plastics in the Council's operations;
2. Work with Cheshire West Recycling to procure the most efficient and environmentally friendly fleet possible, including exploring purchasing electric or hydrogen vehicles;
3. Review opportunities to use de-commissioned landfill sites to provide renewable energy.
4. Explore the creation of an award scheme for sustainable businesses.

## 9.6 How residents can play their part:

We all need to change our habits and here are some suggestions to help make a difference:

1. Reduce, reuse and recycle: By reducing the amount of waste sent for disposal you can make a massive difference.
2. Reduce your use of single-use plastics,
3. Buy products that use less packaging
4. Reduce your food waste
5. Recycle as much as you can to play your part;
6. Buy local to support local agriculture and reduce transport emissions.

## 9.7 Key Performance Indicators:<sup>22</sup>

Ref	Measure	Measure Type	Baseline	2024 Target
M18	Reduction in household waste	Direct Influence	171195 tonnes	6.7 per cent decrease
M19	Household waste sent for reuse, recycling or composting	Direct Influence	56 per cent	65.6 per cent

## 9.8 Key Supporting Documents:

- Cheshire West and Chester Waste Strategy (Spring 2021)

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<sup>22</sup> Accessible description, Waste and Recycling Indicator Table: Measure 18 is Reduction in Household waste. This is a direct measure. The baseline is 171195 tonnes. The 2024 target is a 6.7 per cent decrease. Measure 19 is Household waste sent for reuse, recycling or composting. This is a direct measure. The baseline is 56 per cent. The 2024 target is 65.6 per cent.

## 9.9 Community Action Case Study

### School meals produced with sustainable palm oil products

Edsential, a social enterprise that provides west Cheshire and Wirral schools with catering services, became the world's first certified sustainable palm oil catering company in 2019 after being inspired by local school children who were passionate about protecting the natural environment.

The organisation reviewed its whole supply chain in the catering service and started using sustainable palm oil in the five million school meals that they serve each year and were certified by the Roundtable on Sustainable Palm Oil (RSPO).

Edsential has also reduced the use of single-use plastics in its food service and has meat-free Fridays each week in the schools it supplies and offers meat free options on their menus every day.

[https://www.cheshirewestandchester.gov.uk/your-council/councillors-and-committees/the-climate-emergency/updates/school-meals-produced-with-sustainable-palm-oil-products.aspx?utm\\_medium=email&utm\\_source=govdelivery](https://www.cheshirewestandchester.gov.uk/your-council/councillors-and-committees/the-climate-emergency/updates/school-meals-produced-with-sustainable-palm-oil-products.aspx?utm_medium=email&utm_source=govdelivery)

## 10. Next Steps

This report sets out the scale of the challenge faced in Cheshire West and Chester, the actions we plan to take and the performance indicators that will be used to track our progress. This plan is the product of a considerable amount of engagement, and is intended to be the start, rather than the end, of a process of ongoing co-production with Members, staff, residents and other stakeholders to ensure we can deliver on our goals.

Further work is required to quantify the resourcing requirements for the actions, and this will be undertaken once the actions have been reviewed by the Climate Emergency Taskforce and Cabinet, and their feedback and priorities are reflected in the Plan. There is also a requirement that this plan is aligned with future budget setting priorities.

The next steps for the development of the Climate Emergency Response Plan are:

- Review changes proposed by the Climate Emergency Taskforce and Cabinet, and publish the Climate Emergency Response Plan.
- Baseline performance targets based on the first year of data-gathering, where required.
- Align the proposals to the Budget process and review in year resourcing reflecting Cabinet's priorities for action.
- Further develop the actions within the sectoral plans, prioritising the delivery of those that do not require additional resourcing and seeking to agree funding sources for those that require resource.
- Engage with and partners, stakeholders, businesses and residents.

## 11. Glossary

**Carbon neutrality:** Carbon Neutrality is a term that is interchangeable with the term 'net zero carbon'. It refers to carbon dioxide emissions being balanced with carbon reduction (offsetting) measures such as tree planting and carbon capture and storage. It is essential that we minimise the need for carbon reduction measures by reducing our emissions as fully as possible. Typically, it is much more expensive to off-set emissions than it is to reduce them, so our efforts are primarily focused on carbon reduction.

**Grandfathering:** A grandfathering approach allocates carbon budgets on the basis of recent emissions data. The most recent annual CO<sub>2</sub> emissions for Cheshire West and Chester up to the Paris Agreement as of the time of the Tyndall report's production (2011-2016) is averaged and compared to averaged data for the whole UK over the same period. The carbon budget (2020-2100) for Cheshire West and Chester is then apportioned based on Cheshire West and Chester's average proportion of UK CO<sub>2</sub> emissions for the 2011-2016 period. CO<sub>2</sub> emissions in the carbon budget include emissions from fossil combustion within the region and a share of the emissions from national electricity generation (relative to the Cheshire West and Chester area's end-use electricity demand).

**Blue Hydrogen:** Blue hydrogen is produced from natural gas, with carbon capture and storage technology to capture the resulting CO<sub>2</sub>.

**Green Hydrogen:** Green hydrogen is produced by using renewable electricity to split hydrogen from water molecules.

**Enteric Fermentation:** A part of the digestive process in ruminant animals such as cattle, sheep and goats. Microbes in the digestive tract decompose and ferment food, producing methane as a by-product.

**Passivhaus:** Passivhaus (or Passive House) is a voluntary standard for the energy efficiency of a building, which results in low-energy buildings that require little heating and cooling.

**Urban Heat Island:** An urban or metropolitan area that is significantly warmer than its rural surroundings due to human activities. This can be exacerbated by climate change.

## 12. Appendix 1: Industrial Emissions:

### Industrial Emissions Data

Cheshire West and Chester is home to several economically vital mature manufacturing industries of national significance. These industries are mostly energy intensive, and their direct CO<sub>2</sub> emissions are the reason why the borough has such a large emissions footprint. Large energy intensive industries fall within the EU Emissions Trading Scheme (EU ETS), and so therefore their actual emissions are reported on an annual basis, and allowances for emitting the CO<sub>2</sub> are a traded commodity, with the number of allowances being progressively reduced and hence the cost increasing. The data on actual CO<sub>2</sub> emissions for businesses within the EU ETS is published annually. The average for the last 5 years, up to and including 2019, was 3.5 million tonnes of CO<sub>2</sub> per year from all industrial sites in Cheshire West and Chester registered in EU ETS. These emissions come from 9 large industrial sites in the borough, operated by 7 companies. Whilst the scale of these manufacturing sites mean that these emissions account for by far the majority of industrial emissions in the borough, there are some relatively small additional emissions from smaller businesses which are not included in these figures.

This figure of 3.5 million tonnes per year is substantially higher than the estimate of 2.6 million tonnes of CO<sub>2</sub> per year from industry and commerce together reported in the Anthesis report, or the figure of 2.1 million tonnes of CO<sub>2</sub> per year from industrial processes mentioned in section 5.1 of this report. This is due to the way in which BEIS and SCATTER methodologies re-distribute emissions from large industrial installations throughout the country in their analysis. The EU ETS data is a more accurate figure because it is based on real audited emissions from large industrial sites. This means that the total borough emissions of 4 million tonnes per year of CO<sub>2e</sub> mentioned in section 2.2 is a likely to be an under-estimate, but remains an important data-point for the purposes of comparison with other local authorities as this is the only regularly published national data-set that tracks local authority carbon emissions.

Whilst this discrepancy makes it challenging to evaluate the borough's emissions, and draw comparisons based on existing nationally published datasets such as the BEIS local authority carbon dioxide emissions statistics, the conclusions are unchanged. Cheshire West and Chester has very high emissions from within the borough, dominated by those from economically vital energy intensive industries. Existing large-scale decarbonisation plans, subject to Government support and including projects such as HyNet, can mitigate those emissions ahead of the borough Net Zero target date of 2045.

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# Cheshire West and Chester Council

## Carbon Management Plan

### ***Web Version***

#### Webpage Tabs

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- Carbon Budget Analysis
- Vision and Strategy
- Baseline v Current
- Key Actions
- Finance
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## Introduction

In May 2019 Cheshire West and Chester Council declared a Climate Emergency.

This declaration represents a major statement of intent to treat Climate Change as requiring urgent local action believing that the time is now to take further practical action.

In making the Declaration, we have set an ambitious target date of 2030 to achieve carbon neutrality for the Council's own emissions, to be delivered through this Carbon Management Plan.

Although the Council only has direct control over 0.6% of borough-wide carbon emissions, we have a great responsibility to show leadership by reducing our own emissions, as well as supporting local people, business and our partners to reduce their impact.

Whilst a separate Climate Emergency Response Plan is being developed for borough-wide emissions, this Carbon Management Plan provides an overview of the Council's current position, and outlines the plan for a carbon neutral services from 2030.

The ambition to reduce carbon emissions is not being made from a standing start; over the past decade there have been two prior Carbon Management Plans; 2010-2015 and 2016-2020. Whilst relatively good progress has been made to date, making further progress will require a significantly increased programme of action including the transition to using cleaner forms of energy – replacing the use of fossil fuels; improving energy efficiency across all council functions; investing in clean energy supply; and balancing our carbon emissions through investing in a variety of accredited environmental offsetting projects.

Between 2009 and 2020 we have reduced the Council's own carbon emissions by 50.9% through:

- Installing solar photovoltaic systems on Council assets
- LED conversion of street lighting
- Robust and flexible Energy Purchasing Strategy
- Ambitious waste recycling targets
- Managing business mileage
- Asset improvement and reduction



Despite our achievements to date, the science and evidence is clear - climate change poses a significant threat to our way of life, and the time for action is now. While Government and other bodies should take a national and international lead, a big difference can be made at a more local level.

Cheshire West and Chester has set an ambition to become a carbon neutral borough, reducing emissions of greenhouse gases to net zero by 2045 or earlier.

As local leaders, the Council will take decisive action and proactive measures to be a carbon neutral Council by 2030.

## Council Priorities

The Cheshire West and Chester Corporate Plan 2020-2024 sets out 6 key priorities that will form the focus of the Councils actions for the next four years.

Tackling the Climate Emergency is a Key Priority in the [Council Plan 2020-2024](#)

In making the Council a greener organisation, we will work with businesses and communities to ensure that our Council provides carbon neutral services by 2030 and that future generations are protected from climate change. We have a shared responsibility to act and there will be a real urgency to our response. While this is a real challenge, it presents great opportunities to build a green economy and encourages innovation to find better and a more efficient uses of our resources.

## Legislative Drivers

The [Kyoto Protocol](#) is the first agreement between nations to mandate developed countries to reduce greenhouse-gas emissions.

The [Climate Change Act 2008](#) sets the framework for how the UK will manage and respond to the Kyoto Protocol. It set a target committing the UK to reducing total greenhouse gas emissions by at least 80% in 2050 from 1990 levels. The [Climate Change act 2008 \(2050 Target Amendment\) Order 2019](#) amends the 2050 target in Section 1 of the Act from an 80% reduction in greenhouse gas emissions by 2050 relative to 1990 to 100% over the same period.

The [Paris Agreement 2015](#) provides a framework for governments as well as business and investors to keep global warming well below 2°C, pursuing efforts to limit the temperature increase to 1.5°C. A temperature rise of 1.5°C is seen by some countries, such as low lying islands at risk of rising sea levels, as the limit beyond which their existence is threatened.

## Cheshire West and Chester Carbon Performance

The Council follows the [Greenhouse Gas Protocol](#) Corporate Standard for monitoring and reporting emissions. It is an international accounting tool for Government and businesses to understand, quantify and manage GHG emissions.

The GHG protocol breaks down emissions into three categories in order to better understand the source; - Scope 1, 2 and 3 emissions.

Scope 1 – All direct emissions from the activities of an organisation or under their control. Including all fuel combustion on site such as gas boilers and fleet vehicles.

Scope 2 – Indirect emissions from electricity purchased and used by an organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3 – All other indirect emissions from activities of an organisation occurring from sources that they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

The Cheshire West and Chester Carbon Management Plan for 2016-2020 set a target to reduce in-scope carbon emissions by 30% by 2020. A reduction of 50.9% was achieved.

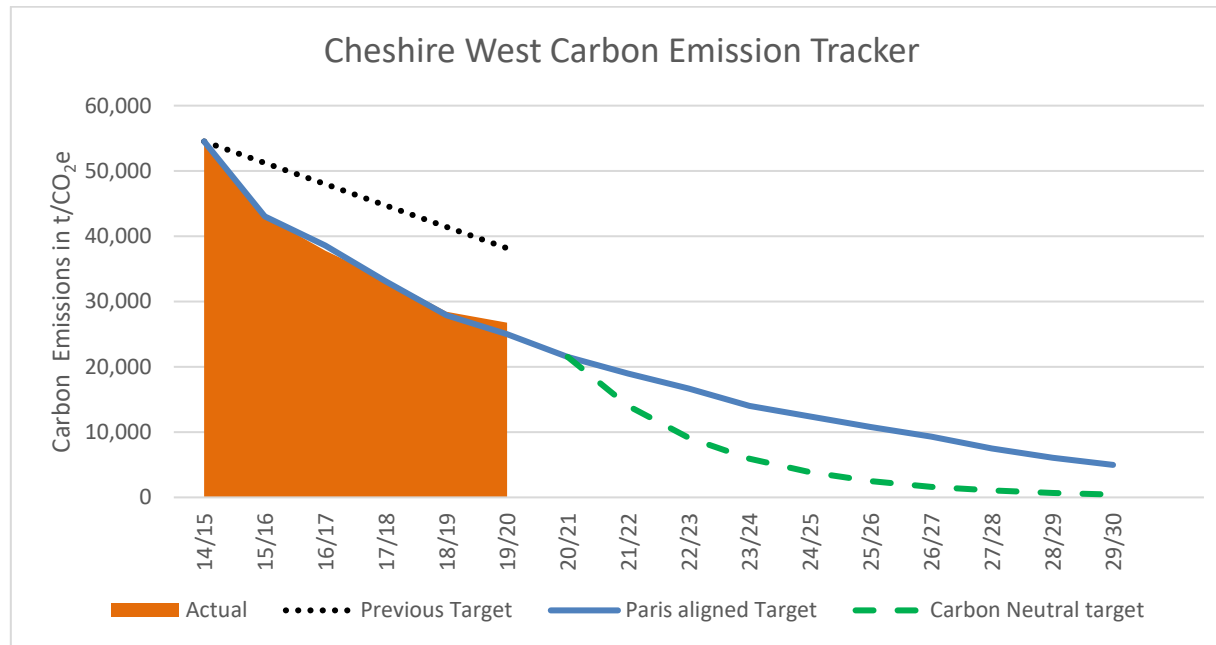
This is on the basis of primarily Scope 1 and Scope 2 emissions with reductions in emissions associated with waste in Scope 3. These substantial reductions were achieved through a range of measures including the use of solar energy on assets, the LED street lighting programme, and enabling schools to invest in energy efficiency projects.

## Carbon Budget Analysis

The Chart and table shows the progress the Council made in the last Carbon Management Plan.

It also highlights the Council's performance trajectory against a Paris Agreement aligned target and the Council's own climate emergency declaration target\*.

As a minimum, the Council will need to continue to maintain an Actual position below the lines to successfully meet its commitments



\*The Council's Carbon Neutral target pathway shows a compressed regressive curve to 2030 based on the Paris Agreement aligned target for the Council, as set out in carbon budget reports produced by The Tyndall Centre. The Council is demonstrating its leadership in setting a pathway for immediate action and deep cuts to emissions in order to avoid Cheshire West using its Paris aligned emissions budget to 2100 by 2026.

Year	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
<b>Previous Target</b>	54,519	51,248	47,977	44,706	41,435	38,163	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Paris Aligned Target</b>	54,519	43,048	38,576	33,065	27,872	24,986	21,524	18,941	16,681	13,990	12,376	10,762	9,315	7,507	6,061	4,976
<b>Actual</b>	54,519	43,053	37,793	33,395	28,410	26,779										
<b>Carbon Neutral Target</b>	N/A	N/A	N/A	N/A	N/A	N/A	21,524	13,990	9,093	5,911	3,842	2,497	1,623	1,055	685	445

### Impact of COVID-19

During the formation of this framework the COVID-19 pandemic affected the operations of the Council in an unprecedented way and at the time of writing continues to do so. The most significant impact on the Council's emissions has been that the workforce has been displaced from usual places of work to working from home or in some cases being furloughed. The associated impact on emissions has been to take monitored sites and displace emissions to non-monitored sites (i.e. homes) where the workforce continues to work. This is further complicated by the removal of the emissions of the work forces in their commute. While this is noted as a positive in terms of overall reduction in emissions with the nation and world as a whole showing a circa 5% drop, The ongoing ramifications of this change in working practice will be fed into the asset review. Changes to the assets as a result will be demonstrated through this plan. Where emissions are displaced to domestic premises, these emissions will be picked up in the Council's wider Climate Emergency Response Plan.

## **Carbon Management Strategy**

### **Vision**

In recognition of all the drivers identified to embark upon this programme, Cheshire West and Chester Council has set out this vision:

**‘Cheshire West and Chester Council to be operating carbon neutral services reducing our contribution to climate change.’**

### **Target**

The Council has set a target to achieve its vision of carbon neutral services on the current scope by 2030. The Council will also have made preparations to expand the scope of data capture and taken actions to limit the emissions associated with additional monitoring.

### **Action Plan**

A 10 year action plan to deliver carbon neutral emissions on the current scope of Cheshire West and Chester Council's operations and will be known as the Council's Carbon Management Plan 2020-2030.

The Carbon Management Plan will, to set out how the Council will achieve carbon neutrality in relation to its own in-scope emissions by 2030, which are predominately Scope 1 and Scope 2 emissions within the financial boundary. These are the emissions that the Council can directly influence.

The Council also has an ambition to monitor and reduce emissions throughout its supply chain, and ensure staff are supported to travel sustainably while at work.

In addition to current work to ensure carbon considerations are included in procurement activity, the Council will consider the expansion of reported emissions to include these supply chain (Scope 3) emissions during the 2030-2035 Carbon Management Plan.

The Council will also consider the move from market to the preferred location reporting i.e. using local instead of national carbon factors, to improve the accuracy for carbon accounting. A full explanation of the differences in reporting can be found in the [Greenhouse Gas Protocol](#)

## Scope

It is only feasible at this stage to include within the Carbon Management Plan what can reasonably be baselined now and in the near future.

In scope factors will include all energy and water consumed in buildings within the Council's financial boundary and street-lighting that is paid for and maintained by the Council.

In addition, business mileage will be monitored and reported in scope. Emissions from services delivered by third parties on behalf of the Council will also be included where a reasonable measurement can be established or continued.

Improving monitoring methods and procedures for other sources of emissions, predominantly those defined in Scope 3, will continue over the initial reporting period.

The table below summarises which sources for emissions are in scope for this plan

Scope One	Scope 2	Scope 3
Gas and Oil Consumption	Electric Consumption (Grid)	Business Travel Purchased Heat and Steam Consumption Transportation and Distribution (up and downstream)*

\*selected categories

## Baseline

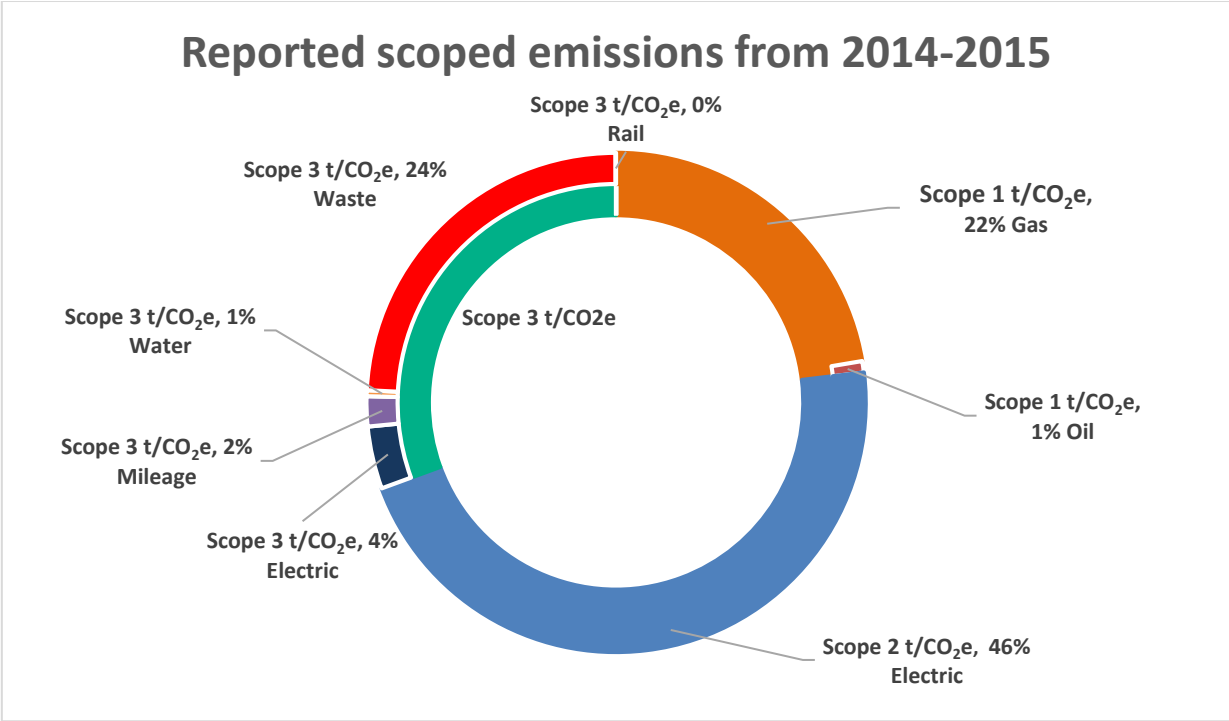
The Council will retain the baseline scoped emissions for financial year 2014-2015 of 54,519 CO<sub>2</sub>e.

The table and chart represent the derivative sources of emissions in the baseline year and show the largest source of emissions as scope 2; generated from the production of electricity consumed across the Council estate. This accounted for 46% to the total emissions measured. The remaining emissions are largely split between gas burnt on site (22%) to produce heat, and emissions associated with the collection and treatment of waste from the borough (24%). The remaining 8% are residual emissions split up from a variety of sources.

Source	Scope 1 t/CO <sub>2</sub> e	Scope 2 t/CO <sub>2</sub> e	Scope 3 t/CO <sub>2</sub> e	Total t/CO <sub>2</sub> e	Percentage of Total
Electric		25252.6	2208.2	27460.8	50% (46%+4%)
Gas	12184.5			12184.5	22%
Oil	401			401.29	1%
Business Mileage			1058.9	1058.95	2%
Rail			16.5	16.55	0%
Water			209	209	1%
Waste			13188	13188.04	24%
<b>Grand Total</b>	<b>12585.5</b>	<b>25252.6</b>	<b>16680.6</b>	<b>54519.13</b>	<b>100%</b>



The chart below is intended as a visual aid and shows the make-up, in percentage, of the sources of emissions as shown in the right hand column of the table above.



## Latest results

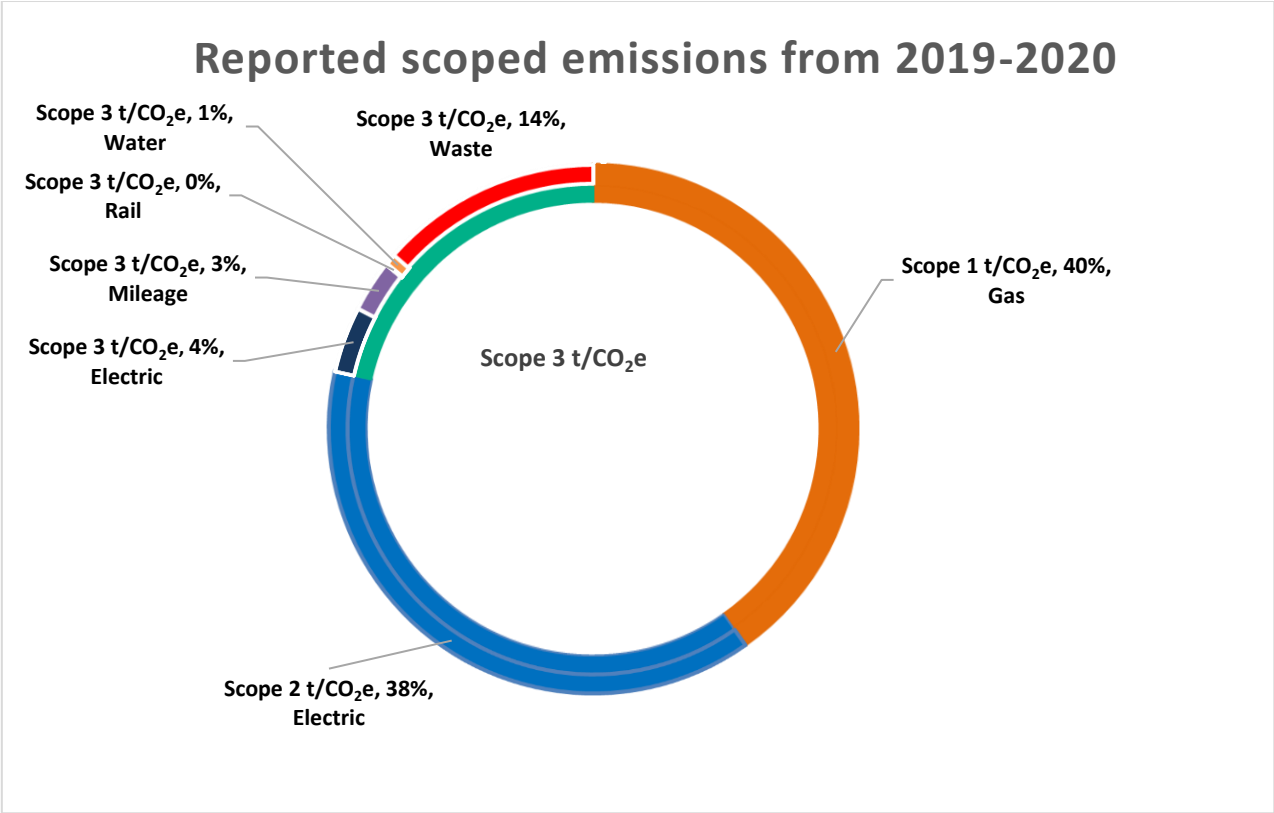
The last full year of emissions reported by the Council was for financial year 2019-2020 with a total of 26778.7 t/CO<sub>2</sub>e. This represents a 50.9% reduction against the baseline year 2014-15.

2019-20 values will form the new baseline year against which energy and carbon reduction activity by Cheshire West and Chester Council will be monitored.

The table and chart represent the derivative sources of emissions in the baseline year and show the largest source of emissions as scope 1; generated from the gas burnt on site consumed across the Council estate. This accounted for 40% to the total emissions measured. The remaining emissions are largely electricity consumption (38%) and emissions associated with the collection and treatment of waste from the borough (14%). The remaining 8% are residual emissions split up from a variety of sources.

Source	Scope 1 t/CO <sub>2</sub> e	Scope 2 t/CO <sub>2</sub> e	Scope 3 t/CO <sub>2</sub> e	Total t/CO <sub>2</sub> e	Percentage of Total
Electric		10245.53277	1086.283	11331.81578	42% (38%+4%)
Gas	10774.07			10774.06639	40%
Mileage			836.2795	836.2794941	3%
Rail			21.55261	21.5526108	0%
Water			187.9419	187.941904	1%
Waste			3627.049	3627.049	14%
<b>Grand Total</b>	<b>10774.07</b>	<b>10245.53277</b>	<b>5759.106</b>	<b>26778.70518</b>	<b>100%</b>

The chart below is intended as a visual aid and shows the make-up, in percentage, of the sources of emissions of the latest results from 2019-2020 as shown in the right hand column of the table above.



# Key Actions

The key action tables are designed as live information resources and will be updated on regular basis. The Council’s detailed project activity will be held separately and used to inform performance against the key themes.

## Scope 1

Scope 1 emissions relate only to the use of gas in heating and cooking in the Councils estate. The Council recognises that over the period the following external trends will have an affect both in the actions the Council needs to take and the carbon emissions that the Council will be able to directly influence in this plan:

- **Asset disposal** - where the Council no longer occupies and pays for the gas used by a property. This includes where a school converts to an academy.
- **Hydrogen** – where hydrogen is injected into the gas grid as part of the fuel mix.

The Council under this plan intend to take action by:

- **Technologies (T)** – working with developing technologies over the period to increase efficiencies and decrease emissions including hydrogen technologies.
- **Heating and cooking electrification (HE)** – moving from using gas to heat buildings and cooking to electric allows the power to be produced from an direct owned or certified renewably generated source e.g. solar, wind, hydro or tidal.
- **Improving building envelopes (BE)** – where viable to increase insulation, install or renew windows and doors to increase thermal efficiency and reducing the amount of gas needed to heat to appropriate temperatures
- **Asset rationalisation\* (AR)** – where a building is no longer efficiently used and could be repurposed if sold or leased.
- **Offset** – the balance of in-year residual emissions to net zero following all planned actions.

The table below demonstrates the planned actions, so far, the Council are undertaking to meet carbon neutrality under this plan. The table will be updated following reviews of additional planned actions

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Gas 10774.1	T	0	0	0	0	0	0	0	0	0	1965.5
	HE	0	0	0	0	0	0	0	0	0	0
	BE	40.0	85.9	91.9	91.9	91.9	91.9	91.9	80.0	91.9	80.0
	AR	145.6	515.6	869.3	869.3	869.3	869.3	869.3	869.3	869.3	869.3
	Offset	10,588.5	10,172.6	9,813.0	9,813.0	9,813.0	9,813.0	9,813.0	9,824.8	9,813.0	7862.1

\*The Council recognises where an asset passes out of this plan it will be covered under the wider borough plan for decarbonisation.

## Scope 2

Scope 2 emissions relate only to the use of electricity in in the Councils estate and street lighting. The Council recognises that over the period the following external trends will have an affect both in the actions the Council needs to take and the carbon emissions that the Council will be able to directly influence in this plan:

- **Asset disposal** - where the Council no longer occupies and pays for the electricity used by a property. This includes where a school converts to an academy.
- **Grid emission factor** – where the production of electricity by renewable or low carbon sources in the electricity grid affects the carbon emitted per unit of electricity consumed.
- **Electrification of other fuels (E)** – the move from gas heating systems and transport to electric has the consequence that additional emissions for electric will need to be planned for to reduce to carbon neutral services.

The Council under this plan intend to take action by:

- **Technologies (T)** – working with developing technologies over the period to increase efficiencies and decrease emissions including in particular LED, direct solar PV and energy storage technologies.
- **Heating and cooking electrification (HE)** – the move from gas heating systems to electric has the consequence that additional emissions for electric will need to be planned for to reduce to carbon neutral services.
- **Improving building envelopes (BE)** – where viable to increase insulation, install or renew windows and doors to increase thermal efficiency and decrease the electric need to heat/cool to appropriate temperatures.
- **Asset rationalisation\* (AR)** – where a building is no longer efficiently used and could be repurposed if sold or leased.
- **Offset** – the balance of in-year residual emissions to net zero following all planned actions.

The table below demonstrates the planned actions, so far, the Council are undertaking to meet carbon neutrality under this plan. The table will be updated following reviews of additional planned actions.

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
<b>Electricity</b>  <b>10245.5</b>	<b>T</b>	61.2	1,084.7	2,047.0	2,047.0	2,047.0	2,047.0	2,047.0	2,047.0	2,047.0	2,047.0
	<b>HE</b>	0	0	0	0	0	0	0	0	0	0
	<b>BE</b>	0	0	0	0	0	0	0	0	0	0
	<b>AR</b>	110.8	358.3	986.1	986.1	986.1	986.1	986.1	986.1	986.1	986.1
	<b>Offset</b>	10,073.5	8,802.5	7,212.4	7,212.4	7,212.4	7,212.4	7,212.4	7,212.4	7,212.4	7,212.4

\*The Council recognises where an asset passes out of this plan it will be covered under the wider borough plan for decarbonisation.

### Scope 3

Scope 3 emissions are more varied in the source of the emissions and generally are strongly influenced by factors outside of the Council. The Council recognises that over the period the following external trends will have an affect both in the actions the Council needs to take and the carbon emissions that the Council will be able to directly influence in this plan:

- **Asset disposal** - where the Council no longer occupies and pays for the electricity used by a property. This includes where a school converts to an academy.
- **Grid emission factor (T&D)** – where the carbon emission associated transmitting and distributing and electricity across the grid affects the carbon emitted per unit of electricity consumed.
- **Water Emissions** –where the carbon emissions associated transporting water/treatment of waste water from a site affects the carbon emitted per unit of water consumed/treated.
- **Staff vehicles used for business mileage** – the council can influence the ways in which staff travel and incentivise use of carbon efficient or not travelling. However staff vehicle choice in personal vehicles will influence emissions going forward.

The Council under this plan intend to take action by:

- **Technologies (T)** – to work with developing technologies over the period to increase efficiencies and decrease emissions including in particular LED technologies.
- **Improving building envelopes (BE)** – where viable to increase insulation, install or renew windows and doors to increase thermal efficiency and decrease the gas need to heat to appropriate temperatures
- **Asset rationalisation (AR)** – where a building is no longer efficiently used and could be repurposed if sold or leased.
- **Policy (P)** – where an implemented policy change will lead to direct reduction in emissions.
- **Organisation Change (OC)** – where a change in the organisation will affect the scope and emissions to be accounted for.
- **Offset** - the balance of in-year residual emissions to net zero following all planned actions.

The tables below demonstrate the planned actions, so far, the Council are undertaking to meet carbon neutrality under this plan. The tables will be updated following reviews of additional planned actions

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
<b>Electricity (Grid Emissions T&amp;D)</b>	<b>T</b>	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
	<b>HE</b>	0	0	0	0	0	0	0	0	0	0
	<b>BE</b>	0	0	0	0	0	0	0	0	0	0
	<b>AR</b>	12.0	38.8	106.9	106.9	106.9	106.9	106.9	106.9	106.9	106.9
<b>1086.3</b>	<b>Offset</b>	1,067.7	929.9	757.5	757.5	757.5	757.5	757.5	757.5	757.5	757.5

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Business Miles 836.3	T	0	0	0	0	0	0	0	0	0	0
	P	0	0	0	0	0	0	0	0	0	0
	Offset	836.3	836.3	836.3	836.3	836.3	836.3	836.3	836.3	836.3	836.3

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Rail 21.5	P	0	0	0	0	0	0	0	0	0	0
	Offset	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5	21.5

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Water 187.9	T	0	0	0	0	0	0	0	0	0	0
	AR	9.8	57.3	130.7	130.7	130.7	130.7	130.7	130.7	130.7	130.7
	Offset	178.1	130.6	57.2	57.2	57.2	57.2	57.2	57.2	57.2	57.2

2019-20 Baseline		20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Waste 3627.0	P	0	0	0	0	0	0	0	0	0	0
	OC	0	0	0	0	0	0	0	0	0	0
	Offset	3627.0	3627.0	3627.0	3627.0	3627.0	3627.0	3627.0	3627.0	3627.0	3627.0



## **Actions to embed Carbon Management in the Organisation**

The following action are considered essential for ensuring carbon emissions are reduced over the period of the plan.

- Directorate carbon emission reduction targets
- Increase monitoring and baseline to expand scope
- Implementation of the key actions outlined in this plan
- Development of refined monitoring and reporting systems
- Core centralised team with external support to maintain direction and focus
- Annual reporting against annual budgets
- Reduction of annual budgets where previous year has been exceeded (1 year lag).

The following emissions sources have been identified as being able to put in place monitoring and baseline to add to the scope at an appropriate time.

- Fleet
- Supply Chain
- Services supplied externally

## **Carbon Management Plan Financing**

Parallel to reducing greenhouse gas emissions, the Carbon Management Plan aims to reduce costs on an on-going basis. This needs to be set against a context of rapidly increasing fuel costs; decreasing resources available to local authorities; and that a high portion of savings being attributed to schools' devolved budgets instead of the Councils core budget.

This Plan will seek to maximise the use of existing resources including the existing planned maintenance programme, new capital investment, and schools devolved budgets. A strong proactive asset rationalisation programme will have a significant impact on the Council's own carbon footprint however it will serve only to shift emissions into the borough wide footprint.

It is the intention to address many of the financing gaps with innovation and partnering arrangements. Examples of this include utilising our estate to generate electricity and creating a further investment partnership with schools for the utilisation of renewable energy sources.

## **Corporate Funding**

In order to support low-carbon projects and programmes, the Council's budget and capital programme includes provision for permanent revenue funding to enable the Council to support borough-wide decarbonisation.

The Council's capital programme totalling around £400m will leverage carbon reductions across the borough, as schemes will be required to evaluate their impacts, positive and negative on climate change.

The budget includes £7.5m of dedicated carbon reduction investment between 2020-2024, and £8m of funding for the LED street lighting programme. The dedicated capital funding will be used to support a range of priorities, including support for energy investment, energy efficiency, and offsetting residual emissions from Council activities. In addition to traditional value for money considerations, these investments will also be considered in terms of which offer the best carbon return on investment, to ensure that activities are appropriately prioritised.

Furthermore, there is not a requirement that this expenditure should only be used to fund 'invest to save' projects; funded projects may exclusively deliver carbon benefits. In this regard, elements of this capital expenditure may be seen as support for the maintenance and repair of the natural environment, in the same way that the Council invests to protect the value of other crucial assets, such as highways or facilities.

### **Salix Funding**

Funded by the Department of Business, Energy and Industrial Strategy, Salix has been working with local authorities in England for over ten years.

Salix is able to fund energy efficiency projects across local authority estates, with over 100 energy efficiency technologies supported, including boilers, combined heat and power, insulation, LED and lighting upgrades.

Cheshire West and Chester Council have been using Salix since 2010 for solar PV installations and street lighting conversion to LED.

### **Monitoring and Annual Review**

Systems to effectively monitor and demonstrate reductions have been selected for the current scope. However the Council will continue to develop effective methods for analysing and reporting, working with technology and policy as it develops.

Carbon emission management is not a static process. It has multiple feeds of data information, as such, it is recognised that the scope, emissions and targets may need to be adjusted over the lifetime of this document.

This Plan sets out a strategy based on all available information to direct urgent action towards reducing directly influenced and managed quantities of emissions.

The Carbon Management Plan is designed as a working document. The Plan, its effectiveness, and additional actions will be continuously reviewed by the Climate Emergency Steering Group and Climate Emergency Taskforce, and updated with public reporting on an annual basis.

Any adjustments to the Scope, baseline, targets, additional or adjusted actions will be noted with explanation to the rationale.

## Offsetting

The Council recognises that there will be carbon emissions from its services even after following the extensive planned actions to reduce them throughout the life of this plan. These are known as residual emissions and will be offset by certified schemes. The certified schemes are schemes recognised, independently checked, are traceable to source and accepted as reducing quantified carbon emissions.

Following annual review, the Council will purchase offsets to the residual emissions remaining after accounting for all scoped emissions sources.

Examples include:

- The purchase of Renewable Energy Guarantees of Origin Certificates
- Investment in directly supplied renewable energy systems
- Reforestation and tree planting
- Gold Standard Carbon offsets

All offsets are to be demonstrated to be additional or accelerated and would not have taken place without the Council offsetting residual emissions.

## **Governance**

Reduction of carbon dioxide emissions from the Councils services to achieve the target needs to be embedded throughout the organisation. There is a need for ownership of this plan to be the responsibility of all staff, it cannot be delivered by one team in isolation.

The success of the Carbon Management Plan will be the result of appropriate, organised and responsible programme governance aligned to existing and created structures to deliver the Climate Emergency agenda.

This framework will ensure that the Carbon Management Plan is effectively scoped, planned and managed. A robust monitoring system will be implemented and reported to the Climate Emergency Taskforce on at least an annual basis. This will ensure that the Carbon Management Plan continues to be managed effectively and in accordance with corporate standards.

## GLOSSARY

Term	Definition
BEIS	Government Department for Business, Environment and Industrial Strategy.
Carbon Equivalent (CO <sub>2</sub> e)	An estimate of how much global warming a given green-house gas may contribute, using carbon dioxide as the reference.
Carbon Management Plan	Council's strategic document detailing actions required and timescales set for achieving reduced carbon emissions.
Carbon Neutral	Describes actions taken that result in no net release of carbon dioxide into the atmosphere, usually as a result of carbon offsetting.
Carbon Sequestering	Process by which carbon dioxide is removed from the atmosphere and stored in a solid or liquid state to mitigate against or help reverse global warming.
Climate Advisory Panel	Group which meets bi-monthly and welcomes members of the public, groups and organisations to discuss issues relating to climate change across the borough.
Climate Change	Global, long term shift in average weather patterns which remain in place for extended periods of time.
Climate Emergency	Recognition that human-induced excess GHG's in the earth's atmosphere are posing an existential threat to life.
Climate Emergency Declaration	Statement of Intent produced by the Council to address, with urgency, GHG emissions across the borough, setting targets to reach carbon neutrality
Climate Emergency Task Force	Cross-party working group set up to better understand, plan for and identify new opportunities and practical actions to tackle climate change across the borough.
Decarbonisation	To reduce the amount of carbon from a process, product, activity, service etc.
Energy Efficiency	Reducing the amount of energy used through better more efficient use of a product or service
EPC Rating	An Energy Performance Certificate (EPC) provides an energy efficiency rating for a building, from A (most efficient) to G (least efficient). An EPC also provides information of the most cost effective ways to improve a building.

Electric Vehicle (EV)	Vehicles which operate fully or partially on electricity
Global warming	A slow and steady increase in the temperature of the earth and its atmosphere.
Green Energy	Otherwise referred to as renewable energy, and produced using renewable sources such as the sun, wind and wave technologies which are less polluting.
Green House Gas	A type of gas that absorbs and emits radiant energy. Most common GHG's are: carbon dioxide (CO <sub>2</sub> ), water vapour (H <sub>2</sub> O), ozone (O <sub>3</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O); all of which contribute to the greenhouse effect or warming of the planet.
IPCC	The Inter-governmental Panel on Climate Change is the United Nations Body responsible for communicating the science relating to climate change
LED Lighting	Long lasting, energy efficient lighting
Low Carbon Energy	Energy produced from renewable sources including the sun, wind, waves and nuclear.
Net Zero	The point at which emissions produced are equal to or less than emissions removed – usually by offsetting.
Offsetting	Act of compensating for emissions produced, for example tree planting or carbon capture and storage.
Solar PV	Photo voltaic panels used to generate electricity from the sun
Zero Carbon	Production of no carbon dioxide emissions or CO <sub>2</sub> e

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## Appendix 3: Terms of Reference

### 1.0 Title: Climate Emergency Taskforce:

**2.0 Background:** On 21 May 2019, the Council declared a Climate Emergency. Cheshire West and Chester Council is seeking to take a proactive and evidence-based approach to identifying, mitigating and adapting to the potential risks presented by Climate Change. The Taskforce was set-up to shape the delivery of the Council's Climate Emergency Response Plan, and delivered this Plan to Cabinet in February 2021.

**3.0 Outline for the Group:** The Taskforce will meet on a quarterly basis, commencing in Spring 2021. The Taskforce will be supported by officers to act as a partnership forum, bringing together Councillors, experts and key local stakeholders to lead and shape the borough's response to the Climate Emergency. This could involve, but is not limited to, supporting the delivery of the Climate Emergency Response Plan, developing coalitions and partnerships among the key stakeholders represented on the group, commissioning and collating appropriate evidence relating to: the borough's carbon budgets, practical recommendations to effect direct change, recommendations on how the Council can exert local and national influence to promote change, within the categories of mitigation, adaptation and behaviour change.

**3.1** Members of the public are invited to attend to provide their views and expertise regarding the themes of the Taskforce.

**3.2** Information regarding the meeting dates and themes of the taskforce will be made available on the Council's Climate Emergency web pages. Normally, there will be an up to 15 minute period at the start of the meeting made available to public speakers. The Chair will retain sole discretion as to the management of public speaking and questions but normally a total period of 15 minutes will be permitted with speakers being allowed to speak for up to 5 minutes each.

**3.3** Members of the public may speak or ask a question at a Taskforce meeting on any subject which is relevant to matters on the agenda. Persons wishing to speak or ask a question are requested to give at least three days (if possible) notice to the Chair via [climatechange@cheshirewestandchester.gov.uk](mailto:climatechange@cheshirewestandchester.gov.uk).

**3.4** This is to ensure that: -  
(a) the topic is appropriate for the meeting in question.  
(b) the time allotted for public speaking and questions can be properly managed

(c) any information needed to answer a question can be provided to the meeting.

**3.5** In responding to questions Members may:-

(a) decline to answer

(b) agree to answer at or by a later (specified) date (whether or not in writing)

(c) refer the question to a more appropriate forum, Member or Officer

**3.6** The Taskforce will determine appropriate mechanisms for public engagement, such as via public evidence sessions, in which wider representatives will be invited to submit their evidence for consideration.

**3.7** It is proposed that these meetings will last approximately 90 minutes, and be held in the evening. The taskforce will seek to achieve a consensus response to this existential issue. Context, information and background reading will be provided in advance as appropriate. These meetings will be structured around themes and issues, with evidence and information being provided by officers and partner organisations to support discussion and planning.

**4.0 Membership:** The Taskforce will be composed as follows:

- This Taskforce will be chaired by the Leader's Champion for the Climate Emergency;
- The Cabinet Portfolio Holder for the Environment, Highways and Strategic Transport will attend the Taskforce;
- The Taskforce's core membership will continue to be the eight original members as follows:
  - Councillor Matt Bryan (Chair, Cabinet member for the Climate Emergency)
  - Councillor Bob Cernik
  - Councillor Gina Lewis
  - Councillor Christine Warner
  - Councillor Jill Houlbrook
  - Councillor Simon Eardley (Shadow Cabinet member for the Climate Emergency)
  - Councillor Paul Bowers (Deputy Chair)
  - Councillor Gillian Edwards

- Advisory Panel Members will now form part of a wider expert panel of attendees and will be invited to attend sessions which are relevant to their interests or expertise.
  - This extended membership will include:
    - Cheshire West and Chester Council Officers
    - Mersey Forest
    - Chester University
    - Cheshire Energy Hub
    - Grosvenor Farms
    - National Farmers Union
    - Chester Sustainability Forum
    - Environment Agency
    - WRAP (Waste and Resources Action Programme)
    - North Wales Mersey Dee Business Council
    - LEP
    - Qwest Energy
    - Federation of Small Business
    - Chester Zoo
    - Cheshire Wildlife Trust
    - Peel L&P Environmental
    - ForHousing
    - Sustrans
  - Additional expert representatives may be identified as required in advance of Taskforce meetings.
  - A Young People's Representative will be co-opted on to the Taskforce to ensure that the views of the demographic most affected by climate change will be represented on this key forum.
- 4.1** The Taskforce will be supported to conduct its work by relevant services across the organisation. Evidence will be provided by officers and external experts as required.
- 5.0 Timescales:** The Terms of Reference of the Taskforce will be reviewed in one year.
- 6.0 Engagement:** The Taskforce will determine appropriate mechanisms for COVID-19 safe public engagement, such as via online public evidence sessions, in which residents will be invited to submit their views.

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# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Director of Economy and Housing
<b>Cabinet Member:</b>	Councillor Matt Bryan
<b>Title:</b>	Green Homes Fund Phase 2 Grant Application

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### Is this a Key Decision\*?

**Yes**

\*One that affects finances over £1m or significantly affects two or more wards  
If this is a key decision then the item must be on the current forward plan of key decisions.

### 1 What is the report about?

- 1.1 This report seeks approval to submit a sub-regional bid with Cheshire East and Warrington Councils for up to £6.3 million funding to the Department for Business, Energy and Industrial Strategy (BEIS) Green Homes Grant Fund Phase 2. The Fund is being administered by the Local Energy North West Hub and Cheshire West and Chester Council's share of the grant would be up to £2.159 million. Warrington borough Council will be the lead local authority for the bid.

### 2 Recommendations

Cabinet is asked to

- i. Approve the submission of a sub-regional bid with Cheshire East and Warrington Councils for external funding for up to £6.3 million (with the Council's portion of the funding being up to £2.159 million) to the Department for Business, Energy and Industrial Strategy (BEIS) for the Green Homes Phase 2 fund.
- ii. Accept the grant funding subject to legal advice on offered grant terms and conditions in accordance with F4 of the Finance and Contract Procedure Rules if the bid is successful.
- iii. Approve expenditure of grant funding in delivery of the project.

### 3 Reasons for the Recommendations

- 3.1 To enable the Council to take the opportunity to secure external funding for retrofit energy efficiency measures to homes in the Borough. Approval of the submission of this funding bid contributes to the priorities within the Council Plan 2020-24, in particular tackling climate change, growing the local economy and making neighbourhoods even better places to call home

## **4. Background**

- 4.1 The net zero emissions target in the Climate Change Act 2009 means that there will need to be intervention in all areas of the economy to reduce energy use and increase the use of clean energy generation. Improvements in the existing housing stock is recommended as a key area of action by the Committee on Climate Change.
- 4.2 On 8 July 2020, the Chancellor announced a £2 billion Green Homes Grant scheme to upgrade homes across England. Under this, £500 million funding will be delivered through local authorities, to improve the energy efficiency of low-income households. The Local Authority Delivery (LAD) scheme aims to raise the energy efficiency of low energy performance homes (those rated at EPC Band D, E, F or G), including off-gas grid homes.
- 4.3 In August 2020 the Council submitted a joint bid with Cheshire East and Warrington Councils to the £200 million LAD Phase 1 programme. This was successful and, Cheshire West and Chester Council secured £181,000.
- 4.4 Not all LAD Phase 1 funding was allocated so local authorities were invited to bid for LAD Phase 1B with a deadline of 4 December 2020 for submissions. Following discussions with sub-regional colleagues, the Council submitted a joint bid to LAD1B with Cheshire East Council. Cheshire West and Chester's share being £258,750 grant. Both Phase 1 and Phase 1B projects focussed on the delivery of comprehensive insulation works to Park Homes in the borough and have commenced delivery.

## **5. Green Homes Grant LAD Phase 2**

- 5.1 The delivery for LAD Phase 2 is different from Phases 1 and 1B and will be administered by the Local Energy North West Hub rather than directly by BEIS. The government has provisionally allocated £52.5 million funding to the North West region via the Local Energy North West Hub. The Hub is proposing to allocate £51.5 million for a housing retrofit programme and £1 million to support programme mobilisation. Based on the assumption that the Hub allocation is split evenly between the three Cheshire authorities, the potential funding to be spent by the end of December 2021 will be around £2 million for each authority.
- 5.2 The timescale for preparing the bid is limited with the detailed submission deadline of 19<sup>th</sup> February 2021. If successful, the grant will need to be spent by 31<sup>st</sup> December 2021. The average grant funding will be £10,000 per property.
- 5.3 Whilst detailed guidance on Phase 2 is still awaited, the funding can be used for retrofit energy efficiency works to homes, both privately owned and rented, where the occupier has an income of less than £30,000 a year. Cheshire West proposes to extend the delivery its programme of works to Park Homes, which are amongst some of the most poorly performing energy usage homes and to investigate the feasibility of working with private and social landlords. The landlords of rented properties are required to contribute 30% of the cost of works.

## **6. How does the decision contribute to the Council's Plan?**

- 6.1 Approval of the submission of this funding bid contributes to the priorities within the Council Plan 2020-24, in particular:
- Tackling climate change
  - Growing the local economy
  - Making neighbourhoods even better places to call home

## **7. How does the decision contribute to Closer Working with Partners?**

- 7.1 The Council will work with Cheshire East and Warrington Councils to deliver the programme.

## **8. What will it cost?**

- 8.1 The grant funding available to Cheshire West and Chester is up to £2.159 million and there is no match funding required from the Council's General Fund.
- 8.2 There is the potential to develop a programme of works to the Council's housing stock and if this progresses, match funding would be required from the Housing Revenue Account due to the requirement of landlords to contribute 30% of the costs of works. If necessary, a separate report would be brought back to Cabinet for consideration.
- 8.3 The primary funding for the LAD is capital funding distributed by Section 31 of the Local Government Act 2003. The funding must therefore be used in line with section 11 of the Local Government Act 2003, for example for the creation of an asset or the modification or improvement of an existing asset. However, given the scale of the projects envisaged it is recognised that there will be set up, ongoing and evaluation costs to administer projects and enable the funding to be capitalised. Therefore, Local Authorities may also use up to 15% of grant funding to fund administrative, delivery and ancillary works to support delivery such as the completion of EPC, essential repair, maintenance and preparation of properties to facilitate energy efficiency upgrades and other support as required for low income households.

## **9. What are the legal aspects?**

- 9.1 Legal Services have reviewed the collaboration agreement between the three councils for LAD1 and are satisfied that the liability for the Council will not extend to the full bid amount, but only to Cheshire West's portion of the grant funding. The same agreement will be utilised for LAD1B and LAD2. Warrington Council will be the lead local authority for a successful project and will be expected to enter into a Memorandum of Understanding (MOU) with BEIS before the grant may be paid.

## **10. What risks are there and how can they be reduced?**

- 10.1 There are risks in terms of securing suitably qualified contractors to deliver the project within the short timescales (expenditure by 31<sup>st</sup> December 2021). It is proposed to access existing frameworks for the procurement of goods and services to minimise time and risk and to maintain engagement with BEIS and the Local Energy Hub North West to closely monitor progress of delivery and

identify and resolve any issues at an early date. Detail of the grant funding mechanism will be within the funding agreement, however each Council will ensure that it does not spend monies that will not be funded through the grant.

**11. What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

11.1 The funding is aimed at low income households in properties that perform poorly in terms of energy efficiency, therefore there will be significant benefits to those households

**12. What are the implications of the decision on Climate Change?**

12.1 If successful, this funding will directly contribute to delivery of the Climate Emergency Plan, which is another item on this agenda. Retrofit measures will improve the energy ratings, reduce fuel costs and reduce carbon emissions.

**13. Are there any other options?**

13.1 The Council could choose to not submit the bid but risks reputational damage if it doesn't as well as a missed opportunity to access grant funding to improve homes and reduce carbon emissions. Therefore, this is not recommended.

**For further information:**

**Cabinet Member:** Councillor Matt Bryan

**Officer:** Alison Amesbury

**Tel No:** 0151 356 6412

**Email:** [Alison.amesbury@cheshirewestandchester.gov.uk](mailto:Alison.amesbury@cheshirewestandchester.gov.uk)

**Background Documents:** None



# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Charlie Seward, Deputy Chief Executive (Communities, Environment and Economy); and Mark Wynn, Chief Operating Officer
<b>Cabinet Member:</b>	Councillor Richard Beacham, Cabinet Member for Housing, Regeneration and Growth; and Councillor Carol Gahan, Cabinet Member for Legal and Finance
<b>Title:</b>	Chester Northgate – Development Update

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### Is this a Key Decision\*?

**No**

\*One that affects finances over £1m or significantly affects two or more wards  
If this is a key decision then the item must be on the current forward plan of key decisions.

### 1. What is the report about?

- 1.1. This report provides Cabinet with a progress update on Northgate Phase 1, the drainage tunnel contract and a timetable for taking forward initial feasibility work on the remainder of the site, known as “Future Phases”.

### 2. Recommendation

2.1. Cabinet is requested to:

- (i) Note the remaining project risks as set out in the risk section of this report;
- (ii) Agree that the Chester Northgate Member Working Group will continue to be consulted about the development process;
- (iii) Note the revised area that will be acquired under the CPO and through third party agreements;
- (iv) Endorse the budget proposals set out in this report and that will be presented as part of the Budget Report on this Cabinet agenda; and
- (v) Approve the virement of capital funding in the 2020-21 capital programme from the Station Car Parking Programme (£1 million), Feasibility/Scheme Development Fund (£347k) and Service Redesign/Transformation Fund (£453k) to the Chester City Centre Infrastructure Scheme.

### **3. Reasons for the Recommendation**

- 3.1. These proposals for Northgate Phase 1 are consistent with the Council's aspirations to support all its major towns to grow and thrive. In Chester, the proposals complement the rest of the One City Plan which incorporates investment in the Central Business Quarter, and residential development around Chester Business Park. In Ellesmere Port and Winsford the Council has established development frameworks which aim to facilitate the improvement of town centres with reference to a strategic masterplan. In Northwich the Council has made significant investment in Barons Quay and is continuing to develop plans for the potential redevelopment of Weaver Square.
- 3.2. Major projects such as Northgate Phase 1 carry significant risk that can impact on both the design and construction process and beyond into operation. This is evidenced by the huge changes that are happening in Town Centre's across the UK (and the rest of the world) and the Council will need to be flexible and continually respond to these challenges. This report provides members with a detailed description of the risks and the Council's approach to mitigating them. The risks are significant, but the Council is committed to this important scheme and therefore these recommendations will help the Council manage Northgate effectively in a way that is consistent with the financial sustainability of the organisation. The development is progressing against the backdrop of significant political and economic uncertainty, but the Council is the organisation best placed to deliver such projects in these circumstances. Importantly the Council's decision to invest in this and other major schemes will contribute toward the economic recovery of the borough following the impact of the pandemic on the economy.

### **4. Report Details**

#### **Chester Northgate Phase 1**

- 4.1. The Council formally commenced the Northgate Phase 1 build on 13 July 2020 with its construction partner Vinci Construction. The build process is expected to take around 2 years to complete. This means that the first phase of Chester Northgate is due to open to the public during the summer of 2022.
- 4.2. In November 2020 the Council exchanged legal contracts with New World Trading Ltd who will open "The Florist" restaurant and bar alongside existing tenants Cosy Club, Tapas Revolution and Picturehouse Cinema. Concluding this deal in the current economic environment represents a significant achievement for Northgate, and a vote of confidence for the scheme and the city.
- 4.3. Early feedback and social media engagement on the emerging concept market interior design has been positive and these images are shown for information at Appendix B. The Council is in the process of incorporating a Public Artist into its professional team for the next stage of the project.
- 4.4. These important commercial tenants will sit alongside the new Chester Market and the Council is working with prospective tenants during the Spring

of 2021 and the intention is to begin announcing an exciting tenant line up during 2021.

- 4.5. The new 800 space Multi Storey Car Park will be the prime visitor car park within the city and will be an important gateway into the scheme and the wider city.

### **Financial Resilience**

- 4.6. The Council embarked on Chester Northgate Phase 1 as the world was beginning to come to terms with the impact of the COVID-19 pandemic, and the significant economic uncertainty that it created. The Council's response was to move away from a commercial funding model and to treat the scheme as a traditional public sector infrastructure investment. This means that the Council has now budgeted for all the costs and revenue that will result from the scheme, as it would for any other property asset that it owns. This removes the reliance on the investment value of the scheme which can be unpredictable, particularly during challenging economic times.
- 4.7. As the Council will be exposed to the financial costs and benefits of Northgate Phase 1 for the foreseeable future, it has implemented a dynamic financial resilience tool that monitors the financial risk of Northgate Phase 1 on an ongoing basis. The financial resilience tool will be used to assess the risk of each element of the scheme (Car Parking income, market income, restaurants etc.) to provide a weighted risk assessment of the most likely financial outcome from the scheme. This will be reported each year as part of the Council's budget report.
- 4.8. The financial resilience tool will dynamically monitor the risk that the Council is exposed to through Northgate and each year the budget report will include a risk adjusted budget position to ensure that the Council is maintaining Chester Northgate in a way that is compatible with the long-term financial health of the organisation.
- 4.9. The financial resilience assessment that has fed into the 2021-22 Budget Report has been undertaken during the COVID-19 pandemic and the significant uncertainty that has been created. It is therefore not surprising that the current forecast outturn for the scheme has deteriorated since the budget was set at the start of 2020-21. There are several factors that have contributed to this position:
- Income from restaurants is far less certain than pre-pandemic
  - The Market leasing process will be undertaken during the pandemic, making the outcome less predictable; and
  - Car parking income is likely to be lower, if the downwards trend in town centre footfall is to continue.
- 4.10. The latest forecast for Northgate Phase 1 is that annual revenue will be £1 million lower than was assumed in the 2020-21 budget planning process. The mitigation against this changing risk position is that the 2021 Budget Report has incorporated an additional £0.4m p.a. into its revenue budget provision (from 2022-23) and this will be utilised along with £0.6m p.a. of revenue contingency that was included within the Northgate Business Plan.

- 4.11. A summary of the Financial Resilience Report is shown in Appendix A.
- 4.12. This tool will be actively used as part of the Council’s budgeting process with the Council’s budget contribution to Northgate increased or reduced to reflect the latest risk position. These adjustments each year will ensure that the Council is maintaining Chester Northgate in a way that is compatible with the long-term financial health of the organisation.

### **Chester City Centre Infrastructure**

- 4.13. The Council has a legal obligation to complete a new Surface Water Drain from the Northgate site down to the River Dee prior to the opening of Northgate Phase 1. Completion of the drain is a planning condition.
- 4.14. This is a separate capital scheme but is linked to the Northgate Phase 1 scheme by virtue of being a planning condition and any delay to the Infrastructure will delay the opening of Northgate. The Council commenced this highly complex piece of civil engineering work in December 2020 with the contract for the main work agreed with Vinci in January 2021. This is a project that will take around 12 months to complete and will need to be completed prior to the opening of Northgate Phase 1.
- 4.15. The scheme will result in significant environmental benefits for the city, enabling surface water to run directly into the River Dee rather than the current arrangement which is for it to run via a combined sewerage system to be treated with chemicals to separate the foul water from the clean water.
- 4.16. Due to the intrinsic link with the opening date of the main Northgate Phase 1 scheme, the drainage works have been progressing behind the scenes and approval is required for the funding now that a forecast outturn cost is known.
- 4.17. The Council has provisionally secured a £5.1 million contribution towards this scheme through the Local Enterprise Partnership who recognise the wider economic and environmental benefits from this important piece of new infrastructure.
- 4.18. The forecast cost of the approved drainage route is £1.8m over budget and the increased cost of the tunnel will be funded as follows:

<b>Funding Source</b>	<b>Funding (£m)</b>
Removal of Station Car Parking Programme (Council funding for City Place scheme removed and other options being explored) from the 2020-21 capital programme.	£1.0m
Virement from underspends in 2020-21 capital programme- in part to ensure we have adequate contingencies built into the programme to manage the tunnelling risks. The	£0.8m

<p>following funds have been reallocated to the SWD scheme:</p> <ul style="list-style-type: none"> <li>• £347K Feasibility/Scheme Development Fund</li> <li>• £453K - Service Redesign/Transformation Fund</li> </ul>	
<b>Total Funding</b>	<b>£1.8m</b>

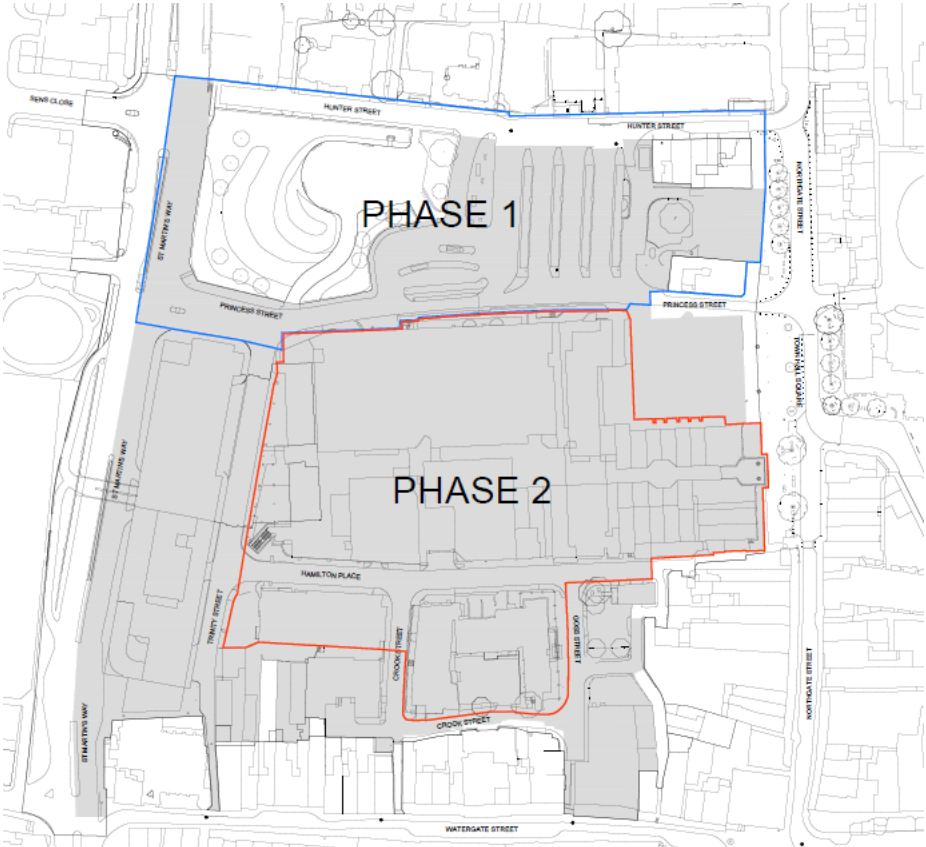
- 4.19. At the time of letting the main contract works the design of the drain was not complete and further detailed design and investigation work was required to establish both the costs and risks. As a result, the estimated outturn cost of the surface water drainage scheme is higher than the budget estimate. The contract price has been established through a tendering exercise overseen by the Council's main contractor Vinci.
- 4.20. The Council team is continuing to work on a number of value engineering opportunities in order to achieve the lowest cost/ risk delivery of this project.
- 4.21. Considering the forecast cost of the scheme (+£1.8m) and the receipt of external funding (£5.1m), the net cost to the Council has reduced by £3.3 million since May.

### Northgate Future Phases

- 4.22. The Council has compulsory purchase (CPO) powers over the remainder of the Chester Northgate site. These powers expire in October 2021 and therefore the Council needs to decide which land is necessary in order to fulfil its development objectives on the Future Phases site.
- 4.23. A CPO is a draconian process for landowners, and it is right and proper for the Council now that it has started the Northgate redevelopment, to communicate its intentions to all affected landowners.
- 4.24. The economics of town centres has changed fundamentally since the Council was granted the CPO in 2018, meaning that the scheme containing a substantial investment in new retail space was not considered viable. However, the broader principle and objective to redevelop this area of the city with a high quality, mixed use development in the Northgate area still applies strongly however the mix and quantum of space will be different in the future with very little demand for retail space. The proposed masterplan will also consider the merits of repurposing some of the assts alongside the options for demolition.
- 4.25. Part of the area covered by the CPO was previously required to create a new service road for the retail units and this now is unlikely to be required. This area which is predominantly to the rear of Watergate Street properties is proposed to be excluded from the Council's programme of planned acquisitions.

- 4.26. Omitting part of the Northgate area does not permanently exclude these areas from being redeveloped in the future, as the Council can always seek to access or acquire land and property by private treaty agreement. However, it is important to give these landowners certainty now, whilst the Council does not have any immediate redevelopment plans for this area.
- 4.27. The area that the Council will continue to exercise its CPO powers over will enable it to consolidate the core development site which is covered predominantly by The Forum, Merchants House, Goldsmith House and Hamilton House. The Council already has control over 90% of this area and therefore the remaining acquisitions are to consolidate residual land interests and tidy up the ownership status of this part of the site.
- 4.28. The original CPO area is shown in the plan below in grey, with the proposed development area shown in red/blue.
- 4.29. The Council will contact all interests during March and April to confirm its intentions in order to provide certainty to all landowners and leaseholders on the site.

**Fig 1: Site Plan**



- 4.30. Alongside the land assembly process the Council will also begin the formal process of re-evaluating its masterplan for the Future Phases of the site. This work will take place alongside a substantial review and consultation to update the Chester One City Plan.

- 4.31. This work will look to complement the significant contribution that Phase 1 will make to the city, whilst adding new alternative uses into the Northgate area. A key priority for the Council will be to include residential accommodation in order to further invigorate the area and invest in good housing in line with the Council's Plan. This will promote Chester as a liveable city, increase footfall and underpin the economics of the city in the teeth of unprecedented changes caused by a combination of the pandemic and a move to online shopping.
- 4.32. Significant physical and infrastructure challenges remain on the Future Phases site. Namely
- **Deconstruction** is highly complex due to the interconnectivity of the various elements of the Forum complex, a substantial level change across the site, the existence of a trading hotel and the adjacent historic Town Hall building. Deconstruction will be expensive and a significant logistical challenge.
  - To further develop on the Northgate site is likely to require additional **power** capacity, meaning that a new Primary Sub Station will need to be built. This is an additional cost and logistical challenge for this part of the site.
- 4.33. The consequence of these physical challenges, alongside the economic challenges faced by town centres generally mean that to progress with any substantial development on this site will require a substantial public sector investment. As part of the master planning process the Council will need to consider all external funding opportunities. The limitations of local authority finances mean that securing external grant funding will be crucial for the progression Future Phases as it is unlikely that the Council will have capacity to make significant additional investments in the site over the short/medium term.
- 4.34. A significant part of the work that will be undertaken over the next 2 years will be to engage with potential public and private sector funding partners.
- 4.35. The draft 2021-25 capital programme contains £3 million to progress with the future phases work outlined in this report. This is core Council funding to enable the consolidation of the future phases site as set out in Section 4 and to review the masterplan for future phases. In summary the £3m capital allocation covers:
- Land Assembly / consolidation (£1.3m)
  - Master planning (£1.5m)
  - Contingency (£0.2m)
- 4.36. The Council has also allocated £5 million from its available capital funding to write down the value of the existing assets on the site. This means that the Council has now recognised funding for the full cost of The Forum. The only properties with outstanding balance sheet values are those with realisable values such as Merchants House. This funding is not shown within the proposed capital programme as it is being used to repay the debt associated with past acquisitions.

- 4.37. As explained above there are substantial physical and technical challenges with the Future Phases site and it will not be possible to redevelop without further public sector investment. The limitations of local authority finances mean that securing external grant funding will be crucial for the progression Future Phases as it is unlikely that the Council will have capacity to make significant additional investments in the site over the short/medium term.
- 4.38. The Council's budget proposals also therefore recognise that if the Forum is not going to be demolished in the short term there will be an annual holding cost. The Council's revenue budget proposals incorporate £0.5m per annum revenue (from 2022-23) funding which reflect the estimated holding cost for the Forum complex until a decision is taken to demolish or repurpose it. This will mean that all the known costs associated with holding the future phases site are included and funded within the Council's budget.

### **Northgate Future Phases – Next Steps**

- 4.39. Chester's One City Plan is subject to a formal mid-point review which will ensure that the overall strategy for the city still relevant and current and meets the aspirations of the local community. A key part of this work will be to address how Northgate fits within the city-wide strategy. A series of consultations with stakeholders, partner organisations, Members and residents will be undertaken by the Good for Nothing Chester network as part of this review.
- 4.40. This will inform a review of the Northgate masterplan and all options for this site will be explored. A key part of this piece of work will be a review of all available funding options. Member Working Group will be a key part of this process. The next steps will be:
- a. Appoint consultants to work up proposals for the redevelopment of the site due to the impact of the changing economic circumstances making the former retail led masterplan for the site unviable.
  - b. Work closely with stakeholders and Good for Nothing to help develop ideas for how future phases of Northgate can contribute toward Chester's future in a 'post covid' environment.
  - c. Advise those affected by the council's CPO of the Council's plans to enact the powers granted to it by the Secretary of State.
  - d. Work with partners to identify alternative funding streams to support the proposed development plans resulting for "a" above.

### **5. How does the decision contribute to the Council's Plan?**

- 5.1. The delivery of Chester Northgate Phase 1 will address a longstanding need for investment in Chester's city centre. The scheme will deliver modern, state of the art, facilities in the Borough's principal centre in line with the policies of the adopted local plan and the vision set out in the One City Plan. Chester Northgate Phase 1 will contribute directly to the Borough's economic growth aspirations by creating new jobs, enhancing productivity and boosting



economic growth. The related infrastructure drainage scheme will deliver a new surface water outfall that as well as serving the new development, will reduce pollution to the River Dee caused by overflows from the existing sewage system at times of heavy rainfall.

- 5.2. When complete, the Northgate Scheme will reinforce and strengthen the performance of the City, creating jobs as well as providing new homes and leisure opportunities for residents and visitors to the Borough. This provides future social value, however, the Council has also adopted a Social Value Policy which seeks to maximise the benefits from any procurements that take place during this phase of the proposed programme. This is particularly important for a scheme of the scale and strategic importance of Northgate. The Planning Consent attached to Phase 1 of the Scheme recognises this importance and conditions that a local employment and procurement process shall be submitted in order to maximise the social value benefits that can be obtained. This will seek to ensure that local suppliers are utilised where possible and there is a close link to the Borough's labour market through employment centres, colleges and the council's Work Zones.
- 5.3. Since starting on site in July 2020, VINCI Construction have undertaken a wide range of social value initiatives. The Council project team are working closely with VINCI to deliver a programme of activities throughout the duration of the Northgate Project. These include contracting with local suppliers where feasible, minimising site waste going to landfill – currently 3.5%, 24 apprentices recruited by contractors and VINCI, community activities ranging from fundraising for the homeless, fitting a defibrillator at Lache Community Centre, sponsorship of the Grosvenor Museum; virtual student visits from West Cheshire College, sandstone recovered from excavations is being 'recycled' to repair the city walls and careers liaison with local secondary schools.

## **6. How does the decision contribute to Closer Working with Partners?**

- 6.1. The Council has developed this proposal for Phase 1 following a substantial public consultation exercise. Through this process the Council has built on its relationships with local business leaders, community groups, schools and colleges and charities. Input from these important stakeholders has been incorporated into the scheme design. Partnership working will be developed further in the future with the community playing a key role in helping with the curation of community space within the market and public square.

## **7. What will it cost?**

### **2021-22 Budget Proposals**

- 7.1. As explained in Section 4, the Council has budgeted £8m of its capital resources to deal with historic acquisition costs (£5m) and to invest in future phases (£3m).
- 7.2. The Council has also budgeted £0.5m per annum for the annual holding costs of the Forum to reflect that there are no current plans to demolish it.

- 7.3. The Council has further budgeted £0.4m as a provision against the current heightened risk within the Northgate Phase 1 business plan. This will be monitored through the financial resilience tool which will monitor the risk that the Council is exposed to through Northgate Phase 1 and each year the budget report will include a risk adjusted budget position to ensure that the Council is maintaining Chester Northgate in a way that is compatible with the long-term financial health of the organisation
- 7.4. The Council will also transfer £1.8 million to the Chester Infrastructure capital scheme to reflect the updated forecast outturn position. This funding is being funded by removing the following from the capital programme:
- Chester Car Park Capital Allocation 2021-22 (£1 million)
  - £347K Feasibility/Scheme Development Fund (2020-21)
  - £453K - Service Redesign/Transformation Fund (2020-21)
- 7.5. These financial proposals are incorporated within the Budget Report which is a separate item on the Cabinet agenda.

## **8. What are the legal aspects?**

- 8.1. The Council's in-house legal team continues to provide advice and assistance on the project and the project team will continue to take legal advice from specialist external lawyers where necessary to effect any changes and/or transactions to the scheme as identified in this report.

## **9. What risks are there and how can they be reduced?**

- 9.1. Taking forward a commercial scheme such as Northgate brings with it a degree of risk and at each key decision point Members should carefully consider the appropriate balance of potential benefits against the additional risk that the Council is exposing itself to.
- 9.2. The Council manages risk on significant development projects such as Chester Northgate in a structured and systematic way. Now that the Council is on site with Phase 1 it has implemented a dynamic risk management tool which will ensure that the Council is maintaining and delivering Chester Northgate in a way that is compatible with the long-term financial health of the organisation.
- 9.3. Members are asked to note that delivery of the scheme is only around 25% complete and over the next 2 years there are several risks that could materialise and impact on the financial position. In addition, the COVID-19 pandemic has made this risk environment less predictable and this is why the dynamic risk management that the Council has implemented is so important.
- 9.4. The Council maintains a full risk register as part of good financial, risk and project management. The most significant risks that could impact on the organisation are as follows:

<b>Risk</b>	<b>Mitigation</b>
<p>COVID-19 and its ongoing impact has had a severe impact on the leisure industry. There is extreme uncertainty around how whole sectors and operators will emerge from the pandemic and how sustainable their business models will be in the future.</p> <p>The continued impact of this could affect Northgate if tenants are not able to move forward towards openings next year.</p>	<p>The Council has an experienced leasing team that are in regular contact with all existing and prospective tenants. Where specific tenants present higher risk, alternative plans are being made.</p> <p>The financial resilience tool allows the Council to regularly update its financial assumptions to reflect this uncertain position.</p>
<p>The drainage scheme is not a fixed price and therefore unforeseen issues will lead to increased costs and delay.</p>	<p>The Council has an appropriate contingency against known risks and has a specialist professional team that will closely monitor the progress of the scheme.</p>
<p>The leasing of the new market is taking place in a very weak economic backdrop with existing traders who are struggling to save their own businesses.</p> <p>This has already impacted on progress letting the new market and could have a prolonged impact.</p>	<p>Council taking forward letting process and supporting potential traders where possible.</p> <p>Financial resilience plan considers this risk.</p>
<p>The future of high streets has never been less certain and all of the Council's plans for the future will need to be flexible in order that Northgate responds to and supports the changing nature of town centres.</p> <p>This may require additional funds or resources or support packages.</p>	<p>Chester Northgate is a key part of diversifying Chester's town centre offer and will play an important role in the city as it adapts to the 'new normal'.</p> <p>The space in Northgate is flexible and can be used for several purposes in the event that demand changes.</p> <p>Financial resilience monitoring will be important to allow the Council to budget for the consequences of any changes.</p>
<p>Cinema industry is currently closed with no certain date to re-open. This could affect the PH letting.</p>	<p>Watching brief at present and continued dialogue with Cineworld. Any impact will be reported through financial resilience.</p>

## **10. What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

- 10.1. The project will have significant positive impacts by providing a more sustainable safe and accessible leisure environment in Chester city centre, designed with input from the Council's Corporate Access Forum and disability group representatives.

## **11. What are the implications of the decision on Climate Change?**

- 11.1. The Council has worked with its professional team to ensure sustainable design and construction. The use of sustainable materials in the treatment of the facades is one factor, as is the use of efficient electrical and mechanical

equipment. The car park is replacing existing provision, but with the ability to provide significant electric charging points – encouraging the use of more sustainable ways of travel. The office, retail and restaurant accommodation will be built to BREEAM “Very Good” standard which was acceptable to the planning case officer and planning committee. The scheme includes many energy saving and carbon reduction features such as:

- Building fabric which exceeds statutory requirements to be more energy efficient in line with the BREEAM Green Guide.
- Green wall elements to facades which increase biodiversity
- Re-use and upgrading of existing building fabric at Hunters Walk to reduce the project’s overall carbon emissions.
- Air source heat pumps
- High efficiency gas boilers
- Heat recovery units
- Natural ventilation where possible
- LED lighting
- Low volume WC flush cisterns
- Electric vehicle charging points

## **12. Are there any other options?**

12.1. There are no other feasible options available at the current time.

### **For further information:**

**Cabinet Member:** Councillor Richard Beacham, Cabinet Member for Housing, Regeneration and Growth; and Councillor Carol Gahan, Cabinet Member for Legal and Finance

**Officer:** Graham Pink, Director of Commercial Management and Delivery

**Email:** [graham.pink@cheshirewestandchester.gov.uk](mailto:graham.pink@cheshirewestandchester.gov.uk)

## APPENDIX A – FINANCIAL RESILIENCE REPORT OUTPUT

Revenue/ Cost Heading	Baseline Financial Planning Assumption	Risk	Risk Sensitivity (Difference from baseline resulting from reduction in revenue):			RISK WEIGHTED FOR BUDGETING
	Annual Revenue Position (£m)		Current	10% (£m)	25% (£m)	40% (£m)
Car Parking	2.69	Success linked to the success of the wider scheme driving additional visits. Uncertainty around the economy post pandemic and changing town centres.	-0.27	-0.67	-1.08	-0.27
Market Hall	1.15	Planned phased rent increases have not been implemented due to COVID-19. COVID impact on design and pricing is unknown and will be tested early 2021.	-0.11	-0.29	-0.46	-0.46
Cinema and Restaurants	0.88	Risk apportioned based on individual unit and tenant situations	-0.09	-0.22	-0.35	-0.20
Offices	0.09	Active interest unlikely until closer to scheme opening.	-0.01	-0.02	-0.04	-0.04
Service Charge Recovery	0.18	Likely to be void service charge on opening	-0.02	-0.05	-0.07	-0.05
<b>TOTAL REVENUE</b>	<b>4.99</b>		<b>-0.50</b>	<b>-1.25</b>	<b>-2.00</b>	<b>-1.01</b>
Service Charge expenditure	-0.18	Low risk and/or fixed costs	0.00	0.00	0.00	0.00
Car Park operating costs	-1.03	Low risk and/or fixed costs	0.00	0.00	0.00	0.00
Market operating costs	-0.60	Low risk and/or fixed costs	0.00	0.00	0.00	0.00
<b>TOTAL COSTS</b>	<b>-1.81</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>NET REVENUE</b>	<b>3.18</b>		<b>-0.50</b>	<b>-1.25</b>	<b>-2.00</b>	<b>-1.01</b>
Financing Costs funded by scheme	2.60	Low risk and/or fixed costs	0.00	0.00	0.00	0.00
<b>SCHEME SURPLUS</b>	<b>0.58</b>	(£580k was the contingency allowed in the original business case)	<b>-0.50</b>	<b>-1.25</b>	<b>-2.00</b>	<b>-1.01</b>
<b>Deficit after utilising £580k contingency</b>						<b>-0.43</b>

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## APPENDIX B – CONCEPT MARKET INTERIOR



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## Cheshire West and Chester

### Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Debbie Hall, Director of Finance / Mark Wyn (as S151 Officer)
<b>Cabinet Member:</b>	Councillor Carol Gahan, Cabinet Member Legal and Finance
<b>Title:</b>	Budget Report 2021-22

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**Is this a Key Decision?** **No**

#### 1. What is the report about?

- 1.1 At its meeting on 25 February 2021, the Council will be asked to approve the budget and Council Tax plans for the year commencing 1 April 2021.
- 1.2 Appendix 1 to this paper contains the proposed draft Council paper with Appendix A-N the supporting appendices to that report.

#### 2. Recommendations

- i. That Cabinet endorse the report and the proposals contained within it for setting the 2021-22 budget.

#### 3. Reasons for the recommendations

- 3.1 The recommendations allow Cabinet to advise the Council in how it can discharge its duty to approve a balanced 2021-22 budget for Cheshire West and Chester Council and to ensure the Council remains a financially well managed authority.

#### 4. Report details

- 4.1 The appendices to this report contain a draft version of the Council report to agree the 2021-22 budget and sets out indicative plans for the next three years.
- 4.2 The report outlines how issues such as changes to funding levels and cost pressures have impacted on the level of proposed budget savings the Council will need to implement in 2021-22 and the following three years in order to deliver a balanced position. It also gives an overview of the national budget context, and the significant financial challenges and uncertainty currently facing Local Government.
- 4.3 The budget sets out how these savings will be achieved and confirms the Council Tax strategy for 2021-22. It also sets out the planned capital programme for the next four years and how this will be financed.

4.4 The Council Budget Report will be accompanied by linked reports relating to Setting the Council Tax and agreeing the Housing Revenue Account (HRA) budget for 2021-22. The Cabinet is asked to consider the overall budget package and make recommendations to Council.

**5. How does the decision contribute to the Council's Plan?**

5.1 To ensure the Council is a well-managed authority.

**6. How does the decision contribute to closer working with Partners?**

6.1 In recognition of the pressures facing the health and social care system, a proportion of the additional precept funding is to be utilised to support health and social care integration and the wider health and social care economy.

**7. What will it cost?**

7.1 The financial implications are provided in the report. The Budget proposed will align the Council's costs for 2021-22 with its available funding.

**8. What are the legal aspects?**

8.1 The Council has a legal duty to set a balanced budget for each financial year; the budgets proposed would achieve this.

**9. What risks are there and how can they be reduced?**

9.1 A risk assessment is included within the Budget Report.

**10. What is the impact of the decision on health inequalities and equality and diversity issues?**

10.1 All policy proposals were considered for their impact on equality and diversity as part of their development, and through the consultation process.

10.2 The Council continues to support our most vulnerable residents through the continued investment included as part of this budget setting report.

**11. What are the implications of the decision on Climate Change?**

11.1 The Council's revenue budget and capital programme set out in the budget report both include additional funding to enable the Council to support borough-wide decarbonisation and combat climate change. In addition all individual capital projects are required to evaluate their impacts, positive and negative on climate change.

**12. Are there any other options?**

12.1 The Council must set a legal budget before 11 March in the financial year preceding the one in respect of which the budget is set.

- 12.2 This report sets out the various and numerous elements of the Council's budget. Members could come to a different view on any component area of the budget and hence could agree an alternate set of budget proposals as long as it achieves a balanced budget for 2021-22, does not expose the Council to excessive financial risk in future years and meets statutory obligations.

***For further information:***

Councillor Carol Gahan, Cabinet Member for Legal and Finance

Officer: Debbie Hall, Director of Finance

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# CHESHIRE WEST AND CHESTER

## REPORT TO COUNCIL

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<b>Date of Meeting:</b>	25 February 2021
<b>Report of:</b>	Debbie Hall, Director of Finance Mark Wynn, Chief Operating Officer (as Section S151 Officer)
<b>Cabinet Member:</b>	Cllr Carol Gahan, Cabinet Member Legal and Finance

### **Budget Report 2021-22**

#### **1. What is the report about?**

- 1.1. The Council will need to approve its budget and confirm the Authority's Council Tax precept for the year commencing 1 April 2021. This report was considered by Cheshire West and Chester Overview and Scrutiny Committee on 8 February 2021 and by Cabinet on 10 February 2021.
- 1.2. This report sets out the 2021-22 budget for approval along with an indicative budget for 2022-25 and will take Members through the process that has been undertaken to build up the Council's budget.
- 1.3. The report will outline the national and local context within which the budget is set and the approach the Council has taken to developing and finalising its own budget for 2021-22, following the proactive approach to the development of a four year budget plan for the period 2020 to 2024.
- 1.4. In previous years the Council has had longer term budget plans. However, as the report will explain, that is not possible at present given the unprecedented uncertainty that exists with external funding beyond 2021-22.
- 1.5. The report will identify the funding shortfall that exists for 2021-22 and the period 2022 to 2025 and the component elements making up that shortfall. It will then take Members through the Council's plans for bridging that funding shortfall. Finally, it will review the impact of the budget plans on the Council's level of reserves and will set out the Council's capital expenditure plans for the next four years.
- 1.6. More detailed analyses supporting each section are contained in the appendices to the report and Members will be referred to their content at appropriate points.

## **2. What decisions are required by the Council?**

### **Budget Report Recommendations from Cabinet**

Note the following:

- i. Note the key changes to the level of funding available to the Council during 2021-25 and the resulting financial gap for 2021-25 (paragraph 4.8);
- ii. Note the development of a four year budget plan for 2021-2025 (paragraph 4.44 – 4.48);
- iii. Note the additional 3% on Council Tax levels in 2021-22 for the Adult Social Care Precept and the proposed expenditure plans in relation to the 2021-22 Adult Social Care Precept (paragraph 4.86 – 4.88);
- iv. Note the calculations made in accordance with the Local Government Finance Act 1992 to arrive at the Council Tax requirement and a Council Tax at Band D of £1,659.61, representing an increase of 1.99% on the basic Council Tax and 3% Adult Social Care Precept. (Note: The Council Tax Setting report following this paper on the agenda will include the necessary resolution to formally set the Council Tax) (paragraph 4.81 - 4.85); and
- v. Note the Section 151 Officer's report on the adequacy of reserves and robustness of estimates and the resulting estimated level of general reserves of £24.7m as at 31 March 2022 (paragraph 4.101 – 4.108).

Approve the following delegations:

- vi. Delegate the approval of local policies for the allocation of Covid-19 related grants to the Director of Finance, in consultation with Cabinet Member for Legal and Finance to enable support to be provided to residents and businesses without delay (paragraph 4.33 – 4.34)
- vii. Delegate the approval of the 2021-22 Better Care Fund plan to the Deputy Chief Executive (People) and Director of Finance following consultation with the Leader of the Council as Chair of the Health and Wellbeing Board and the Cabinet Member for Legal and Finance (paragraph 4.59 – 4.61).

Approve the following:

- viii. Approve the General Fund Revenue Budget for Cheshire West and Chester Council of £329.834m for 2021-22 (paragraph 4.49);
- ix. Approve that the amendments to section F3 of the Council's Finance and Contract Procedure Rules (Submitting External Funding Grant Bids), as agreed by Council in July 2020, are extended to apply to funding bids related to the Council's Covid-19 response and recovery until 31 March 2022 (paragraph 4.32);

- x. Approve the additional investment in the 2021-22 budget as set out in the report and note the proposed investment in 2022-25 (paragraph 4.62 - 4.72);
- xi. Approve the savings proposals (savings to year on year expenditure) set out in the report (paragraph 4.75 – 4.78);
- xii. Approve the following in relation to the Council's earmarked reserves (paragraph 4.107 – 4.108):
  - a. The release of 14 surplus earmarked reserves in 2021-22 totalling £3.8m;
  - b. The utilisation of £0.8m from the Shareholder Reserve, to offset pressures on the Council's waste collection company (CWR) in 2021-22; and
  - c. The utilisation of £37.094m from the Collection Fund deficit reserve to fund the one-off deficit arising in 2020-21.
- xiii. Approve capital programme allocations for 2021-22 (£109.0m), the indicative programme for 2022-25 (£155.4m), the allocation of funding for schemes under development for 2021-25 (£128.7m), and the associated use of Council Resources (paragraph 4.109 – 4.121);
- xiv. Approve the Flexible Use of Capital Receipts Strategy to utilise £1.262m of capital receipts from the disposal of surplus council assets to fund transformational revenue activity in 2021-22 (paragraph 4.133 – 4.135); and
- xv. Approve the Dedicated Schools Grant policy proposals and school funding formula rates that will apply for 2021-22 and approve the forecast 2020-21 deficit on the Dedicated Schools Grant reserve being brought into balance over a period of time (paragraph 4.141 – 4.142).

**Policies/Strategies/Frameworks to support the Council's budget**

- xvi. Approve the following policies and strategies to support the Council's budget:-
  - (a) Provision for Repayment of Debt Policy Statement (paragraph 4.143);
  - (b) Commercial Investment Strategy (paragraph 4.144 – 4.151); and
  - (c) Pay Policy Statement for 2021-22 (paragraph 4.152).

### **3. How does the decision contribute to the Council's Corporate Priorities?**

- 3.1. The Council has a statutory obligation to set a balanced budget for the forthcoming year and raise a Council Tax consistent with that budget. The recommendations contained in this report support the vision for Cheshire West and Chester as set out in the Council Plan 'Play Your Part to Thrive,' and the 'Stronger Futures' recovery and renewal plan. The budget focuses on the delivery of the Council's key outcomes within available resources, ensuring a sustainable financial position.

## **4. Report Details**

### **Executive Summary**

- 4.1. This report sets out the Council's budget for 2021-22 and indicative budget plans for 2022-2025. It builds on the comprehensive four-year Council Plan 'Play Your Part to Thrive' approved last year, and links to the Council's approved Covid-19 recovery and renewal plan "Stronger Futures," which updates the Council Plan for the Covid-19 context.
- 4.2. The 2020 Spending Round again provided only a one-year funding settlement and, whilst the Provisional Settlement in December 2020 announced the continuation of a number of temporary funding streams in 2021-22, it gave no certainty in respect of this funding for future years. The national financial picture for Local Government therefore remains extremely challenging, particularly given the additional challenges presented by the Covid-19 pandemic, with a number of councils on the verge of bankruptcy. The pandemic has also caused further delays to national funding reforms, including the review of the Business Rates Retention Scheme and the Fair Funding Review.
- 4.3. In addition to continuing financial uncertainty within the Local Government sector, the budget has been set against the backdrop of the Covid-19 pandemic, of which the Council has been at the forefront of the response. The Council has successfully managed the financial impact of the pandemic in 2020-21, with minimal impact on Council resources. It is clear however, that the impact will continue to be felt in 2021-22 and future years, both by vulnerable residents and local businesses, and the Council will take a lead role to support the recovery, as set out in the Stronger Futures plan.
- 4.4. The financial impact of the pandemic is being felt in the budget, not least due to lower levels of locally generated income (Council Tax and Business Rates). Locally generated income is becoming increasingly important and represents an increasingly large share of the funding the Council has available to pay for its services. The pandemic is impacting on the Council's ability to generate local income in a number of ways:
- an increase in Council Tax Reduction Scheme claimants;
  - slower house building;
  - reduced income from Business Rates due to failing businesses; and



- a reduction in the collection rates for both Council Tax and Business Rates.

- 4.5. In addition to the impact on locally generated income, the financial impact of the pandemic is being felt more widely across all areas of the Council, both in terms of the increased costs of the response, reduced income levels, delivery of planned savings and the impact on Council companies. As part of the funding settlement, Government funding has been announced to fund additional and ongoing Covid-19 financial implications in 2021-22. The budget includes a temporary Covid-19 Response budget of £9.7m to fund cost pressures in 2021-22, and to provide financial support to vulnerable residents and local businesses impacted by the pandemic. Should this funding prove to be insufficient and further funds are not announced the Council will lobby Central Government for further funding.
- 4.6. Demand led cost pressures also continue in respect of statutory functions, mainly Children’s Social Care and Adult Social Care, which is resulting in a funding shortfall being forecast in these areas in both 2021-22 and future years. Due to the financial settlement being for one year only, and continued uncertainty regarding the future funding for social care, long term planning in this area is extremely difficult.
- 4.7. There is an expectation from Central Government that all councils with Adult Social Care responsibilities will raise their Council Tax by an additional 3% via the Adult Social Care precept in order to achieve the increase in core spending power announced as part of the Settlement. The rising costs and demand for Adults Social Care, as well as the need to ensure a sustainable provider market, has resulted in the Council needing to raise this additional 3% Council Tax in order to ensure it has sufficient funding to cover the expenditure pressures in this key area. The Council is investing a total of £12m in 2021-22 in this area. In addition, NHS colleagues will continue to contribute financially through their share of the Better Care Fund, which remains an integral part of this successful partnership. The 2021-22 budget also includes investment of £0.6m in Children’s Social Care.
- 4.8. Based on current assumptions regarding Government funding and cost pressures, the Council is currently facing a funding gap of £83.4m over the next four years (the 2021-22 gap being £30.0m). This represents 10% of the Council’s gross budget. The following table summarises the gap into its component elements:

See Paragraph	Component element	2021-22 £m	2022-25 £m	Total by 2024-25 £m
4.54 - 4.61	Total Reduction / (Increase) in Government funding	(8.8)	19.5	10.7
4.62 - 4.66	Budget pressures within Services	21.7	18.1	39.8
4.67 - 4.72	Council wide and additional Cost Pressures	17.1	15.8	32.9
	<b>Total funding gap</b>	<b>30.0</b>	<b>53.4</b>	<b>83.4</b>

4.9. The budget gap is funded by multiple sources covering changes to the level of expenditure (savings proposals) and locally generated income, as shown in the following table.

Paragraphs	Component element	2021-22 £m	2022-25 £m	Total by 2024-25 £m
4.75 - 7.78	Savings proposals in Budget	(21.7)	(19.1)	(40.8)
4.79 - 4.92	Locally Generated Income	(8.3)	(23.8)	(32.1)
	<b>Total solutions to fund the gap</b>	<b>(30.0)</b>	<b>(42.9)</b>	<b>(72.9)</b>

4.10. As a result of the financial challenges, the Council will need to make significant savings in 2021-22 and future years. In total, the budget package for the next four years requires the delivery of £40.8m of savings, with £21.7m required in 2021-22. Despite these pressures, the Council will still seek to invest in priority areas including:

- Continued investment in Adults and Children's social care;
- Providing support to vulnerable residents and businesses impacted by the pandemic;
- Continuing support for our most vulnerable residents, for example by maintaining the Council Tax Reduction Scheme and providing funding to support anti-poverty initiatives;
- Supporting regeneration in our towns; and
- Supporting Climate Change initiatives.

4.11. In addition to the savings required, the budget includes £32.1m of locally generated income over the four-year period, with £8.3m of income in 2021-22 based on the following assumptions:

- A reduction in the Council Taxbase of 989 Band D equivalent homes – which equates to 0.8%;
- No physical increase in the business taxbase in the area;
- A basic Council Tax increase of 1.99% (£31.46 on a Band D property); and
- An Adult Social Care Precept of 3% (£47.42 on a Band D property).

4.12. As can be seen from the previous tables, the Council has a balanced budget for 2021-22. The approved budget will result in total net spend for the Council of just under £330m in 2021-22, and a Band D Council Tax bill for residents of £1,659.61, which is an increase of £1.51 per week from the previous year.

4.13. Despite the savings identified, and funding from locally generated income, there is an estimated budget gap of £10.5m still remaining for 2022-25. This position currently assumes that a number of government grants, totalling £10m, will continue over this period. There is therefore a risk that the funding gap could increase to £20.5m if this funding does not continue beyond 2021-22.

4.14. Whilst the Council has a proven track record of strong financial management, bridging this gap will be a significant challenge, requiring the development of further savings proposals and continued rigorous review of all areas of the

Council's budget, ensuring all areas of spend are linked to its key priorities and maximising the impact on them. A number of key strategic areas will therefore be reviewed which are outlined in paragraph 4.99.

- 4.15. The Council also plans to deliver a programme of capital investment totalling over £393m over the next four years (£109m in 2021-22) which plays a vital part in making progress against the Council's key challenges. The programme, which optimises the use of external funding where possible, will include investment in the regeneration of town centres, new facilities for people-based services, new affordable houses across the borough, and a programme of maintenance and improvement works to the Council's assets. The programme has been developed in accordance with the Prudential Code and the capital financing cost remains under 10% of the Council's net budget, ensuring it is sustainable.
- 4.16. The Budget Report includes a number of supporting appendices to give Members assurance over the robustness of the Council's Budget, including:
- Review of Council Reserves; and
  - S151 Officer's statement on robustness of estimates.
- 4.17. The remainder of the report provides members with further detailed information on the Council's proposed budget for 2021-22 and indicative budget for 2022-25 in the following format:

<b>Report Section</b>	<b>Paragraphs</b>
Assurance statement for Members	4.18 – 4.20
National budget context	4.21 – 4.25
Covid-19 Pandemic Impact	4.26 – 4.34
Adult Social Care and Children Services Pressures	4.35 – 4.41
Council's budget setting and engagement approach	4.42 – 4.48
The 2021-22 Council Budget	4.49 – 4.52
2021-25 Overall Funding Gap	4.53
<ul style="list-style-type: none"> <li>• Changes to Government funding</li> <li>• Budget pressures within services</li> <li>• Council wide cost pressures</li> </ul>	4.54 – 4.61 4.62 – 4.66 4.67 – 4.72
2021-25 Funding Gap – Solutions	4.73 – 4.74
<ul style="list-style-type: none"> <li>• Savings proposals</li> <li>• Council Tax and Business Rates proposals</li> </ul>	4.75 – 4.78 4.79 – 4.95
Future year budget position 2022-2025	4.96 – 4.100
The impact on Council Reserves	4.101 – 4.108
The Capital Programme	4.109 – 4.121
Major Regeneration and Commercial Developments	4.122 – 4.132
Flexible use of capital receipts strategy	4.133 – 4.135
Council Companies	4.136 – 4.139
Other Council Budgets (HRA and Schools)	4.140 – 4.142
Policies supporting the budget framework	4.143 – 1.152

## **Budget Assurances**

- 4.18. The Budget presented within this report has been through a number of processes to ensure it is robust and deliverable. These include:
- Scrutiny and challenge by officers and members to ensure proposals are deliverable and will not unduly affect service delivery;
  - Development of delivery plans by all Directors for key savings proposals;
  - Reviews of the Capital Programme by officer and members; and
  - A review by the S151 officer of the reliability of the assumptions underpinning this budget and the adequacy of the reserves held. This is a statutory requirement.
- 4.19. During the course of the year a review of the risks on the Council's balance sheet have been undertaken to ensure these are appropriately managed both operationally and financially. The commercial investment strategy also provides a framework for all future investments.
- 4.20. In addition the budget will be subject to close monitoring throughout 2021-22 to ensure any changes to the Council's financial position are recognised and responded to.

## **The National Budget Context**

- 4.21. This budget, as with all budgets in recent years, sits against a backdrop of considerable financial uncertainty for the Local Government sector. In addition to this, the Covid-19 pandemic has added further financial uncertainty and unprecedented challenges for all councils.
- 4.22. The 2020 Spending Round again only provided a one-year funding settlement. Whilst the Settlement announced the continuation of a number of temporary funding streams into 2021-22 and a number of additional grant funding allocations at a national level, including funding for the financial impacts of Covid-19 in 2021-22, there was no information on these funding streams post 2021-22.
- 4.23. The Provisional Settlement confirmed that should the Council wish to raise the basic level of Council Tax in 2021-22 by more than 1.99% (excluding the Social Care Precept) it would be necessary to hold a referendum with residents. In order to achieve the increase in core spending power announced as part of the Settlement, there is also an expectation from Central Government that all councils with Adult Social Care responsibilities will raise their Council Tax by an additional 3% via the Adult Social Care precept for 2021-22 in order to fund the increasing demand and costs of social care. The allocations of additional grant funding allocated in 2021-22 for social care are at reduced levels reflecting the expectation that councils will raise the 3% precept.

4.24. As the Settlement covers 2021-22 only, no certainty has been given around the continuation of various funding streams beyond 2021-22. Whilst a multi-year settlement is anticipated in the 2021 Spending Round, future years' funding allocations for councils will not be known until late 2021, contributing to the uncertainty for future years.

4.25. Key challenges nationally include:

- The financial implications of the continuing response to the Covid-19 pandemic and the economic impact both locally and nationally;
- The Fair Funding review, which sets the Council's baseline funding, has been further delayed by Central Government and there is no confirmed date for implementation. The impact locally is uncertain as nationally it will inevitably create gainers and losers;
- Further delay to the review of the 75% Business Rates Retention Scheme and uncertainty around the future of Business Rates nationally. A fundamental review of the Business Rates system has been undertaken and a final report setting out the conclusions is expected in Spring 2021;
- Continued uncertainty regarding Adult Social Care funding pending the publication of the long anticipated Green Paper. In the interim Central Government has invested additional funding into both Adult Social Care and Children's Social Care but so far there is no further information regarding the future of social care funding;
- It is hoped that the Comprehensive Spending Review in 2021 will result in a multi-year settlement and therefore give more certainty around funding for future years. However, the Council cannot afford to wait for the spending round before developing plans for the future; and
- Demand for statutory functions, mainly Children's Social Care and Adult Social Care, continues to rise nationally.

### **Covid-19 Pandemic Impact**

4.26. The Covid-19 pandemic has provided unprecedented challenges for the Council, who have been at the forefront of the response. The financial impact of Covid-19 in the last 12 months has been significant and has included; cost pressures as a result of the response, such as purchasing PPE, payments to social care providers and providing accommodation for the homeless; significant reductions in planned income from Council services; significant loss of income from our leisure offer within the Borough; the non-delivery of previously planned savings in 2020-21; the potential impact on income assumed from regeneration projects; and the impact on Council companies.

4.27. Whilst difficult to quantify at this stage due to uncertainty regarding the levels and duration of local and national restrictions, and the length of time it will take to roll out the vaccination programme, the financial impact will continue into 2021-22 and future years. The key financial implications for the Council include:

- The additional and ongoing costs of the Council's response to the pandemic, the continuing impact on income levels, the delivery of planned savings and the ongoing impact on Council companies;
- The impact on the collection rates of Council Tax and Business Rates – as at the end of December the collection rate for Council Tax was 83.4% compared to 84.4% at the same point in the previous year, and for Business Rates the collection rate was 73.4% compared to 82% at the same point in the previous year;
- The significant and ongoing increase in Council Tax Reduction Scheme claimants – as at the end of December the increase in claimants was 1,188 (5.8%); and
- The impact on the Council's taxbase, and the number of new properties eligible to pay Council Tax.

4.28. As part of the Provisional Settlement the Government announced a number of grant allocations to fund the financial impacts of Covid-19:

- A further allocation of Covid-19 Emergency funding for 2021-22 (£8.5m) - to recognise the continuing cost pressures as a result of the pandemic;
- Extension of the Sales, Fees and Charges income compensation scheme to the end of June 2021 – to compensate councils for 75% of eligible income lost as a result of the pandemic;
- Local Tax Support Scheme Grant for 2021-22 (£3.1m) – to fund the additional costs associated with increases in local Council Tax support schemes; and
- Local Tax Income Guarantee for 2021-22 (estimated £3m) – to compensate councils for 75% of irrecoverable losses on the Collection Fund in 2020-21.

4.29. The Government funding allocated for the Local Tax Support Scheme and the Local Tax Income Guarantee scheme will be used to offset pressures on the Council's budget arising from reductions in the taxbase and losses on the Collection Fund. Within the 2021-22 budget the Council has set aside a Covid-19 Response budget of £9.7m, funded from the £8.5m Covid-19 Emergency funding and temporary Lower Tier Services grant (£0.4m), plus £0.8m of Council funding to support the most vulnerable residents, implement anti-poverty initiatives and to support businesses to recover.

4.30. Any known permanent impacts of Covid-19 have been built into the 2021-22 budget, but as previously stated the scale of financial pressures in 2021-22 due to Covid-19 are still uncertain at this stage. Allocations of funding from the Covid-19 Response Budget will be made in line with the Financial Procedure Rules.

4.31. The Council has set aside reserves of £3.7m to fund Covid-19 cost pressures, funded from savings generated in 2020-21. This is in addition to £1.4m set aside from the 2019-20 outturn position. This will be used to fund any cost

pressures over and above the £9.7m and may also be required to fund additional 2020-21 pressures, subject to the outturn position.

- 4.32. In July 2020 Council approved the amendment of the Council's current decision-making rules for bids for external funding related to the Covid-19 emergency for a temporary period up to 31 March 2021. The change agreed was to delegate approval to submit and accept external funding bids and incur expenditure, which would otherwise require Cabinet approval, to the appropriate Service Director and the Chief Operating Officer, in consultation with the Director of Finance and Director of Governance and the relevant Cabinet Member and shadow Cabinet Member for the service area and the Cabinet and shadow Cabinet Member for Legal and Finance. Given the ongoing nature of the pandemic and continued opportunities to bid for external funding related to Covid-19, approval is now sought to extend the end date for this amendment to the Financial Procedure Rules to 31 March 2022.
- 4.33. In recognition of the significant impact of Covid-19 on the residents and businesses of the borough Central Government have announced a number of different grants for the Council to administer on their behalf. Given the changing circumstances it is expected there may be more grants of this nature announced in future. Often the Council is asked to develop its own policies for how these grants are spent locally. In the majority of cases the funding needs to be given out as a matter of urgency leaving little time to take the policies through the formal member decision making process.
- 4.34. In order to avoid any delays in providing this urgent support to residents and businesses, approval is sought to delegate the approval of future policies of this nature to the Director of Finance, in consultation with the Cabinet Member for Legal and Finance.

### **Adult Social Care and Children Services Pressures**

- 4.35. As is the picture nationally, the Council continues to face significant financial and demand pressures in meeting its statutory responsibilities in relation to adult social care, children's social care and education, particularly home to school transport.

#### **Adult Social Care**

- 4.36. The Council is seeing continually increasing costs in supporting residents with adult social care needs due to:
- An increase in demand both in terms of the numbers of individuals requiring care and support and the increasingly complex needs of those individuals with social care needs. This is being experienced across all service user populations including older people, individuals with a physical or learning disability and those requiring support for mental health needs.
  - The increased costs of commissioning care in order to ensure there is sufficient supply of quality services to meet the needs of individuals, that services are sustainable and to reduce the risk of provider failure

by ensuring that a fair cost is paid to providers for care the Council commissions from them.

- 4.37. Overall the Council will invest £12m in Adult Social Care in 2021-22 to meet pressures arising from increases in provider care fees, increased demand and complexity of individuals being supported, and investment in other key priority areas of the service. The increase in provider care fees reflects both the full year impact of the implementation of recommended rates from phase one of the Fair Cost of Care Review (extra care housing and care at home), approved by Cabinet in November 2019, and the estimated costs of the remaining phases (learning disability and older peoples residential / nursing) which will be considered for approval by Cabinet during 2021. See paragraphs 4.86-4.88 for further information.

### **Children Social Care**

- 4.38. The number of children entering care has been stable over the past 12 months. A robust approach aimed at further reducing the number of children in care and where possible, reducing the cost of that provision is in place. Cheshire West however, does still have more children in care than the national average and the cost of specialist placements (residential and children leaving care) continues to escalate. The increased cost of specialist placements is due to both the market being saturated and a trend of increasing complexity in the needs of the children and young people that the Council is working with.
- 4.39. As an illustration, of the 51 children currently in a residential care setting (including residential schools) there are 15 placements costing more than £5k per week to support, these have a combined cost to Children's Social Care of more than £4m p.a. The average annual cost of supporting a child in care also continues to increase each year, increasing again over the past 12 months from £28,600 in December 2019 to £30,800 in December 2020.
- 4.40. This demonstrates that whilst the numbers of children in care are stable, the cost of caring for those children is very high. The Council invested £8.5m into Children's Social Care in 2020-21 which is currently meeting the pressure arising. A further £0.6m will be utilised in 2021-22 which includes support for an expansion of the intervention hub which will work to prevent further children from coming into care and to avoid placement breakdowns which can see costs escalate. Alongside this the Council will engage external support to provide further review.

### **Home to School Transport**

- 4.41. The Council continues to see the cost of commissioning home to school transport for eligible children increase each year, particularly in relation to children with a special educational need (SEN). The main reason for the increased spend is rising numbers of children with education, health and care plans which increased by 10% between October 2019 and October 2020, in line with national increases. This is resulting in rising demand for SEN travel and as demand exceeds local provision there are an increasing number of placements outside of the borough (36% increase between October 2019 and



October 2020) and increasing single occupancy journeys (16% increase between October 2019 and October 2020). As a result, the Council will invest £1.7m in 2021-22 to meet these cost pressures.

### **The Council's Budget Setting and Engagement approach (Appendix A)**

4.42. This budget is the second year of the period covered by the Council Plan 2020 to 2024. It has been developed as a rolling four year budget plan and supports the delivery of Council services to address the borough's key challenges. The budget package will continue to be reviewed at regular intervals to ensure it remains appropriate, relevant and ambitious and supports the delivery of the Council Plan.

4.43. In the context of the future strategic direction of the Council the following areas have been considered when developing the budget package:-

- The budget has been reviewed to ensure it has a positive impact on the following six key challenges identified for the borough as set out in the Council Plan:
  - Tackle the climate emergency;
  - Grow a local economy that delivers good local jobs;
  - Support more children and young people to make the best start in life;
  - Enable more adults to live longer, healthier and happier lives;
  - Make all neighbourhoods even better places to call home; and
  - An efficient and empowering council.
- The budget also reflects the Council's "Stronger Futures – A Plan for Recovery and Renewal." This plan builds on the six priorities in the current context of the pandemic and recovery and includes a further priority to tackle the poverty emergency. The Council will also ensure that supporting good mental health remains central to all of these priorities; and
- The impacts of any decisions on these priorities have been carefully considered to avoid any detrimental impact and to ensure that resources are in place to deliver against the objectives.

4.44. To refine the 2021-25 budget package and ensure its deliverability, a series of budget review sessions have been held throughout the budget planning cycle involving Cabinet Members and key officers. The budget report has also been scrutinised by the Cheshire West and Chester Overview and Scrutiny Committee.

4.45. A public engagement exercise 'Unprecedented Times' took place between 23 October and 3 December on the four-year budget plans. There were a variety of ways for people to take part, including:

- Online engagement activities on the dedicated consultation webpages including surveys and ideas boards;
- Interactive online and webcast Cabinet Question Time event that gave the public an opportunity to question Cabinet members directly about the budget proposals;

- Dedicated workshops and awareness raising activities with a range of partners and stakeholders;
- Consultation document and questionnaire – available in alternative formats including hardcopy and Easy Read; and
- Dedicated email, telephone number, postal address and social media channels for responses.

4.46. The consultation approach was adapted in light of Covid-19 to ensure that respondents could take part in a safe way whilst providing those who aren't digitally enabled with alternative ways to give their views. Members were also asked to help publicise the consultation locally via a Councillors toolkit. In all, 190 people submitted a response to the consultation and 524 people engaged with the consultation in some form.

4.47. **Appendix A** provides an overview of the key messages from the engagement exercise and the Cabinet's response to each of these. The full feedback received is available in the background document – 'Unprecedented Times ' Feedback Report'.

4.48. The result of this process is a balanced budget for 2021-22 and an indicative budget for 2022-25 which is aligned to the Council's priorities. The next section of the report starts to break down the detail of the budget.

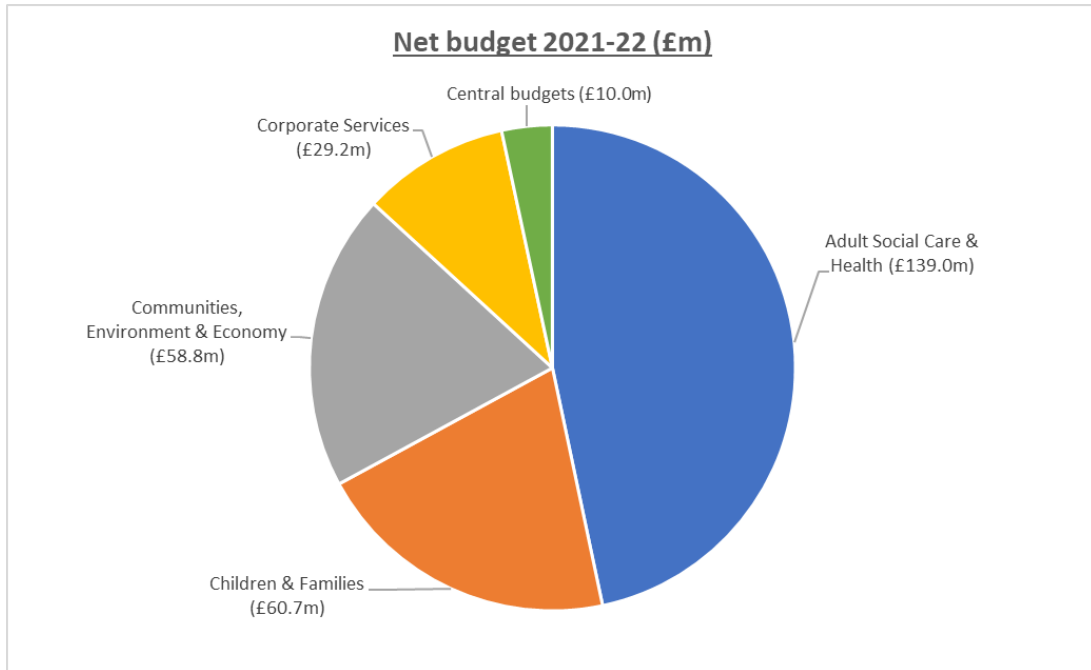
### 2021-22 Council Budget

4.49. Taking into account the recommendations set out in this report, the proposed budget for 2021-22 is set out in the following table. This shows an increase in the net costs of the Council to £329.8m from 2020-21.

	Net Budget	
	2020-21 £m	2021-22 £m
Service expenditure	290.210	297.702
Capital financing	22.080	22.957
Contingencies	10.574	9.175
<b>Total Costs</b>	<b>322.864</b>	<b>329.834</b>
Funded by:		
Government Grants	(53.096)	(61.911)
Business Rates	(60.358)	(60.043)
Council Tax	(195.557)	(203.674)
Net use of reserves	(10.521)	(41.694)
Collection Fund (Surplus) / Deficit	(3.332)	37.488
<b>Total Funding</b>	<b>(322.864)</b>	<b>(329.834)</b>

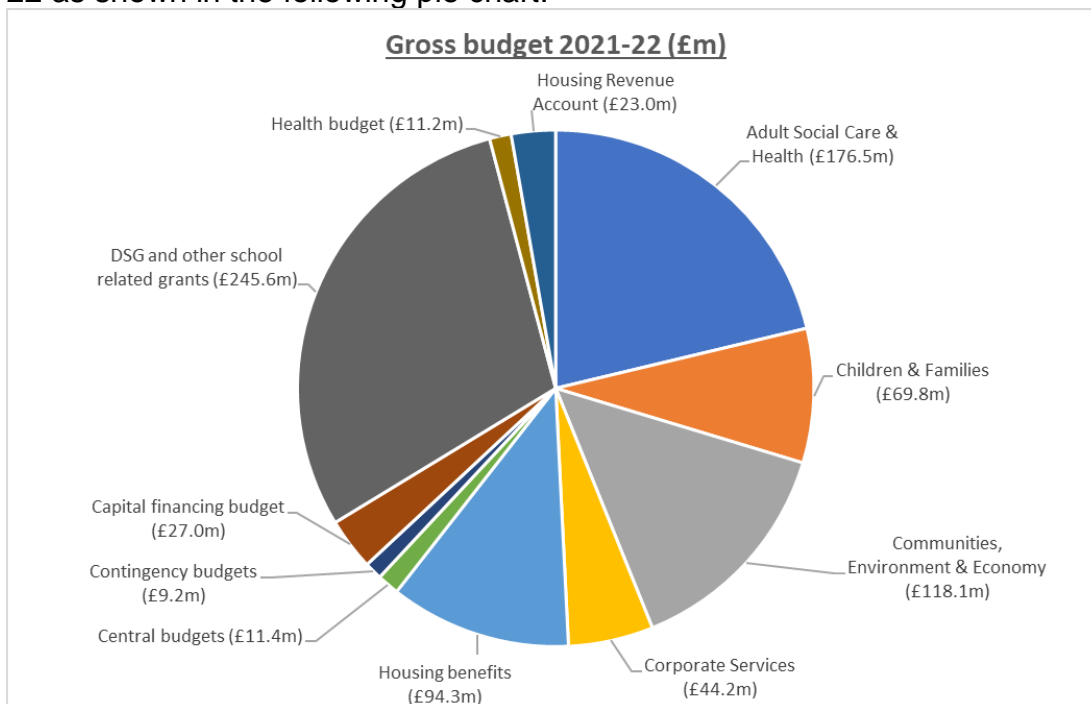
Note - the net budget approved in 2020-21 was £322.151m. This increased to £322.864m following an increase in the Public Health grant.

4.50. The 2021-22 expenditure is allocated across the services as shown in the following pie chart:



\* Net expenditure reflects the total amount of expenditure after income has been deducted.

- 4.51. **Appendix B** provides an analysis of key changes in service expenditure between 2020-21 and 2021-22. An analysis of the key changes in capital financing and contingencies is included in **Appendix H and E**.
- 4.52. The budgets shown in the table above are net of specific grants and other income contributions. In total, the Council will be responsible for spending almost £830m of public funds delivering services across the borough in 2021-22 as shown in the following pie chart.



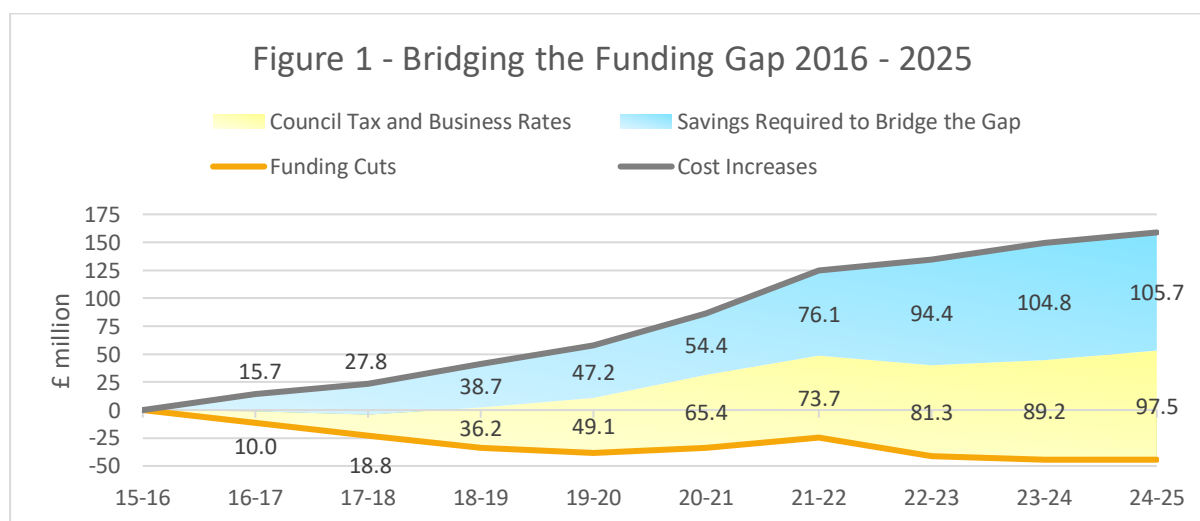
\* Gross expenditure reflects the total amount of expenditure before income has been deducted.

### Overall Funding Gap

4.53. As set out in paragraph 4.8 the Council faces a funding gap of £30.0m in 2021-22 and a further £53.4m in 2022-25. This gap is explained by the following pressures which the Council has had to address, as set out in the following table.

Component element	2021-22 £m	2022-25 £m	Total by 2024-25 £m
Total Reduction / (Increase) in Government funding	(8.8)	19.5	10.7
Budget pressures within Services	21.7	18.1	39.8
Council wide and additional Cost Pressures	17.1	15.8	32.9
<b>Total funding gap</b>	<b>30.0</b>	<b>53.4</b>	<b>83.4</b>

Figure 1 illustrates the overall funding gap that the Council has had to bridge since 2015 and is forecast to 2025, necessitating cost reductions and Council Tax increases.



### Government Funding Changes

(Appendix C)

- 4.54. The Provisional Local Government Financial Settlement in December 2020 was a single year settlement and announced funding allocations for 2021-22 only.
- 4.55. Over the four-year budget planning period core Central Government grant funding is forecast to reduce by £10.7m with a temporary increase of £8.8m in 2021-22 reflecting the significant short term pressures on the Council relating to Covid-19.

- 4.56. The increase in allocations of grant funding largely reflects temporary funding allocated to fund the financial impact of Covid-19, both in terms of the ongoing and additional cost pressures of the response and the impact on the Council's taxbase and collection of Council Tax and Business Rates. Additional funding of £0.7m has also been allocated to fund the continuing increases in both the demand and costs of social care services. However, even though there is an overall increase in funding there is a reduction of £3.5m in the level of New Homes Bonus grant in 2021-22.
- 4.57. The funding gap currently assumes that a number of government grants, totalling £10m, will continue over the four-year period. There is therefore a risk that the funding gap could increase by this amount if this funding does not continue beyond 2021-22. Further detail on the allocations of grant funding are set out in **Appendix C**.
- 4.58. Over the medium term there continues to be a shift towards an increased reliance on Council Tax and Business Rates income with the expectation that the Local Government sector will become increasingly financially independent. Following further delays to the review of the Business Rates Retention Scheme and Fair Funding Review it is still unclear what the impact of any proposed national changes will be, so a net neutral position is assumed for financial planning purposes and will continue to be kept under review.
- 4.59. The nationally mandated Better Care Fund (BCF) which was introduced to support the integration of health and social care through pooled budget arrangements between local authorities and Clinical Commissioning Groups, will continue through to 2021-22.
- 4.60. At the time of publishing this report the Policy Framework and operational guidance for 2021-22 has not yet been published by NHS England, and therefore the details of the plan are yet to be confirmed. The finalised plans will be underpinned by a formal Section 75 agreement, outlining how resources will move across partner organisations.
- 4.61. Members are asked to delegate Council approval of the 2021-22 BCF plan (including underpinning Section 75 agreement) to the Deputy Chief Executive (Health and Wellbeing) and Director of Finance, following sign off by Health and Wellbeing Board and consultation with the Leader of the Council as Chair of the Health and Wellbeing Board, and the Cabinet Member for Legal and Finance. Further information on the Better Care Fund is included in **Appendix C**.

### **Budget Pressures within Services**

### **(Appendix D)**

- 4.62. The focus for the Council is the delivery of the six key challenges as detailed in the Council Plan as well as the Stronger Futures plan for recovery and renewal. The aim is to deliver the best possible services; improving the quality of life for all residents and reducing inequality across the borough. All investment proposals have been scrutinised by Members and Officers as part

of the budget review session process to ensure they align with the Council's key priorities.

- 4.63. In total investment of £21.7m has been included in the 2021-22 budget and a further £18.1m is planned for 2022-25.
- 4.64. As referred to paragraph 4.35 – 4.41 the Council's most significant cost drivers continue to be the ageing population and ensuring vulnerable children and adults are properly safeguarded. This Council, in line with the national trend, has experienced financial pressures associated with the rising complexity and cost of children in care. It also continues to face continually increasing costs of adult social care with increased demand coupled with increased costs of provision to ensure sustainability of services and reduce the risk of provider failure.
- 4.65. Whilst the continuation of existing funding streams along with some additional funding was confirmed in the Settlement, the Council has also recognised these cost pressures by further investing in Social Care provision. In addition, the £0.3m included in the 2020-21 budget to support initiatives arising from the work of the three Member Champions for Poverty, Climate Change and Mental Health has been made permanent to ensure the positive work being done in each of those areas can continue.
- 4.66. The investment in this budget is contained in **Appendix D** and is summarised in the following table, grouped by Directorate.

<b>Directorate</b>	<b>2021-22 £m</b>	<b>2022-25 £m</b>	<b>Total by 2024-25 £m</b>
Adults	11.972	13.162	25.134
Childrens	2.683	2.547	5.230
Communities, Environment & Economy	5.252	2.031	7.283
Corporate Services	1.794	0.371	2.165
<b>Total</b>	<b>21.701</b>	<b>18.111</b>	<b>39.812</b>

### **Council Wide Cost Pressures**

### **(Appendix E)**

- 4.67. Each year the Council's budget needs to take account of the price-driven cost pressures of commissioning/providing services. These include core costs such as inflation and pay awards. The Council also has a number of budgets that are held centrally on behalf of all services.
- 4.68. The following table sets out the additional pressures that the Council needs to reflect within its budgets for 2021-22 and currently anticipates for 2022-25.

<b>Cost Presures</b>	<b>2021-22 £m</b>	<b>2022-25 £m</b>	<b>Total by 2024-25 £m</b>
Permanent calls on contingency in 2020-21	4.284	0.000	4.284
Changes to contingency budgets	(1.399)	15.558	14.159
Changes to capital financing budget	0.877	4.598	5.475
Changes to central budgets	3.190	(8.573)	(5.383)
Changes to collection fund	41.275	(37.488)	3.787
Changes to earmarked reserves	(31.173)	41.694	10.521
<b>Total</b>	<b>17.054</b>	<b>15.789</b>	<b>32.843</b>

4.69. The total net impact of these cost pressures contributes £17.1m to the budget gap in 2021-22. A further £15.8m of cost pressures over 2022-25 contribute to the gap over that period.

4.70. The 2021-22 budget includes the addition of a temporary Covid Response Budget of £9.7m. This budget is funded by grant received from Central Government to cover any costs in 2021-22 arising from the continuing Covid-19 response, along with Council resources. This budget will also be available to fund anti-poverty initiatives and support residents suffering financial hardship as a result of the pandemic, and to provide support for economic recovery within the Borough.

4.71. The budget also includes a capacity contingency of £1.6m. This has been created in order to fund any additional resources required to support the delivery of the Council's key savings proposals, and to deliver key initiatives to ensure that the Council operates in the most efficient and effective way. Allocations from this contingency will be approved by the Director of Finance.

4.72. Further detail is set out in **Appendix E**.

### **Funding Gap - Solutions**

4.73. Taking into consideration the changes in available funding and the price driven and demand driven cost pressures, the Council's residual shortfall of funding in 2021-22 is £30.0m and over the four years is a gap of £83.4m. This is met in two ways:-

- Through changes to service delivery or efficiencies in the way the Council operates; and
- Through generating additional income locally.

4.74. Funding solutions totalling £30.0m in 2021-22 and £72.9m over the four years have been identified as summarised in the following table, and are explained in further detail in the sections that follow.

<b>Paragraphs</b>	<b>Component element</b>	<b>2021-22 £m</b>	<b>2022-25 £m</b>	<b>Total by 2024-25 £m</b>
4.75 - 7.78	Savings proposals in Budget	(21.7)	(19.1)	(40.8)
4.79 - 4.92	Locally Generated Income	(8.3)	(23.8)	(32.1)
	<b>Total solutions to fund the gap</b>	<b>(30.0)</b>	<b>(42.9)</b>	<b>(72.9)</b>

## Savings Proposals

(Appendix D)

4.75. The 2021-22 budget includes savings proposals of £21.7m and a further £19.1m over 2022-25. All budget proposals have been scrutinised by Members and officers as part of the budget review session process to ensure deliverability. Given the significant savings to be delivered in 2021-22 and additional pressures as a result of Covid-19, a one-off Capacity Contingency of £1.6m is being established in 2021-22 to ensure there is appropriate resource dedicated to delivering these savings.

4.76. The savings proposals are detailed in **Appendix D** and are summarised in the following table, grouped under the following key categories:

- **Service redesigns and restructures** – These savings will be generated through redesigning and restructuring services to find better and more efficient ways of delivering the same level of service but at lower cost. This could include changing the way that services are delivered to ensure they best meet residents' needs.
- **Changes to policies or levels of service** – These savings will include changes to Council policies and may include reductions in the level of service provided, or closures of specific facilities (subject to consultation feedback).
- **Savings to be delivered by Council companies** – These will be delivered through the work of the Council's companies.
- **Commissioning savings** – Savings to be achieved through effective recommissioning of current contracts held by the Council to reduce the cost paid, including reviewing the level of services to be delivered by service providers.
- **Income generation** – Additional income that will flow to the Council by ensuring that users of Council services make appropriate contributions to their cost, and by ensuring that the Council maximises funding from external sources where relevant.
- **Technical savings** – These are budget reductions that can be made without any changes to Council policies or service levels.
- **Temporary investment dropping out** – Temporary investment included in the budget for prior years is removed once it is no longer required. This could include investment required to deliver savings proposals, or to reprofile savings into future years.

	2021-22 £m	2022-25 £m	Total by 2024-25 £m
Service redesigns and restructures	(8.720)	(11.587)	(20.307)
Changes to policies or levels of service	(0.118)	(0.895)	(1.013)
Savings to be delivered by Council companies	(0.980)	(0.760)	(1.740)
Commissioning savings	(0.750)	(1.500)	(2.250)
Income Generation	(2.141)	(1.715)	(3.856)
Technical savings	(8.973)	(0.274)	(9.247)
Temporary investment dropping out	0.000	(2.339)	(2.339)
<b>Total</b>	<b>(21.682)</b>	<b>(19.070)</b>	<b>(40.752)</b>



4.77. The savings proposals reflect the inclusion of some savings that are subject to the outcome of individual consultations.

4.78. A number of the proposals will have a staffing impact where they involve service redesigns and structural reviews and staff will be aware of these through the budget engagement and other consultations. The savings needed over the coming four years involve reductions of approximately 170 posts. The Council will seek to minimise the number of redundancies through; not appointing to vacancies, removing vacant posts and considering options for redeployment and the support required for the Covid-19 response and recovery.

## Locally Generated Income

## (Appendix F)

4.79. There is a clear move towards the Local Government sector becoming financially independent of Central Government with acknowledgement that councils are best placed to make local decisions. Locally generated income is increasingly important and represents an increasingly large share of the funding the Council has available to pay for its services.

4.80. There is additional income that will be generated in 2021-22 in relation to Council Tax and Business Rates. The impact of these changes is summarised in the following table and will contribute an additional £8.3m of income in 2021-22 and a further £23.8m assumed in 2022-25.

Locally Generated Funding	2021-22 £m	2022-25 £m	Total by 2024-25	Explanation
Council Tax	(8.117)	(20.607)	(28.724)	This includes changes to the taxbase and increased income as a result of Council Tax levels and Adult Social Care precept (see Council Tax income section below and Appendix F)
Business Rates	(0.140)	(3.176)	(3.316)	This includes inflationary increases (see Business Rates section below and Appendix F)
<b>Total</b>	<b>(8.257)</b>	<b>(23.783)</b>	<b>(32.040)</b>	

## Council Tax Income

4.81. Additional Council Tax income of £8.1m is included in the 2021-22 budget and a further £20.6m assumed in 2022-25. This is comprised of three component parts as shown in the following table.

Council Tax	2021-22 £m	2022-25 £m	Total by 2024-25 £m	Explanation
Taxbase changes	1.564	(7.890)	(6.326)	The 2021-22 taxbase of 122,724 Band D properties represents a reduction of 0.8%. This factors in forecast housing growth and the cost of the Council Tax Reduction scheme (see Appendix F for further details)
Council Tax strategy	(3.861)	(12.717)	(16.578)	A basic Council Tax increase of 1.99% is proposed for the year and assumed for future years (see below and Appendix F)
Adult Social Care precept	(5.820)	0.000	(5.820)	An Adult Social Care precept increase of 3% is proposed in 2021-22 (see below and Appendix F)
<b>Total</b>	<b>(8.117)</b>	<b>(20.607)</b>	<b>(28.724)</b>	

## **Council Tax Strategy**

- 4.82. Council Tax is a critical part of this Council's funding and represents over half of the Council's net budget. In determining the level of Council Tax, it is a careful and difficult consideration for councils to weigh up between raising local income to protect valuable services and the need to take into account residents' ability to pay.
- 4.83. The Provisional Settlement in December 2020 confirmed that should the Council wish to raise the basic level of Council Tax in 2021-22 by more than 1.99% (excluding the Adult Social Care Precept) it would be necessary to hold a referendum with residents.
- 4.84. The 2021-22 budget proposes a basic Council Tax increase of 1.99%. An increase of 1.99% p.a. is also assumed in the budget plan for each of the following three years, in line with Central Government assumptions.
- 4.85. The Council is aware of the financial challenges that some of the borough's most vulnerable residents face, particularly in relation to the payment of Council Tax. The following support is available:-
- The Council has in place a Council Tax Reduction Scheme that supports residents with Council Tax bills. Despite the significant funding gap the Council has chosen to protect this scheme. During 2021-22 a review of the Scheme will be undertaken to ensure it continues to support the borough's vulnerable residents while being affordable within the resources available to the Council;
  - The Council has a Discretionary Hardship Fund to ensure that residents receive appropriate levels of financial support when they need it;
  - The Council has a Help in Emergencies for Local People (HELP) scheme which is a scheme offering local welfare assistance including support for exceptional needs and residents in crisis; and
  - The Council has created a Covid-19 Response budget, part of which will be available to fund anti-poverty initiatives and provide support to residents suffering financial hardship as a result of the pandemic.

## **Adult Social Care Precept**

- 4.86. As is the picture nationally, the Council continues to face significant pressure in meeting its statutory responsibilities relating to adult social care as set out at paragraphs 4.36 – 4.37 above.
- 4.87. In recognition of the significant pressures faced by councils in relation to adult social care, Central Government have once again given councils an option to raise an additional precept of 3% on Council Tax bills in 2021-22. There is an expectation from Central Government that all councils with adult social care responsibilities will increase their Council Tax by this additional 3% in order to achieve the increase in core spending power announced in the Settlement.

Whilst mindful of any burden this places on the Council Taxpayer, the Council proposes to raise Council Tax by another 3% in 2021-22 to help address these pressures. Central Government have not confirmed whether the precept will be available in future years. The additional funding raised through the precept in 2021-22 will be £5.8m which will only partially address the cost pressures faced.

- 4.88. Overall the Council will invest £12.0m in Adult Social Care in 2021-22 to meet budget pressures. The following table outlines the areas of investment that the Adult Social Care Precept will contribute towards funding in 2021-22:

<b>Adult Social Care Investment 2021-22</b>	<b>£m</b>
Inflationary pressures and market sustainability	5.757
Demographic Growth:	
To support rising numbers and complexity of adults with learning disabilities	3.815
To support rising numbers and complexity of adults with mental health needs	0.450
To support rising numbers of older people to maintain their independence	0.451
Additional capacity to support transformation and delivery of key priorities	1.099
Growth for emerging pressures	0.400
<b>Total</b>	<b>11.972</b>

### **Overall Impact on Council Tax Bills**

- 4.89. The resulting Band D Council Tax for 2021-22, taking into account an overall increase of 4.99%, will therefore be £1,659.61 which is an increase of £1.51 per week. The overall increase on the Council Tax bill will depend on the precepts of Police, Fire and parish/town councils.

### **Business Rates**

- 4.90. The Business Rates Retention Scheme has been in operation since 2013-14 with the Council retaining a proportion of the Business Rates it collects and the remainder being paid over to Central Government and a small amount to Cheshire Fire and Rescue Service. Business Rates is covered by a national framework and the Council has very limited discretion over it. The rate is set nationally and is increased annually in line with inflation.
- 4.91. Since 2016-17 the Council has been a member of the Greater Manchester and Cheshire Business Rates Pool. Membership of the Pool allowed the Council to retain a higher level of business rate growth than it would otherwise, through a reduced levy payment, in return for the Pool taking on the risk of funding losses that would otherwise have been funded from the Government's safety net provision. Given the significantly increased levels of uncertainty around the Business Rates income nationally in 2021-22 as a result of Covid-19, the Pool is being dissolved to reduce the risk to its members of having to fund significant losses. This will result in the Council returning to making a levy payment to Central Government of £1.2m compared to a pooling payment last year of £0.8m.

4.92. The 2021-22 budget includes additional Business Rates income of £0.1m and further income of £3.2m in 2022-25 as a result of the nationally set multiplier being increased by inflation (CPI), as shown in the following table.

Business Rates	2021-22 £m	2022-25 £m	Total by 2024-25 £m	Explanation
Business Rates growth	(0.140)	(3.176)	(3.316)	This assumes inflationary increases linked to the Consumer Prices Index.
<b>Total</b>	<b>(0.140)</b>	<b>(3.176)</b>	<b>(3.316)</b>	

## Collection Fund

4.93. The Council operates two Collection Funds, one for Council Tax and the other for Business Rates. Each year, the Council forecasts the current year's surplus/deficit on each of these funds and this is usually distributed in the following financial year. Should the actual surplus or deficit be different, the remainder will be distributed in the following financial year. The Council's residual surplus of £3.023m (£2.933m Business Rates and £0.090m Council Tax) relating to 2019-20 will be distributed in 2021-22.

4.94. The pandemic has had a significant impact on both Business Rates and Council Tax, with significant support packages being put into place for businesses, increases in the number of households claiming support with their Council Tax bills and reductions in collection rates. As a result of this, the expected deficit on the Collection Funds in 2020-21 is in excess of £87.5m (Council share is £43.6m). However, £38.9m of this deficit is as a result of the timing issue between the release of the Collection Fund deficit and the accounting treatment required for the receipt of the grant reimbursement for business rate reliefs paid in year. The actual deficit without this timing issue is £4.7m. The deficit will therefore be managed as follows:

- The reimbursement from Central Government of £38.9m related to the cost of 2020-21 Business Rates relief given to retail, hospitality and leisure businesses and nurseries. The funding for these reliefs will be fully reimbursed by Central Government but will be accounted for in the general fund in 2020-21 rather than the Collection Fund. The funding relating to 2020-21 will be set aside in the Collection Fund Deficit Reserve and released in 2021-22, when the Collection Fund deficit is released;
- Central Government has legislated that local authorities with a residual deficit after this must spread this equally over the next three financial years. As a result, over £3.1m of the residual deficit of £4.7m will be deferred to 2022-23 and 2023-24; and
- Government has also announced support to cover local authorities for 75% of irrecoverable in-year losses related to 2020-21. Expected income of £3m from this scheme will be put into the Collection Fund Deficit reserve and released over the next three financial years to partially offset the 2021-22 and deferred elements of the deficit.

4.95. Members are asked to approve a drawdown of £37.094m from the Collection Fund Deficit reserve in order to fund the impact of the above in 2021-22. See **Appendix E** for further information.

### **Future Year Budget Position 2022-2025**

4.96. As referred to in paragraphs 4.21 – 4.25 there is considerable uncertainty about the future funding levels for the Council going forward. Given this uncertainty, it is more important than ever for the Council to have a long-term Council Plan and Budget.

4.97. Whilst the one-year settlement brings with it considerable uncertainty about future year’s funding, the following table shows that the estimated funding gap, and hence possible savings, over the period 2022-25 is £10.5m. This is on top of the existing savings proposals of £19.1m and locally generated income of £23.8m for the period 2022-2025. This position assumes that a number of government grants, totalling £10m, will continue over this period. There is therefore a risk that the budget gap could increase to £20.5m should this funding not continue.

	<b>£m</b>
<b>Funding Shortfall for 2022-25</b>	<b>10.5</b>
Grants that may potentially cease in 2022-23:	
Revenue Support Grant	3.3
Improved Better Care Fund	3.5
Adult Social Care Support Grant	3.2
<b>Gap if funding is not permanent</b>	<b>20.5</b>

4.98. Bridging this gap will be challenging and given the scale it is realistic that the Council will need to consider further savings proposals to be delivered. This will be a significant challenge even given the Council’s track record of financial management and will require continuing rigorous review of all areas of the Council’s budget. The Council will continue to engage with national groups to lobby Central Government to resolve temporary grant funding, provide increased and long-term sustainable funding for adult and children’s social care, and confirm the Council’s longer term funding position.

4.99. The Council is considering a range of options to deliver further savings including: -

- Identifying opportunities to reduce the cost of demand led services, focusing on Adults and Children’s Social Care and continuing to reduce the need for costly reactive services by focusing on early intervention and prevention to prevent increasing demand;
- Ensuring that resources are targeted to areas of greatest need and all the Council’s resources have a positive impact on the key challenges in the Council Plan and Stronger Futures Plan;

- Ensuring all assets work for the Council and are facilitating local growth and maximising revenue. Making reductions in the Council's operational asset base where changes in working practice arising from the Covid-19 pandemic make it appropriate to do so;
- Identifying opportunities for service redesign and transformation by optimising the use of technology and delivering service improvements and efficiencies;
- Identifying opportunities to deliver efficiencies through the recommissioning of significant contracts with suppliers, including reviewing the level of services to be delivered by service providers;
- Identifying opportunities for income generation and external funding;
- Ensuring a modern, flexible and fit for purpose workforce;
- Identifying alternative ways to deliver services, through collaboration and different delivery vehicles or providers and taking into account the changes in service delivery as a result of Covid-19;
- Continuing to explore opportunities for health integration; and
- Identifying opportunities for the development of the Council companies.

4.100. The potential scale of the savings needed over the next four years (given the assumptions in the report) may require some further structural reviews of Council services. The Council remains a good employer and values its staff, paying a local living wage, having a performance management framework and engagement with staff and their representative bodies. However, should the need arise to look at further staffing savings as 2022-25 budgets are developed, appropriate consultation will be undertaken and all efforts made to minimise the impact on the Council's workforce and its morale.

### **Impact on Council Reserves**

### **(Appendix G)**

4.101. The Council holds a range of reserves for different purposes. The General Fund is the Council's primary reserve which exists to provide the Council with a contingency against unexpected events which could otherwise undermine the Council's sound financial standing. The Council is clear it has a duty to protect public money and equally to ensure Council Taxpayers' money is used prudently. However, the Council is mindful of ensuring reserves are used appropriately and where possible utilised to make a difference in difficult circumstances.

4.102. As required by the Local Government Act (2003), the Council's S151 Officer has undertaken a risk assessment, considering a range of national and local factors, to determine the appropriate level of reserves for the Council. This report is attached as **Appendix G**.

4.103. The financial future for local authorities is increasingly challenging and contains a number of significant uncertainties, not least as a result of the ongoing financial impacts of Covid-19, and Spending Round 2020 again covering only one year. The appropriate level of reserves has to be assessed against this environment and it is therefore considered appropriate to have general reserves around 8% of the Council's net budget. Allowing some flexibility around this figure for changing circumstances, a General Fund

balance between £24.9m - £27.9m would be considered prudent as a target for March 2022.

- 4.104. The estimated General Fund position for 31 March 2021, based on the Third Review of Performance report considered by the Cabinet on 13 January 2021, is £24.7m. There are no proposals to use the General Fund in 2021-22 therefore the forecast balance at March 2022 is £24.7m.
- 4.105. It is recognised that this puts the Council's balance marginally below the lower end of the risk assessed level, although it should be noted that the net budget includes temporary Covid-19 funding for 2021-22. If this is excluded, the level of general reserves is within the risk assessed range. The S151 Officer's opinion is that this General Fund position is appropriate and should be maintained at this level, being mindful of the significant savings that need to be delivered in 2021-22 and the significant uncertainty about the future funding position and the unknown impact of Covid-19. To increase the level of reserves would necessitate further savings to be made from elsewhere in the Council's budget and it is not considered appropriate at this time.
- 4.106. The level of reserves is supported by CIPFA's Financial Resilience Index which was first published in December 2019 and showed that the Council's reserves position was largely positive compared to other councils and was at the low end of risk in relation to its reserves. Due to Covid-19 there has been a delay in publishing an updated financial resilience index and it is now anticipated that it will be published in February 2021.
- 4.107. In addition to the General Fund, the Council also holds a range of earmarked balances set aside to fund specific costs to be incurred in future years, totalling £89m across 27 balances at March 2022. Each reserve is subject to a regular monitoring process to ensure it remains relevant and is achieving its stated objectives. The balance of earmarked reserves is forecast to reduce to £68m (21 balances) by the end of this four-year budget plan as the balances are utilised for their intended purpose.
- 4.108. A review of all earmarked reserves has been undertaken and approval is now sought to release 14 balances totalling £3.8m for which the liabilities have not materialised and the balance is therefore not now required. This £3.8m will support general Council expenditure in 2021-22. Members are also asked to approve specific drawdowns from the Shareholder Reserve (£0.8m, paragraph 4.137) and Collection Fund Deficit Reserve (£37.1m, paragraphs 4.93 – 4.95). Further detail on the Council's reserves is included in **Appendix G**.

## **Capital Programme**

**(Appendix H)**

- 4.109. Investment in infrastructure and assets across the borough plays a vital part in the Council being able to make progress against its key challenges over the next four years. As the Council's funding is increasingly tied to locally generated funding streams, it is more important than ever to invest in facilitating infrastructure to support and promote growth and to generate

income from the key funding streams such as Business Rates, Council Tax and rental income. The capital programme is also a chance for the Council to deliver on some significant commitments for the borough contained within the Council Plan.

4.110. Capital investment provides the chance to make a real difference to residents and visitors, support economic growth and recovery, and generate income. The investment the Council is planning over the next four years will deliver the following key outcomes:

- Significant **regeneration of town centres** across the borough including:
  - Phase 1 of the Northgate development in Chester, which will deliver new leisure and entertainment attractions including a new reinvigorated indoor market, a new public square for the city, linking the new market hall, Storyhouse and the Town Hall.
  - Winsford Town centre regeneration. Following the announcement of the successful bid for Future High Street Funding of £9.98m, over £20m will be invested to create an attractive and functional town centre that serves as a sense of place to support communities, attracting long term commercial uses alongside community uses, quality public realm and an improved town centre environment.
  - Investment in Ellesmere Port town centre, including the delivery of a public sector hub for public and third sector service providers, acting as a focal point for access to a range of standalone and integrated public services.
- Investment in **housing** across the borough including social housing, market sale and affordable housing resulting in approximately 440 new homes, of which 237 will be affordable homes.
- **Children and Young People** - Investment in maintenance and improvements to around 130 schools and funding that will deliver in the region of 1,500 school places within the Borough.
- Investment in adaptations to peoples' homes and improvements to Adult Social Care facilities to support and **enable people to live independently** for as long as possible.
- Investment to support improvements to our **leisure facilities**, focussing on those assets which are best placed to help meet the Councils health and wellbeing objectives.
- **Highways and Transport** - Management and maintenance of infrastructure, including roads and bridges and Chester City Walls – reducing the number of potholes on the roads and carrying out essential structural repairs. Investment in upgrading key transport and pedestrian structures on the major road network and providing safe and sustainable transport. The investment will help to support economic growth and recovery, delivering the Council's key priorities to attract and retain new investment, graduates, residents, housing and development.
- **Tackling the Climate Emergency** - Investment to support the development of a Carbon Reduction Strategy and support to schemes that deliver quantifiable carbon benefits such as renewable energy, energy efficiency, waste reduction, zero or low carbon transport and natural capital/natural environment projects.



4.111. The programme also includes funding for wider scheme development which should enable the Council to respond to current and future external funding announcements, and contingency funding to fund any increased costs as a result of Covid-19 impacts.

4.112. The Council has plans to invest £264m over the four-year period 2021-25, with a further £129m of investment identified for schemes currently in the development phase. The following table outlines the areas of investment that are included within the capital programme.

### Summary Capital Programme 2021-25

Schemes for Approval	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	Total £m
Children & Young People	14.9	11.5	8.4	16.1	50.9
Adults	3.2	3.4	3.4	3.4	13.4
Climate Emergency	2.5	2.5	0.6	-	5.6
Regeneration	3.8	5.6	7.1	5.6	22.1
Highways & Transport	13.5	12.9	13.4	13.3	53.1
Housing	11.1	11.3	8.6	8.3	39.3
Culture & Leisure	4.4			-	4.4
Asset Management	12.4	4.5	3.8	3.8	24.5
Major Projects	37.6	1.3	-	-	38.9
ICT & Digital	4.3	2.4	2.0	2.2	10.9
Council Wide	1.3	-	-	-	1.3
<b>Total Schemes for Approval</b>	<b>109.0</b>	<b>55.4</b>	<b>47.3</b>	<b>52.7</b>	<b>264.4</b>
<b>Funded by:</b>					
External Funding/Contributions	44.4	39.2	33.6	38.8	156.0
Borrowing	54.6	7.4	5.6	7.3	74.9
Ringfenced Borrowing	2.9	2.5	0.6	-	6.0
Capital Receipt/Capital Reserve	7.1	6.3	7.5	6.6	27.5
<b>Total Funding of Schemes for Approval</b>	<b>109.0</b>	<b>55.4</b>	<b>47.3</b>	<b>52.7</b>	<b>264.4</b>

Schemes under Development	Total 2021-25 £m
<b>Total Schemes under Development</b>	<b>128.6</b>
<b>Funded by:</b>	
External Funding/Contributions	39.1
Borrowing	51.2
Ringfenced Borrowing	30.2
Capital Receipt/Capital Reserve	8.1
<b>Total Funding of Schemes Under Development</b>	<b>128.6</b>

4.113. The Council must balance the aspirations to spend on capital with the impact (the repayment of any borrowing) it may have on its revenue budget and its ability to provide day to day services to its residents. The Council has therefore adopted a policy for a number of years of ensuring the cost of paying

for its capital programme (historic and current) does not consume more than 10% of its available net spend in any one year.

- 4.114. Key challenges in the development and delivery of the capital programme include:
- Developing a capital programme which is affordable within available resources;
  - Ensuring the capital programme is aligned to the Council Plan;
  - Ensuring schemes are only included within the approved capital programme when they are ready to be delivered and the project timescales are realistic;
  - Using the Council's limited funding to lever in external funding; and
  - Having the ability to respond to Government announcements regarding additional grant funding.
- 4.115. In accordance with the agreed capital governance process, every allocation in the capital programme will be supported by a robust business case clearly illustrating the contribution the investment will make towards the delivery of the Council Plan. The business cases will be signed off by the Director of Finance and the Cabinet Member for Legal and Finance in advance of any expenditure being incurred.
- 4.116. The capital programme, as shown above, is split into two component parts - schemes which are ready to be delivered in 2021-25 and schemes under development. This will improve the Council's ability to deliver its approved programme, ensure value for money for schemes still under development and ensure appropriate governance through the completion of developing business cases. The proposed capital programme for 2021-22 sets out plans to invest £109m, with a further £284m proposed for the four year period 2021-25, subject to schemes under development being in a position to progress.
- 4.117. The first category is a list of approved capital schemes which are ready to be delivered in 2021-25. These total £109m in 2021-22 and a further £155.4m in 2022-25 as shown in paragraph 4.112 with detail of the schemes included in **Appendix H**. Within this list of approved schemes there are a number of schemes where a number of plans are currently being developed to support the delivery of the programme. These include:
- Carbon Reduction;
  - Asset Management;
  - Council-wide Fleet;
  - ICT;
  - Housing; and
  - Network Management and Development.
- 4.118. Only essential expenditure on these schemes will be permitted in 2021-22 until the plans have been approved. Any non-essential expenditure is conditional on the approval of the relevant plan.
- 4.119. The second category is a number of schemes currently being developed which, subject to confirmation of a number of factors including timescales,

external funding or further clarity of costs, may be deliverable in 2021-22 and future years. These total £128.6m overall.

- 4.120. Further certainty is required before these developing schemes are included in the approved programme, but it is important that funding is available within the approved budget should business cases show that these schemes are ready to progress. In line with existing approvals the Director of Finance and Cabinet Member for Legal and Finance need to approve the addition of any of the capital schemes under development in **Appendix H** to the approved capital programme once the business cases have shown the schemes are in a position to progress, and the business case has been approved.
- 4.121. Reporting of the capital programme in 2021-22 will be based on the £109m Total Schemes for Approval until such time that any of the schemes under development are approved.

### **Major Regeneration and Commercial Developments**

- 4.122. The Council is managing a range of significant town centre developments that support the regeneration of key areas across the borough and are, at least in part, funded by generating new income. These will each be reviewed every six months and the latest position updated and reflected in the budget report each year.
- 4.123. The most significant is the first phase of the Northgate Development, which is currently being constructed in Chester with a projected opening date in Summer 2022. The 2021-25 capital programme contains the final £35m allocation of funding to complete this development. Once operational, the site has a budget target to generate net income of £3.2m per annum from new lettings, Chester market and car parking.
- 4.124. Given the complexity of the development and the challenging economic climate, the ability to deliver the scheme within approved funding and to achieve income targets is closely monitored and financial resilience monitoring tools have been developed to track these financial risks. That process has identified a need to provisionally set aside an additional £0.4m pa in the budget from 2022-23 as a safeguard against the increased risks of opening the development during a period of heightened business uncertainty.
- 4.125. The capital programme also includes an allocation of £3m to secure full Council ownership of key sites within the wider Northgate area and to carry out master planning to determine the best future usage of this site. The budget also reflects a reduction of £5m in the assumed holding value for these assets, recognising the consequences of the limited onward sales value in the current property market. Development of the wider site is likely to require additional funding support from outside the Council. This work will help develop a business case to access/bid against such funding sources.

- 4.126. From 2022-23 a budget allocation of £0.5m has been set aside to reflect the costs of holding and securing the remaining sites (e.g. the Forum), pending the development of a viable development opportunity.
- 4.127. In parallel, the Council is also investing in supporting infrastructure for Chester City Centre through the completion of the new drainage tunnel. This scheme has successfully attracted £5.1m of government funding to support the overall projected £8.8m cost and is due to complete early in 2022. These costs have risen by £1.8m compared to initial estimates and funding is being realigned from within existing 2020-21 capital allocations to address this cost.
- 4.128. Further details on all the above schemes are included in a separate Northgate update report being reported to Cabinet in February 2021.
- 4.129. The Council also has significant regeneration developments at Barons Quay in Northwich and Winsford Cross shopping centres. Both sites were acquired using development accounts, meaning they were expected to generate sufficient surplus income over their life spans to repay all the costs of building/buying the assets. As reported in previous Budget Reports, this is no longer expected to be the case and the Council has already set aside an annual budget provision to fund the gap between the sites' costs and their value (£1.5m p.a. in the February 2020 Budget Report).
- 4.130. These values are regularly reassessed and further adjustments are necessary in 2021-22 to reflect the negative impacts of Covid-19 on the developments. This resulted in higher void levels, slowed progress in completing planned new lettings and reduced rental levels from tenants with 'turnover' rents. As a result, it has been necessary to further increase the budget provision set aside by £0.6m per year.
- 4.131. Barons Quay is expected to make a net loss of at least £0.5m in 2020-21 (after allowing for the £1.5m of budget funding), with potential increases in this number if the current lockdown is further extended. The site remains a high risk in the current trading environment. The leasing strategy is being refreshed to ensure the site is best positioned to respond to the changes in customer and business demand for town centre retail and entertainment.
- 4.132. Winsford Cross is forecast to deliver a marginal loss in 2020-21 (less than £0.1m), again reflecting the difficult retail environment. The Council recently had confirmation that it has been awarded £10m from the Future High Street Fund towards the costs of its £20m+ development plans for Winsford Town Centre. The detailed plans for making this investment in the town will now be finalised, and these will include strengthening the viability of the Winsford Cross site.

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

**(Appendix N)**

- 4.133. The offer from Central Government, announced in 2015, to allow councils to utilise future capital receipts to fund the upfront revenue costs of transformation projects, is still available. The capital programme includes the

use of £1.262m capital receipts for this purpose in 2021-22 as well as £20m over 2021-25 to support the delivery of the capital programme. As Central Government have not confirmed the extension of the scheme beyond 2021-22 it is no longer assumed to be available after that.

4.134. In 2021-22 the receipts will be used to fund the staffing costs of the Public Service Reform Change team and Major Projects team within Finance, who will be supporting the delivery of a portfolio of major projects to transform Council services and deliver significant savings. Details of the projects to be supported and the anticipated savings associated, as well as the outcomes from the capitalisation in 2020-21 are included at **Appendix N**. This position will be monitored during the course of the financial year and should there be any further opportunity to increase the amount a revised Strategy will be brought to Council in year.

4.135. A review of all assets will be concluded in 2021-22 to ensure that all the Council's assets work for the Council and are facilitating local growth and maximising revenue.

### **Council Companies**

4.136. The Council continues to deliver some services via its Council-owned companies where they offer the best solution to deliver cost effective services and works with all its companies to develop longer term strategies and identify opportunities to deliver financial savings and add value for the Council and local residents.

4.137. The Budget Report contains funding to address a number of specific cost pressures within the services delivered by these companies

- **Brio Leisure:** In November 2020 Cabinet approved a new hub and spoke service model for Brio with increased focus on health and wellbeing outcomes for local residents. Funding of £1.6m a year was included within the 2020-21 Budget to support this new model and a £14m investment to improve key sites is included in the capital programme.
- **Cheshire West Recycling (CWR) (Waste):** The Council's waste collection service has been provided by CWR since March 2020 after the previous provider handed back the service. The cost of waste collection has increased significantly in 2020-21, primarily as a result of increasing vehicle costs and a 50% fall in the amount of income that can be generated from selling recyclable waste for processing. A deficit of £1.3m is projected in 2020-21, increasing to over £2m in 2022-23.
- The Council is consulting on changes to its waste strategy that would help offset these pressures. Such savings would also begin to address the further pressure (£4.4m) that the Council will face when the funding

settlement it received from its former waste provider expires in April 2026.

- Until such savings take effect, the higher cost of waste collection will need to be funded. Approvals will be sought through delegated authorities for an initial temporary release from contingencies to part address the estimated £1.3m deficit in 2020-21, final approvals will be sought from Cabinet as part of the outturn reporting process once the necessary values are confirmed. The budgets in this report include setting aside £1.8m from contingency balances and £0.8m from earmarked reserves (shareholder reserve) to offset anticipated pressures in 2021-22. Capital investment of £18.5m has been included in the four year capital programme to replace the collection fleet which is nearing the end of its useful life, this value may need to be reviewed pending the confirmation of the future Waste Strategy in July 2021.

4.138. The companies are also expected to experience the ongoing impact of Covid-19 on their businesses, at least into 2021-22. This is particularly acute within Brio and Edsential where services have been unable to open during lockdown and only partially open while operating under tiered restrictions. While there is still uncertainty about when services will be able to return to normal, there is a high probability that the income that Brio can generate from its sites will be significantly reduced next year and at this time it is unclear what level of government funding will be available in 2021-22 to fund any losses of leisure income. Edsential is also unlikely to be able to fully open its residential centres until at least September. While steps to mitigate any losses will be taken, both companies will require Council financial support if they are to be able to re-open services once the pandemic has passed. Additional funding of £1m has been set aside in the companies contingency against the need to provide additional support to Council companies.

4.139. To support the operation of these companies, the Council provides them with loans to facilitate their cash flow. At the start of the 2021-22 financial year the outstanding loans are forecast to total £3m (reduced from £3.2m at the start of 2020-21).

### **Other Council Budgets**

4.140. In addition to the Council's core budgets it also holds separate ring-fenced budgets in relation to the **Housing Revenue Account** (HRA) (£23.0m gross budget) and funding for local schools and pupils (£302.0m). These are managed as separate funding allocations. A report setting out changes in the HRA budget is on today's agenda for consideration by Members.

4.141. On 17 December 2020, the Department for Education published the schools revenue funding settlement for 2021-22 which includes the provisional allocation of the **Dedicated Schools Grant**. The gross allocation for the Local Authority (prior to academy recoupment) is to increase by £23.4m from £278.6m in 2020-21 to £302.0m in 2021-22.

- 4.142. The DSG budget proposals represent a balanced in year position within the available funding, however, due to ongoing increasing demand for high needs provision, the forecast year end deficit on the grant for 2020-21 (forecast to be £1.6m) will not be recovered within this plan which is the first time this has occurred. In line with Department for Education guidance on recovering DSG deficits, the Council is developing a management plan to bring the overall DSG account into balance within a timely period and focusing on bringing in-year spending in line with in-year resources for 2021-22. The high needs block of the DSG funds specialist education provision, additional support for pupils in mainstream schools and central services to support high needs pupils and schools. The budgets for all elements will be reviewed, in line with the recommendations of the High Needs Strategic Review, to bring the expenditure within the available funding. Further detail can be found at **Appendix J**.

### **Policies supporting the budget**

#### **Debt Repayment Statement (Appendix K)**

- 4.143. The Council's debt repayment statement is contained in **Appendix K**. The statement meets the Council's duty to ensure it makes adequate and prudent provision for the costs of its capital investment decisions.

#### **Commercial Investment Strategy (Appendix L)**

- 4.144. As well as ensuring that it can afford to fund core services and meet its capital investment priorities the Council also needs to consider how it uses its assets and influence to enable growth and generate income for reinvestment into future services. Given the reducing levels of Central Government funding such strategies are increasingly important as a means of making the Council more financially self-sustainable.
- 4.145. To that end the Council developed a Commercial Investment Strategy (attached at **Appendix L**) to enable it to make evidence-based decisions on such investments and to provide a framework against which it can manage its risk exposure. The overall investment objective is "to invest for the benefit of the borough's residents, businesses and visitors in a way that is sustainable, delivers returns commensurate with the risks involved and always with awareness of the Council's overall level of risk exposure."
- 4.146. The strategy aligns with the wider Capital Strategy, whose purpose is to demonstrate that the Council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. The information within the strategy has been refreshed to reflect the latest financial information and to include information on the commercial property portfolio which was previously part of the Capital Strategy.
- 4.147. The Council assesses the performance of its investment assets each year to ensure that they are delivering the returns expected and protecting the value

of the Council's investment in them. As would be expected the performance in 2020-21 has dipped given the wider impact of the pandemic on the businesses and the wider economy. As a result, it is estimated that the net income generated from its investments could be up to £2m below the levels targeted at the point the 2020-21 budget was set. This is largely due to the challenges facing all commercial landlords as their tenants have been unable to trade for significant parts of the year.

- 4.148. The Council also considers its wider risk exposure as part of a Balance Sheet Risk Assessment. This considers the Council's dependence on future income to recover the costs of historic investment decisions and evaluates whether there are likely to be any shortfalls. The latest iterations of this exercise identified that the Council held commitments of £230m from its investment activities over the last 5-10 years. This includes strategic investments, loans/guarantees issued and deposits of surplus cash balances.
- 4.149. Part of this cost has already been funded through the Council's budgets but just over £140m would need to be recovered through operating, recovering or selling on the assets held. The ability to recover this sum has been evaluated and a potential shortfall of between £0m-£5m has been identified. At this level the gap is well within the tolerances of the model and does not represent a risk to the Council's overall financial stability, but will continue to be monitored. The Balance Sheet Risk Assessment will be carried out six monthly and reported back to the Council annually as part of the Budget Report. The 2021-22 budget also includes funding to establish a financial resilience team who will form part of the overall management of financial risk associated with the Council's commercial investments.
- 4.150. The Council holds a significant commercial property portfolio which generates in excess of £8m of income each year. The Council has reviewed these properties during 2020-21 and identified a number of steps to improve the performance of the portfolio and reduce risks. These include:
- Reducing the number of smaller or underperforming properties held and managed within the fund to reduce property liabilities, minimize administrative overheads and focus investment on ensuring the remaining assets are well maintained and attractive to tenants.
  - Rebalancing the assets held to reduce the Council's exposure to risk in weaker areas of the economy, for example, reducing or repurposing retail sites for other uses
- 4.151. In all cases, any steps to dispose of or acquire new properties would be sensitive to the wider role the Council plays in supporting regeneration and economic growth within the borough. The Council's overall investment principles require that any investments undertaken must be supportive of its wider strategies and not solely based on financial returns. This principle also ensures that the Council operates within the government restrictions regarding access to loans from the Public Works Loans Board. Any programme of disposals and purchases will therefore need to demonstrate that it supports



the wider strategy to improve the long term economic and social welfare of the borough, alongside the financial returns they will generate.

### **Pay Policy Statement (Appendix M)**

- 4.152. An annual pay policy statement is required to be produced under Section 38 of the Localism Act. Having a pay policy statement in place assists in the assessment of the impact of pay on equality issues and provides transparency in pay and remuneration. Before the pay policy statement takes effect, it has to be approved by Council. The Pay Policy Statement 2021-22, that Members are now asked to approve, is provided in **Appendix M** along with further supporting information.

### **5. Officers' Recommendation**

- 5.1. As set out in section 2 of the report.

### **6. Reasons for Recommendations**

- 6.1. The recommendations are included to enable Council to approve the 2021-22 budget and indicative 2022-25 budget plans for Cheshire West and Chester Council.

### **7. What will it cost?**

- 7.1. The revenue and capital budget for 2021-22 are set out within the report and are fully affordable from the available finances.
- 7.2. Indicative budget plans for 2022-25 are outlined in the report along with savings proposals and forecast locally generated income for this period. It is estimated that the funding gap for this three year period could be in the region of between £10.5m - £20.5m depending on whether current Government funding and grants continue. The Council is developing strategies to identify further savings to bridge the gap.

### **8. What are the legal aspects?**

- 8.1. The Council is obliged to set a Council Tax that ensures it has a balanced budget for the forthcoming financial year. The proposals in this report meet this requirement.
- 8.2. Should the Council wish to raise the basic level of Council Tax by more than 1.99% (excluding the Adult Social Care Precept) it would be necessary to hold a referendum. As the proposals within this paper do not require an increase in the Council Tax above this level, a referendum will not be triggered.
- 8.3. There are no further specific legal considerations.

### **9. What are the risks and how can they be reduced?**

- 9.1. This report sets out a requirement for the Council to deliver significant cost reductions in coming years alongside a range of policies to change how a number of the Council's services are delivered. As with any change process, these carry risks in terms of both achieving desired outcomes and the timeliness with which they are achieved. The Council has put in place well tested processes to monitor progress and delivery of these changes and take corrective action if necessary.
- 9.2. Due to the 2020 Spending Round being for one year only there is risk that a number of Central Government funding streams will not continue beyond 2021-22. The report sets out the assumptions that have been made in relation to these funding streams. The indicative budget for 2022-25 will be updated to reflect the latest information available when updates are received.
- 9.3. The ongoing financial impacts of Covid-19 are still unclear. Whilst Government have announced additional funding for 2021-22 to fund both cost pressures and Collection Fund impacts, the Council will continue to closely monitor the financial impacts and identify additional funding options where necessary.
- 9.4. The report specifically assesses the financial risks to which the Council is exposed and ensures the Budget and the Council's reserves contain adequate provisions to manage those risks without impact on service delivery. The Commercial Investment Strategy also provides a framework against which it can manage its risk in respect of a range of different investments and across the investment portfolio.

## **10. What is the impact of the decision of Health Inequalities and on Equality and Diversity issues?**

- 10.1. All policy proposals were considered for their impact on equality and diversity as part of their development and scrutiny and through the engagement process.
- 10.2. The Council continues to support the most vulnerable residents through the continued investment included as part of this budget setting. This includes ongoing financial support, through the Discretionary Hardship Fund and Help in Emergencies for Local People (HELP) scheme, for residents facing financial difficulties or requiring welfare support. In addition the Council is providing funding through the Covid-19 Response budget to support residents facing financial hardship as a result of the coronavirus pandemic.

## **11. What are the implications of the decision on Climate Change?**

- 11.1. The Council's revenue budget and capital programme set out in this report both include additional funding to enable the Council to support borough-wide decarbonisation and combat climate change. In addition all individual capital projects are required to evaluate their impacts, positive and negative on climate change.

## **12. Are there any other options?**

- 12.1. The Council must set a legal budget before 11 March in the financial year preceding the one in respect of which the budget is set.
- 12.2. This report sets out the various and numerous elements of the Council's budget. Members could come to a different view on any component area of the budget and hence could agree an alternate set of budget proposals as long as it achieves a balanced budget for 2021-22, does not expose the Council to excessive financial risk in future years and meets statutory obligations.

### **For further information:**

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### **Background Documents:**

#### **Unprecedented Times - Feedback Report**

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## Appendix A

### Key Findings from Unprecedented Times consultation

#### Introduction

'Unprecedented Times' was Cheshire West and Chester Council's consultation on how the budget is spent over the next four years.

The aim of the consultation was to enable local residents, businesses and other stakeholders to comment on proposed adjustments to the budget, and provide an opportunity to feedback any ideas or suggestions for areas where further budget savings could be made, should they be required.

The budget proposals focused on delivering priorities outlined in the 'Play Your Part to Thrive' Council Plan and were set out against three themes:

- Health and wellbeing (which includes 'support for adults', 'children, young people and families' and 'public health')
- Communities, environment and economy
- Council-wide proposals.

The consultation was open to all and ran for six weeks from 23 October to 3 December 2020. It followed a 'digital first' approach using the Council's engagement website 'Participate Now', with paper-based materials available on request. Methods used include:

Online engagement	A range of engagement activities available on the 'Unprecedented Times' webpage, including surveys, ideas boards and a dedicated space to submit questions for the online event. The site also included video and animations explaining each theme.
Interactive online event	Online question time event that gave the public an opportunity to question Cabinet members directly about the budget proposals.
Social media	Promoted via a range of channels, including Facebook and Twitter.
Dedicated workshops/ awareness raising activities	Carried out with a range of partners and stakeholders, for example Children in Care Council and Poverty Advisory Board.
Engagement toolkit	Enabling Members and others to promote and cascade 'Unprecedented Times' through their networks.
Engagement document	Detailed information and questionnaire available online and in hardcopy, provided in multiple formats including 'easy read'.

In total, there were 524 'engagements' with the consultation. This included 172 questionnaires, 24 ideas and suggestions sent via Participate Now (digital engagement platform) and 310 views of the online Cabinet Question Time event. A further 18 individuals and organisations responded by email.

## Impact of COVID-19

The consultation approach was adapted in light of COVID-19 to ensure respondents could take part in a safe way. A 'digital first' approach was supplemented with paper copies of the consultation document and questionnaire, which were available on request, with options to respond via telephone and in writing, to ensure those who aren't digitally enabled could take part. Members were also asked to help publicise the consultation locally, via a Councillors toolkit.

## Key messages

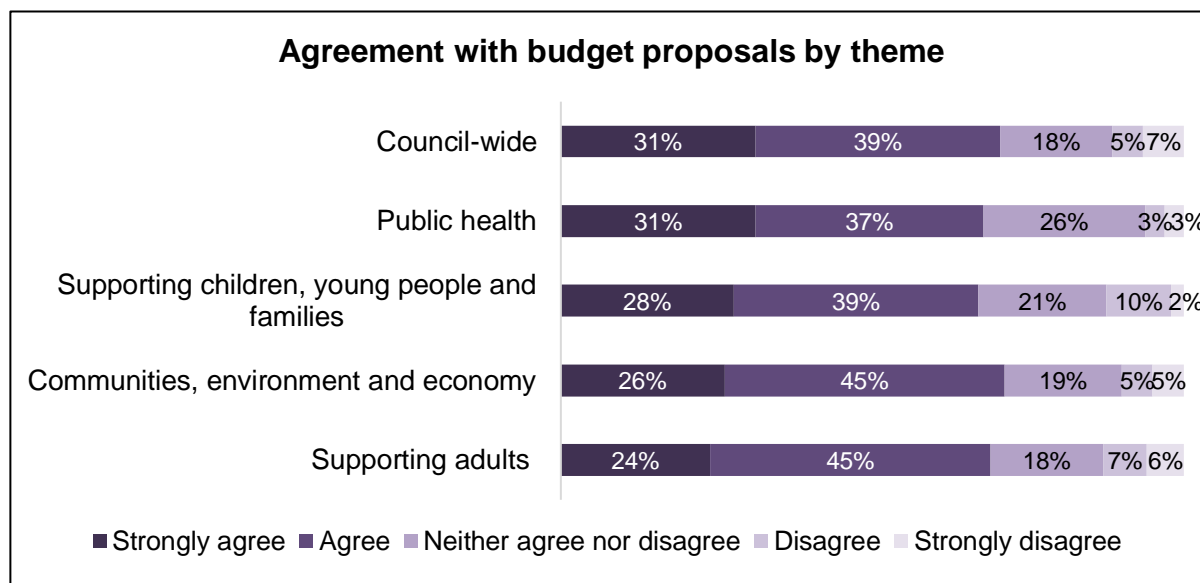
### Overall

- Budget proposals were broadly supported by the public and stakeholders.
- Proposals related to 'Communities, environment and economy' and 'Council-wide' services had the most support (71% and 70% agreement respectively).
- In relation to specific proposals, there was significant support for:
  - placing more focus on mental health services and early intervention
  - increased use of technology and reducing office space/council buildings.
- Some concerns were raised by the public about asking partner and other organisations, such as schools and the community and voluntary sector, to contribute more.
- Where the Council highlighted further areas where savings could be made (should they be required) there was disagreement with:
  - ideas to reduce service standards (such as street cleaning and highways)
  - changing the Council Tax Reduction Scheme (that provides relief for those on low incomes with Council Tax bills).
- Some of the groups that responded acknowledged the financial challenges faced by the Council and the reduction in budget available. They also requested more detail about the proposals to enable them to comment, and to be part of further consultation on proposals that impact on them and the people they represent.

## Level of agreement with proposals

Those who completed a questionnaire were asked the extent to which they agreed or disagreed with budget proposals set out against three themes: health and wellbeing (which includes 'support for adults'; 'children, young people and families' and 'public health'); communities, environment and economy and Council-wide.

Chart 1: Agreement with proposals



Base for graph: 61-100 responses (depending on theme)

## The Cabinet's response to the key messages

Key message	Our response
Majority of proposals supported	<ul style="list-style-type: none"> <li>The Council will take forward these proposals for decision plus further consultation with the public and partners where appropriate.</li> </ul>
More focus on mental health	<ul style="list-style-type: none"> <li>The budget includes investment of £0.450m in mental health.</li> <li>The saving suggested will not impact on quality of service provision and will enhance the independence of people with mental health challenges.</li> <li>An 'all-Council mental health strategy' will be developed to ensure all services across the Council are geared-up for supporting mental wellbeing.</li> <li>The Council is placing a large focus on mental health during the pandemic and will continue to do so through to recovery.</li> </ul>

Key message	Our response
<p>Support to do more to increase the use of technology and reducing office space/council buildings</p>	<ul style="list-style-type: none"> <li>• The Council is developing a plan to better use technology to enable more staff to work from a range of locations. This will lead to further savings in mileage and building running costs, while also supporting greater work-life flexibility.</li> <li>• An ambitious digital strategy and delivery plan is also being developed in 2021, which will show how all services can better use technology to be more effective and efficient and investment in Phase 2 of the Digital Strategy is included in the capital programme. Efforts will be made to make this inclusive for everybody.</li> </ul>
<p>Some proposals require further details and consultation</p>	<ul style="list-style-type: none"> <li>• Further details and engagement on complex issues will take place. For example, consultation on the waste strategy will take place in 2021, setting out the choices the Council needs to decide on against its goals relating to the climate emergency.</li> </ul>
<p>Disagreement with:</p> <ul style="list-style-type: none"> <li>• Reduction in service standards for highways and street cleaning</li> <li>• Changes to the Council Tax reduction scheme</li> </ul>	<ul style="list-style-type: none"> <li>• These future options will not form part of the budget package based on this feedback. However, the situation will be kept under review and due to uncertainty about future funding arrangements these proposals may need to be revisited in the future.</li> </ul>

The full consultation report is available on the Unprecedented times consultation pages of Participate Now portal:

<https://participatenow.cheshirewestandchester.gov.uk/unprecedented-times>

It is also available as a background document to this report – **Background Document – Unprecedented Times Feedback Report.**



### Service Expenditure Analysis

This appendix provides further information on the change in service expenditure budgets and central budgets between 2020-21 and 2021-22.

The net budget approved in 2020-21 was £322.151m. This increased to £322.864m following an increase in the Public Health grant. The changes in this report will see the net budget in 2021-22 increase to £329.834m. Further details explaining changes by service and across central budgets are set out in the tables below.

#### Health and Wellbeing – Adult Social Care and Health

The year on year change to the Adult Social Care & Health budget is as follows:

Adult Social Care and Health	£m	Explanation
<b>2020-21</b>		
Opening budget 2020-21	131.940	Agreed in the budget report 2020-21
In-year changes	2.928	Inflationary increases including the pay award, the transfer of leisure services from Communities, Environment and Economy, and an increase to the Public Health Grant.
Closing budget 2020-21	134.868	Current budget
<b>2021-22</b>		
Demand pressures	11.972	This includes care contract inflation and additional investment for adults with learning disabilities, fees paid to care providers (following independent review) and additional growth for the cost of care, including hospital discharges.
Savings proposals	(6.385)	This includes various savings including right sizing care and support, review of in-house bed based provision, and increased income from the planned implementation of the non-residential charging policy.
Other changes	(1.460)	Budget adjustment to reflect that the Brio subsidy is now funded from the Public Health Grant
<b>2021-22 Service Budget</b>	<b>138.995</b>	

This represents an increase of 3.1% in the service budget from that approved in 2020-21.

#### Health and Wellbeing – Children and Families

The year on year change to the Children and Families budget is as follows:

Children and Families	£m	Explanation
<b>2020-21</b>		
Opening budget 2020-21	60.580	Agreed in the budget report 2020-21

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In-year changes	0.715	Inflationary increases including the pay award
Closing budget 2020-21	61.295	Current budget
<b>2021-22</b>		
Demand pressures	2.683	This includes additional investment for home to school transport, Looked after Children placements, and school funding changes.
Savings proposals	(3.814)	This is mainly the removal of a contingency budget for children's social care that is no longer required, along with savings expected from staffing changes.
Other changes	0.514	Budget adjustment for Social Determinants of Health
<b>2021-22 Service Budget</b>	<b>60.678</b>	

This represents a decrease of 1% in the service budget from that approved in 2020-21.

### Communities, Environment and Economy

The year on year change to the Communities, Environment and Economy budget is as follows:

<b>Communities, Environment &amp; Economy</b>	<b>£m</b>	<b>Explanation</b>
<b>2020-21</b>		
Opening budget 2020-21	56.965	Agreed in the budget report 2020-21
In-year changes	(0.383)	Inflationary increases including the pay award, the transfer of leisure services to Health and Wellbeing, and the transfer of procurement to Corporate Services.
Closing budget 2020-21	56.582	Current budget
<b>2021-22</b>		
Demand pressures	5.252	This includes additional investment for waste collection, accommodation/property, re-design of the directorate, commercial developments at Barons Quay and Winsford, and waste collection company.
Savings proposals	(3.848)	This includes various savings including highways assets commuted sums, capitalisation of highways work, car parking enforcement income, and staffing savings.
Other changes	0.811	Budget adjustment for Social Determinants of Health, and other minor adjustments.
<b>2021-22 Service Budget</b>	<b>58.797</b>	

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This represents an increase of 3.9% in the service budget from that approved in 2020-21.

### Corporate Services

The year on year change to the Corporate Services budgets is as follows:

Corporate	£m	Explanation
<b>2020-21</b>		
Opening budget 2020-21	28.273	Agreed in the budget report 2020-21
In-year changes	1.203	Inflationary increases including the pay award, and the transfer of procurement from Communities, Environment and Economy.
Closing budget 2020-21	29.476	Current budget
<b>2021-22</b>		
Demand Pressures	1.794	This includes budget increases due to structural changes, increased insurance premiums, reduced levels of external income, and investment to support the rollout of the Human Resources and Finance core system replacement programme, including the ICT systems support team and license costs.
Savings Proposals	(2.139)	These are mainly staffing savings including savings linked to the introduction of the new Human Resources and Finance core system replacement.
Other changes	0.091	Minor adjustments
<b>2021-22 Service Budget</b>	<b>29.222</b>	

This represents a decrease of 0.9% in the service budget from that approved in 2020-21.

### Central budgets

The year on year changes to central budgets is as follows:

Centrally held / managed	£m	Explanation
<b>2020-21</b>		
Opening budget 2020-21	11.739	Agreed in the budget report 2020-21
In-year changes	0.533	This includes budgets transferred from services and managed centrally.
Closing budget 2020-21	12.272	Current budget
<b>2021-22</b>		
Cost pressures	3.190	This includes a new Covid-19 Response budget of £9.7m. It also includes savings of £0.7m due to a 1% reduction in the employer pension contribution

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		rate. This saving will be passed out to services during the year. The previous year budget has also been removed for a one off pension payment (£4.5m), and a one-off revenue contribution to capital funded from the release of an earmarked reserve (£1.5m).
Savings Proposals	(5.496)	Savings to be generated from a number of cross cutting savings and Council wide efficiencies. Also includes the removal of pension related budgets held centrally.
Other changes	0.044	Minor adjustments
<b>2021-22 Budget</b>	<b>10.010</b>	

This represents a reduction of 18.4% in the budget from that approved in 2020-21.

## Government Funding

This appendix sets out details of the Central Government funding which will be available for the Council to use to pay for its expenditure over the next four-year period.

### Core Government Funding

The grants included in the table below represent the Council's core funding. This means that in most cases the funding is received without any particular restrictions on how it is utilised. This funding can be applied against any expenditure the Council wishes, or to substitute for other income. The funding is therefore not used to fund specific services but is treated as an extension of the Council's overall budget. Whilst the Social Care Support Grant has been granted without restrictions, there is a clear expectation that the funding will be used to relieve pressures in Social Care Services.

The latest funding announcements indicate that core Government support for Council services will reduce by £10.7m by 2024-25. This translates into a cost pressure on the Council's overall financial scenario as the grants do not fund specific costs; they support the wider Council budget.

Core Government Funding	Future Year Assumptions					
	2020-21 £m	2021-22 £m	Change £m	2022-23 £m	2023-24 £m	2024-25 £m
<b>Revenue Support Grant</b>	<b>3.340</b>	<b>3.358</b>	- 0.018	<b>3.358</b>	<b>3.358</b>	<b>3.358</b>
<b>Core Grants</b>						
Local Services Support Grant*	0.382	0.382	-	0.382	0.382	0.382
Lead Local Flood Authority	0.019	-	0.019	-	-	-
New Homes Bonus	10.178	6.645	3.533	2.999	-	-
Housing Benefit & Council Tax Support Admin Grant*	1.160	0.800	0.360	-	-	-
PFI Special Grant	1.389	1.389	-	1.389	1.389	1.389
Local Reform and Community Voices*	0.198	0.198	-	0.198	0.198	0.198
Social Care Support Grant	7.886	8.550	- 0.664	8.550	8.550	8.550
Lower Tier Services Grant	-	0.367	- 0.367	-	-	-
Local Tax Support Grant Scheme	-	3.128	- 3.128	-	-	-
Covid Emergency Grant	-	8.550	- 8.550	-	-	-
<b>Total</b>	<b>21.212</b>	<b>30.009</b>	- <b>8.797</b>	<b>13.518</b>	<b>10.519</b>	<b>10.519</b>
<b>Other Ringfenced Grants held centrally</b>						
Improved Better Care Fund	10.507	10.507	-	10.507	10.507	10.507
Public Health Grant*	16.538	16.538	-	16.538	16.538	16.538
Independent Living Fund*	1.499	1.499	-	1.499	1.499	1.499
<b>Total</b>	<b>28.544</b>	<b>28.544</b>	-	<b>28.544</b>	<b>28.544</b>	<b>28.544</b>
<b>Total Government Funding</b>	<b>53.096</b>	<b>61.911</b>	- <b>8.815</b>	<b>45.420</b>	<b>42.421</b>	<b>42.421</b>

\* At the time of writing this report an assumption has been made that these grants will be received but the allocations have not yet been confirmed in 2021-22.

In addition to the grants listed above the Council will be able to claim against the Covid-19 sales fees and charges income compensation scheme for the first quarter of 2021-22 if income drops below budgeted levels.

The main changes in core grant funding for 2021-25 are:

- **New Homes Bonus (Reduction of £10.2m)** – New Homes Bonus is paid by Central Government with the aim of incentivising housing growth. The grant was previously paid for a number of years based on housing growth for a particular year. A consultation on changes to the scheme is now expected to be launched in 2021 following a series of delays. In advance of any changes to the scheme the government has confirmed that the grant reflecting growth between October 2019 and October 2020 will only be paid for one year in 2021-22.
- **Housing Benefit and Council Tax Support Admin Grant (Reduction of £1.2m)** - As migration to Universal Credit continues, the Council's Housing Benefit caseload will reduce and it is expected that grants linked to Housing Benefit will reduce as well.
- **Social Care Support Grant (Increase of £0.7m)** – Additional grant allocation to fund both increasing demand and costs for social care services.
- **Lower Tier Services Grant (Temporary grant of £0.4m in 2021-22)** – A new one off un-ringfenced grant paid to local authorities with responsibility for lower tier services (for example, homelessness, planning, recycling, refuse collection, and leisure services).
- **Local Tax Support Grant Scheme (Temporary grant of £3.1m in 2021-22)** – This is un-ringfenced funding provided to councils in recognition of the additional costs associated with increases in local council tax support schemes as a result of the pandemic.
- **Covid-19 Emergency Grant (Temporary grant of £8.6m in 2021-22)** – this is a continuation of the un-ringfenced funding provided to support councils with Covid-19 associated cost pressures. This allocation continues the funding into 2021-22.

### Other Grants

In addition to the core Central Government funding the Council also receives a number of burdened grants which are provided to the Council to fund new responsibilities as a result of changes in Government policies. As a result, changes in funding are therefore matched by changes in linked expenditure and do not impact on the overall funding gap.

- **Better Care Fund**

The nationally mandated Better Care Fund (BCF) was announced as part of the 2013 Spending Review to support the integration of health and social care through pooled budget arrangements between local authorities and Clinical Commissioning Groups, and implemented from 2015-16, will continue through to 2021-22.

Due to the impact of Covid-19 on the NHS, the current 2020-21 Better Care Fund plan does not need to go through the usual submission and assurance routes via NHS England. At the time of writing guidance was being issued to ensure that local areas still worked within agreed plans and that this was approved by local Health and Wellbeing Boards. The local plan will also be signed off by the constituent Council and Clinical Commissioning Group, including how the pooled budget will be used to support health and social care services in the borough. The 2020-21 plan will be approved early in 2021, but the local system has been working to a continuation of the services in the 2019-20 plan as advised by NHS England. Following this the next steps will be to finalise section 75 agreement that underpins the plan and begin the planning for 2021-22 early in 2021.

The minimum specified pool for 2020-21 is £39.910m. Included in this is the Improved Better Care Fund (iBCF) and the Winter Pressures Grant. It is assumed that the Council will continue to receive the specified levels of funding within the minimum pooling from the Health sector via the BCF in order to ensure the continuity of current levels of service provision.

At the time of publishing this report the Policy Framework and operational guidance for 2021-22 has not yet been published by NHS England, and therefore the details of the plan are yet to be confirmed. The finalised plans will be underpinned by a formal Section 75 agreement, outlining how resources will move across partner organisations. These proposals for 2021-22 will be discussed at the Health and Wellbeing Board for Cheshire West and Chester where they are required to be signed off. It is expected (but not confirmed) that the CCG contribution will again increase by 5.3% in line with the NHS Long Term Plan settlement.

Approval is sought to delegate Council approval of the 2021-22 BCF plan (including underpinning Section 75 agreement) to the Deputy Chief Executive (Health and Wellbeing) and Director of Finance, following sign off by Health and Wellbeing Board and consultation with the Leader of the Council as Chair of the Health and Wellbeing Board and the Cabinet Member for Legal and Finance.

Ultimately the Health and Wellbeing Board has responsibility for the delivery of the BCF proposals. A BCF Governance Group has been established as a sub-group of the Board to develop and inform recommendations, and reports have been taken to the Health and Wellbeing Scrutiny Committee to provide further information on the progress to date.

- **Public Health Grant**

In 2020-21, the value of the ring-fenced Public Health grant received by the Council was £16.538m. The value of the 2021-22 grant has not yet been confirmed so is currently assumed at the same level as 2020-21.

- **Independent Living Fund**

In 2020-21, the value of the ring-fenced Independent Living Fund grant received by the Council was £1.499m. The value of the 2021-22 grant has not yet been confirmed so is currently assumed at the same level as 2020-21.

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## Revenue Budget Proposals 2021 to 2025

This appendix sets out the revenue budget proposals for the Council for 2021-22 and indicative proposals for 2022-2025. These have been grouped into the following categories to make it clear how each proposal will be delivered, and which ones will impact on service delivery.

- **Service redesigns and restructures** – These savings will be generated through redesigning and restructuring services to find better and more efficient ways of delivering the same level of service but at lower cost. This could include changing the way that services are delivered to ensure they best meet residents' needs.
- **Changes to policies or levels of service** – These savings will include changes to Council policies and may include reductions in the level of service provided, or closures of specific facilities (subject to consultation feedback).
- **Savings to be delivered by Council companies** – These will be delivered through the work of the Council's companies.
- **Commissioning savings** – Savings to be achieved through effective recommissioning of current contracts held by the Council to reduce the cost paid, including reviewing the level of services to be delivered by service providers.
- **Income generation** – Additional income that will flow to the Council by ensuring that users of Council services make appropriate contributions to their cost, and by ensuring that the Council maximises funding from external sources where relevant.
- **Technical savings** – These are budget reductions that can be made without any changes to Council policies or service levels.
- **Temporary investment dropping out** – Temporary investment included in the budget for prior years is removed once it is no longer required. This could include investment required to deliver savings proposals, or to reprofile savings into future years.

The following table summarises the proposals by category. A further detailed breakdown and narrative for each proposal is set out on the following pages.

	2021-22			2022-25		
	Growth £m	Savings £m	Impact on budget £m	Growth £m	Savings £m	Impact on budget £m
Commissioning savings		(0.750)	(0.750)		(1.500)	(1.500)
Savings to be delivered by Council companies		(0.980)	(0.980)		(0.760)	(0.760)
Income Generation		(2.141)	(2.141)		(1.715)	(1.715)
Service redesigns and restructures		(8.720)	(8.720)		(11.587)	(11.587)
Changes to policies or levels of service		(0.118)	(0.118)		(0.895)	(0.895)
Technical savings - no action required		(8.973)	(8.973)		(0.274)	(0.274)
Investment	21.701		21.701	18.111	(2.339)	15.772
<b>Total</b>	<b>21.701</b>	<b>(21.682)</b>	<b>0.019</b>	<b>18.111</b>	<b>(19.070)</b>	<b>(0.959)</b>

## Revenue Budget Proposals

## Savings Proposals

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Commissioning Savings</b>						
Review of Leaving Care Services	We have a responsibility to support young people as they leave care up to the age of 25. We will adopt a more efficient way of buying support by reducing spot purchases and increasing the use of pre-agreed contracts with providers.	(250)				(250)
Strategic Commissioning Plan	Review of all major recommissions, including scope and level of services provided to identify contract efficiencies and savings.	(250)	(500)	(750)		(1,500)
Review of Low Value Contracts	A review of the high volume but lower value spend with suppliers to improve value for money, realise savings and reduce the associated transaction costs.	(250)	(250)			(500)
<b>Total Commissioning Savings</b>		<b>(750)</b>	<b>(750)</b>	<b>(750)</b>	<b>-</b>	<b>(2,250)</b>

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Savings to be delivered by Council companies</b>						
VIVO Care Services	We will work with Vivo to ensure that care is provided at the most appropriate rate. In particular, we will work with them to reduce the level of spending above the agreed block contract by maximising capacity within the block contract and, where appropriate, purchase services from other providers.	(500)				(500)
Qwest Contract savings	Review the scope, level and breadth of services provided by Qwest in order to deliver contract savings.	(180)	(60)			(240)
Council Companies savings target	We have several companies which we own and who are contracted to deliver Council services. We will work with these organisations to identify opportunities to reduce their costs and increase their income.	(300)	(350)	(250)	(100)	(1,000)
<b>Total Savings to be delivered by Council companies</b>		<b>(980)</b>	<b>(410)</b>	<b>(250)</b>	<b>(100)</b>	<b>(1,740)</b>

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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Income Generation</b>						
School Crossing Patrols	Reviewing the way school crossing patrols are funded to ensure that schools and the Council contribute appropriate amounts.	(80)				(80)
Funding for social care for older people	An increase in the funding the Council will receive from the NHS as part of the Better Care Fund to fund the increased costs of social care for older people due to an increase in demand	(441)				(441)
Public Health Grant	An increase to the level of Public Health grant available that can be used to fund relevant services.	(200)				(200)
Young Peoples Service	Review of the staffing structure in Young People's Services and utilisation of grant funding.	(26)				(26)
Parking Strategy	Develop and harmonise the parking strategy and approach to parking management across the Borough, ensuring appropriate levels of charging. Temporary investment is required for one year to deliver these savings (shown separately).		(136)			(136)
Lane Rental Levy	Implementation of a lane rental levy to incentivise utility companies to carry out roadworks in a timely and efficient manner.	(45)				(45)
Developer Contributions	Ensure the Council receives sufficient contributions from developers as part of development agreements for the provision and ongoing maintenance liabilities of traffic signals, street lighting and other highway assets that arise as consequence of their developments.	(555)	(30)	(35)		(620)
Museum Donations and Charges	A review of Museum Donations and charges in order to provide a fair and consistent approach across the Borough that reflects the service provided.		(50)	(50)		(100)
Household Waste Recycling Centres - Charges	Introduction of charges levied on certain waste items at Household Waste Recycling Centres. Temporary investment is required for one year to deliver these savings (shown separately).		(50)			(50)

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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Environment Commissioning Income	Introduction of concessions and charges for events, sports and recreation, including some increases in existing charges for facility hire.	(40)				(40)
StreetCare Income	Income generation from additional works for sweeping and grounds maintenance.	(30)	(10)			(40)
Strengthening Enforcement	By strengthening and increasing our enforcement activity we are likely to identify more issues that will levy a fine for behaviour that contravenes current policy and adversely impacts on residents' lives. Investment in additional staffing resources and costs of purchasing additional equipment is required (shown separately).	(426)	(27)	(25)		(478)
Concessionary Fares recharge	Increase in the fee charges for the management of the Concessionary Fares scheme.	(20)				(20)
Commercial Estate	A review of the Council's commercial portfolio to maximise income and reduce the ongoing costs associated with certain properties. Temporary investment is required to deliver these savings (shown separately).		(100)	(100)	(200)	(400)
Energy & Carbon Reduction	Investment in renewable and low carbon projects across the borough to lower the Council's carbon footprint, make efficiency savings and generate Feed in Tariff income.	(90)	(90)	(220)		(400)
Land Lease Partnership	Income from ground rent from housing developers as a result of the transfer of land to build affordable housing. Temporary investment reflecting some delay in the delivery of housing development (shown separately).		(50)	(180)	(29)	(259)
Review of Total Environment and Mersey Forest	Increase in fee generating activity in respect of landscape architecture and planning advice.	(22)	(36)	(42)		(100)
Housing Register	Review of charging for administration of the Housing Register and non-Registered Provider affordable housing schemes.	(23)	(27)			(50)
Supported Housing	Supported housing schemes are being developed and these will generate additional rental income	(34)	(52)			(86)
Advertising and sponsorship income	Maximise income from advertising and sponsorship using a range of different displays.	(18)	(42)			(60)
Review of Fees & Charges	Review of charges that the Council makes for its services to ensure all costs are recovered, and charging is fair and consistent across the Council.	(91)	(79)	(55)		(225)
<b>Total Income Generation</b>		<b>(2,141)</b>	<b>(779)</b>	<b>(707)</b>	<b>(229)</b>	<b>(3,856)</b>

## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Service Redesigns and Restructures</b>						
Review of growth requirements for Adult Social Care	Review of current growth for adult social care with a view to identifying ways to reduce future demand and mitigate the need for future investment.	(300)	(60)	(240)		<b>(600)</b>
Paying for Care	Ensure that we are only funding social care services that the Council has a statutory duty to provide and raise additional income through the implementation of the non-residential charging policy. Temporary investment is required for one year to deliver these savings (shown separately).	(1,059)	(688)			<b>(1,747)</b>
Review of in-house building based provision	We will review the way respite and short-term care is provided in Cheshire West. This would see a move away from the Council being a direct provider of respite services and a shift from a mainly building-based offer to develop a range of flexible, bespoke services delivered close to people's homes and within their community. Currently the Council delivers some of its respite services from Council-owned residential care homes: Sutton Beeches, Leftwich Green (temporarily closed in Sept 2018) and Curzon House (run by Vivo Care Choices). This proposal could see the closure of these facilities to allow the investment needed in a wider range of services to offer greater choice and control for people.	(1,469)	(619)			<b>(2,088)</b>
More efficient ways of delivering care	We need to make best use of the support available and ensure care is delivered in a person-centred and dignified way. There are a number of care packages that are currently delivered by two people at the same time and there is scope with appropriate equipment, training and support, for this care to be delivered by a single care worker, providing greater dignity for the person receiving care, and increasing domiciliary care capacity. We will also undertake other projects to better meet needs and manage the increasing demand on adult social care services Temporary investment is required for one year to deliver these savings (shown separately).	(1,000)	(779)			<b>(1,779)</b>

## Appendix D

<b>Title</b>	<b>Description</b>	<b>21-22 £000</b>	<b>22-23 £000</b>	<b>23-24 £000</b>	<b>24-25 £000</b>	<b>Total £000</b>
Transforming learning disability services	We will review the way we work with adults with learning disabilities and the range of services and support options available. This will include reviewing and improving our supported living offer, working closely with providers to enable more services to be delivered locally and reduce the need for people to be placed outside of the Borough. We will also make greater use of assistive technology to enable people to maximise their independence and work with people to access community resources and facilities to reduce reliance on more traditional services. Temporary investment is required for one year to undertake the review (shown separately).	(300)	(900)			<b>(1,200)</b>
Enhanced Community Care	Building on the joint work between the Council and the NHS over recent years, which has accelerated during the pandemic, we will join up more care workers with health workers in the community. This will help avoid hospital and care home admissions, and support people to return home more swiftly from hospital through rapid access to integrated health and social care resources.	(400)	(400)			<b>(800)</b>
Expanding the range of social care support available	Extend more choice to people in how their care and support needs can be met for example by increasing utilisation of direct payments used for personal assistants and expansion of the Shared Lives service. Temporary investment required to deliver these savings (shown separately)	(125)	(475)			<b>(600)</b>
Mental Health Support Services	The Council provides mental health support to residents to aid their social care needs. There is scope to transform the service to provide rapid help to people to avoid escalation to crisis; to achieve a better balance between building-based and outreach services and to consider greater links with local health services.	(120)				<b>(120)</b>
Policy & Partnerships Support	Review of future requirements and demand for support across the Health & Wellbeing directorate.	(41)				<b>(41)</b>

## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Supporting Leisure and wellbeing through the Public Health Grant	Ensuring the use of Public Health Grant is maximised by using this grant to fund leisure and wellbeing services provided by the Council, and reviewing services previously funded by this grant to identify efficiencies.		(350)			(350)
Transport Efficiencies	We will review the level of breadth of services that are required when local community transport contracts are retendered.		(126)			(126)
Carer Services	We arrange support for carers who play a vital role in our communities. We will redesign the service and make improvements in the way the service operates.	(40)	(15)	(45)		(100)
Promotion of Equality and Diversity	Review of the level of support provided to organisations that support the Council to promote equality and diversity.	(21)	(10)			(31)
Integrated approach across children's service	A review of the links between early help, education and children's social care is taking place to identify synergies and opportunities to reduce demand for services and therefore costs.	(100)	(100)			(200)
Review of growth requirements for Children's Social Care	Review of current growth for children's social care with a view to identifying ways to reduce future demand and mitigate the need for future investment.	(120)	(120)	(160)		(400)
Allowances	Review of the Council's approach to how those in receipt of adoption, foster and special guardianship order allowances are monitored and reviewed to ensure consistency in means test criteria and reviewing systems.		(100)	(100)		(200)
Review of Residential Care Provision	A reduction in costs from providing more local residential provision for children in care through the Council, rather than out of the Borough. This would also ensure more support is provided closer to home, which also helps to prevent placements breaking down.	(46)	(38)	(38)		(122)
Early Intervention & prevention	We fund a range of organisations within the community to provide support to individuals to reduce isolation and increase social support. By recommissioning these services with input from the community we will look to remove elements of duplication in this support and explore the potential to provide this help through technology.		(133)	(135)		(268)

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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Social Welfare & Advice	There is an opportunity to review and redesign the service when the service is recommissioned		(79)			(79)
Home to School Transport - Reduced Demand	Reduce demand for home to school transport by securing high needs provision closer to home to avoid out of borough placements and the costly transport that is required along with associated administration costs. Also addressing hazards on identified routes to make them safer for unaccompanied children to walk along, thereby reducing the need for transport arrangements.	(60)	(70)	(64)		(194)
Better targeting of youth services within our communities	The needs of young people are changing and delivering targeted, preventative services to those in the greatest need does not require the same level of centre-based delivery that we currently provide.	(62)	(20)			(82)
Digitalisation of Special Educational Needs tasks	Digitalisation of Special Educational Needs activity and the development of financial information from existing systems will reduce the need for administrative support.	(26)				(26)
Review of staffing	The Education & Inclusion service are currently operating with a number of vacant posts. These have been reviewed in the context of future service delivery and the ability to recruit to these posts, and are to be removed from the structure or alternative funding arrangements considered.	(198)				(198)
Street Lighting LED Replacement Project	Replacement of street lighting with more energy efficient LED bulbs to reduce energy costs and the costs of maintenance.	(150)	(450)	(60)		(660)
Review of Museums	A review of museums and the Heritage Hub is being undertaken, underpinned by audience development research to inform a more targeted approach to the service offer, and to event and exhibition delivery. Temporary investment is required for one year to deliver these savings (shown separately).		(75)			(75)
Horticulture Practice	With the introduction of a wildflowers strategy we can reduce the mowing regime for grass verges and reduce the level and cost of formal bedding.	(10)	(10)			(20)



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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Data Led Gully Cleansing	Using technology to implement a data intelligence led cyclical regime for gully cleansing in order to achieve efficiencies in the gully cleansing programme.	(35)				(35)
Lighting Road Inspections	Implementation of smart control system to remove the requirement for night inspection and reduction in energy costs		(75)			(75)
Shared Services	A review of Libraries Shared Services, Education Library Services and Archives to realise efficiency savings as a result of more streamlined ways of working	(53)				(53)
Christmas Lighting	Savings in the delivery of the Christmas Lights programme as a result of increased contract efficiency.	(25)				(25)
Planning Service Operating Model	Review of non-pay contracts and the the operating model within the Planning Service, using external support as a more cost effective method for the processing of minor planning applications.	(33)				(33)
Storyhouse	Review of the service specification and agreement of efficiency targets with Storyhouse for the three year funding agreement.	(65)	(65)			(130)
Communities, Environment and Economy Redesign	Review and redesign of the Communities, Environment and Economy Directorate focusing on business processes and efficiency, information management, collaboration and income generation.	(703)	(1,081)	(250)		(2,034)
Prepayment Cards	The Council is introducing voluntary pre-payment cards to help people to manage their direct payments, and for vulnerable people where the Council is the Corporate Appointee or Deputy. This will provide a cost effective mechanism for the Council to make immediate payments to service users, reducing the use of cash, and enabling the swift recovery of outstanding balances. The introduction of the cards will require investment as there is a cost associated with using them (shown separately).	(25)				(25)
Universal Credit Roll Out	All new claims for Housing Benefit are made through Universal Credit and over time the Housing Benefit caseload is reducing. The saving therefore represents a reduction in the resource required to process Housing Benefit claims. The timing of this saving is dependent on the speed of the national roll out of Universal Credit.		(154)	(303)		(457)

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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Review of welfare support & assurance Function	This proposal will involve a review of the welfare support and assurance functions across the Council, streamlining activities with the removal of any duplication across the services.		(218)			(218)
Corporate Services Review	Review of Corporate Services to ensure appropriate levels of support that are targeted to areas of highest priority, in line with the Council Plan, and areas of highest risk.	(914)	(803)	(429)		(2,146)
Review Security costs	Review of security arrangements at Corporate buildings to reflect the review of Corporate accommodation and the rationalisation of corporate buildings.	(220)	(10)			(230)
Information Technology Support	Our ICT services are provided by a shared service with Cheshire East. We will review the support required from the shared service in light of the ICT transformation programme.	(117)	(200)	(200)		(517)
HR & Finance System Replacement	The replacement of the HR and Finance system will reduce system operating costs and bring about business process efficiencies. Temporary investment is required to deliver these savings (shown separately).	(398)	(277)			(675)
Digital Channel Shift - Phase 1 and 2	The digital programme will reduce service demand and administration costs by enabling more customers to self serve, and enable the delivery of efficiencies in business processes through better use of technology. Temporary investment required (shown separately)	(215)			(567)	(782)
Workforce Modernisation	Ensuring a modern and fit for purpose workforce that delivers efficiencies from new ways of working including an extension to flexible and mobile working.	(250)	(250)			(500)
Review of Subscriptions	Review of the organisations that the Council currently subscribes to for e.g. memberships, publications, benchmarking, and professional memberships.	(20)				(20)
Corporate Accommodation	Rolling out flexible working to reduce the Council's requirement for desk space; consolidating the number of corporate offices and releasing the HQ building for commercial letting and income generation.		(89)	(157)		(246)
<b>Total Service redesigns and restructures</b>		<b>(8,720)</b>	<b>(8,839)</b>	<b>(2,181)</b>	<b>(567)</b>	<b>(20,307)</b>

## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Changes to policies or levels of service</b>						
Household Waste Recycling Centres	Review and rationalisation of Household Waste Recycling Centres - subject to the outcome of the Waste Strategy.	(68)	(94)			<b>(162)</b>
Waste Strategy	A review of the operating model, including collection and recycling arrangements. This saving will be linked to the delivery of the Waste Strategy, which is currently subject to consultation, and will be reported to Cabinet in June for approval.	(50)	(750)			<b>(800)</b>
Community Centres	Review and rationalisation of Community Centre provision to address issues with under utilised and ageing buildings.		(51)			<b>(51)</b>
<b>Total Changes to policies or levels of service</b>		<b>(118)</b>	<b>(895)</b>	-	-	<b>(1,013)</b>

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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Technical Savings</b>						
Review of growth requirements for Adult Social Care	Reduction in the annual budget that was required to fund the implementation of the Pathway to Independence programme for adult social care redesign.	(200)				(200)
Extra Care Housing	Following a review of the balance on the extra care housing PFI equalisation earmarked reserve and the future commitments the associated revenue budget can be reduced.	(89)				(89)
Community Safety	Following discussions with the Police and Crime Commissioner (PCC), a reduction in the Council's contribution towards services provided by the PCC has been agreed.	(100)				(100)
Realignment of Children Social Care budget	Adjustment of staffing budget for Children Social Care following a review of costs associated with the current staffing structure.	(350)				(350)
Childrens Social Care Contingency	Removal of the temporary contingency included in the 2020-21 budget for potential additional increased demand or costs of Looked After Children.	(2,000)				(2,000)
Associate School Improvement Advisers	Removal of temporary investment for additional Associate School Improvement Advisers to meet the increase in planned OFSTED inspections	(75)				(75)
Pension Liabilities	A natural reduction in the historic pension and associated liabilities relating to former Council and school employees.	(114)	(80)	(80)		(274)
Reprioritisation of School improvement funding	Mitigation of the expected reduction in Dedicated Schools Grant (DSG) Central School Services Block funding by reviewing historic liabilities and reducing/ceasing historic activities and reprioritising existing funding to support school development and statutory intervention duties.	(279)				(279)

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Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Time Credits Volunteering Service	Temporary investment dropping out for the Time Credits volunteering service which encourages and rewards volunteers for their involvement in community projects.	(52)	(14)			(66)
Concessionary Fares	A reduction in the costs of the statutory Concessionary Fares scheme due to a reduction in the number of passengers.	(150)				(150)
Fund applicable planned highways repairs and general maintenance activities via capital	Capitalisation of applicable Highways planned minor repairs, general maintenance activities and drainage investigations.	(568)				(568)
Weaver Square	Removal of temporary budget to meet ongoing costs of redevelopment plans for Weaver Square.	(150)				(150)
Funding of CIL Team	Move to make the CIL Team self funded from CIL revenue and S106 administration charge, in line with regulations.	(51)				(51)
HELP Scheme	Removal of temporary budget increase in the HELP scheme made in 2020-21 to ensure an increased number of vulnerable residents could access support.	(160)				(160)
Capital Receipts	Use of capital receipts to fund the up front revenue costs of transformation projects in line with the offer from Central Government. This allows costs currently funded from revenue to be capitalised.	(250)	(100)	-		(350)
Information Governance	Reduction of investment for temporary capacity to implement the operational obligations and responsibilities of new EU data protection regulations.	(39)				(39)
Highways Delivery Model	Removal of prior year investment required to support the option development, appraisal and procurement of the future highways contract.	(300)				(300)
Early Retirements	Due to a change in the way early retirement costs are funded, approved by Council in February 2020, the budget to make annual payments to the Pension Fund can be released.	(1,296)				(1,296)
Central Pensions Budget	Due to a reduction in the deficit on the Pension Fund following the last triennial valuation, the associated budget to fund the deficit has been reduced accordingly.	(2,750)				(2,750)
<b>Total Technical Savings</b>		<b>(8,973)</b>	<b>(194)</b>	<b>(80)</b>	<b>-</b>	<b>(9,247)</b>
<b>Total Savings Proposals</b>		<b>(21,682)</b>	<b>(11,867)</b>	<b>(3,968)</b>	<b>(896)</b>	<b>(38,413)</b>

## Investment

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
<b>Adults</b>						
Growth in demand - children who require social care support into adult services	Further funding is required to meet the increasing demand on adult services as children who require social care support transition into adult services. We have identified that more can be done to plan for these transitions and are undertaking a full review to identify opportunities to improve transition and to better manage costs.	1,775	1,250	1,250	1,250	<b>5,525</b>
Independent Fee Review	Investment required following an independent review of rates to ensure that fees paid to social care providers reflect the fair cost of care to support a sustainable social care market	2,823	465			<b>3,288</b>
Care Contract Inflation	Funding to ensure that rates paid to providers of social care are reviewed each year to reflect pay and non-pay inflationary rises, in order to support a sustainable social care market	2,649	2,825	3,061	3,061	<b>11,596</b>
Social care for older people - Growth in Demand	More older people are requiring social care services. To meet this rising demand the Council will invest in the service to ensure high quality services can be provided to those who need them.	451				<b>451</b>
Social Care for Mental Health - Growth in Demand	There is increasing demand for Mental Health social care and pressures caused by complexity of need. To meet this rising demand the Council will invest in the service to ensure high quality services can be provided to those who need them.	450				<b>450</b>
Social care for people with Learning Disabilities - Growth in demand	There is increasing demand for social care from service users with a learning disability including pressures caused by complexity of need. To meet this rising demand the Council will invest in the service to ensure high quality services can be provided to those who need them.	2,040				<b>2,040</b>
Extra Care Housing Contract	Additional cost of revised Extra Care contract terms and conditions.	125				<b>125</b>
Transforming Learning Disability services	Temporary additional staffing resource to undertake the review of Learning Disabilities services.	175	(80)			<b>95</b>
Care at Home Contract Monitoring	Provision of software to allow the monitoring of the new Care At Home and Extra Care Housing contracts	46				<b>46</b>

## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Adult Social Care Growth	Potential additional investment required to support emerging pressures in Adult Social Care.	400				400
Enhanced Community Care	Investment to fund the ongoing costs of the initiative to join up more care workers with health workers in the community to help avoid hospital and care home admissions, and support people to return home more swiftly from hospital through rapid access to integrated health and social care resources.	400				400
More efficient ways of delivering care	Temporary additional staffing resource to achieve additional savings through more efficient ways of delivering care.	60	(60)			-
Paying for Care	Temporary investment for 12 months to deliver the Paying for Care savings.	160	(160)			-
Expanding the range of social care support available	Temporary investment required to deliver savings in relation to extending more choice to people in how their care and support needs can be met, for example by increasing utilisation of direct payments used for personal assistants and expansion of the Shared Lives service.	35	(17)	(18)		-
Transport Efficiencies	Temporary investment into local community transport contracts pending recommissioning of the service which will deliver efficiencies	114	(114)			-
Contract Recommissions	Temporary investment in staffing resource to support the recommissioning of a number of contracts.	269	(178)	(91)		-
<b>Childrens</b>						
Corporate Parent	Establishing a permanent budget to support the Council's role as Corporate Parent.	50				50
Childrens Social Care investment	Investment to reflect the costs of the increasingly complex needs of children in care and increasing costs of support, particularly residential care.		370	410		780
Review of Looked After Children costs / Intervention Hub	Additional investment to support the review of External Care Placements and expansion of the Intervention Hub.	500				500

## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Schools Funding	Budget increase required as a result of changes to available funding for schools, as well as providing for services that have historically been funded from the Dedicated Schools Grant.	390	490	323	240	1,443
Home to School Transport - Growth	Investment to manage the increasing demand and complexity in transport arrangements for eligible pupils.	1,743	238	238	238	2,457
<b>Communities, Environment and Economy</b>						
Street Lighting LED Replacement Project	The repayment costs of the interest-free loan funding the street lighting replacement programme.	150	450	60		660
Waste Collection	Investment to reflect increased costs of waste collection resulting from housing growth.	282	305	331		918
Parking Strategy	Due to the Northgate development there will be a loss of income as a result of the closure of the Market car park, therefore investment has been included to reflect the adjustment required.		868			868
Household Waste Recycling Centres - Charges	Investment to cover ongoing costs of operating new charges on certain waste items at Household Recycling Centres and to enable the delivery of savings.	30	(20)			10
Streetcare Asset Maintenance	The Council has streetcare assets that require ongoing maintenance. Developer contributions typically cover these costs up to a 10 year period. A budget is being created to fund the costs that fall after this time period.	143	7			150
Cheshire West Recycling	Investment to support the Council's waste collection company in advance of the delivery of the Waste Strategy.	2,600	(800)			1,800
Commercial Estate	Investment to reflect the reduction in expected rental income as a result of the impact of Covid-19 on the Council-owned commercial estate including Barons Quay and Winsford Cross.	600				600
Strengthening Enforcement	Investment in additional staffing resources and costs of purchasing additional equipment to strengthen and increase our enforcement activity to tackle behaviour that contravenes current policy and adversely impacts on residents' lives.	240				240
Parking Strategy	Temporary investment required to deliver the savings identified through the Parking Strategy.	10	(10)			-
Review of Museums	Temporary investment to support the Museums review.		10	(10)		-



## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Corporate Accommodation	Temporary investment to extend flexible working; reducing the Council's requirement for desk space; consolidating the number of corporate offices and releasing the HQ building for commercial letting and income generation.	208	(208)			-
Commercial Estate	Temporary investment required to deliver savings from the review of the Council's commercial portfolio.	289		(175)	(105)	9
Land Lease Partnership	Investment in reflect some delay in the delivery of housing development.	200				200
Communities, Environment and Economy Directorate Redesign	Investment to reflect slippage in the delivery of the Directorate redesign	500				500
<b>Corporate Services</b>						
Prepayment Cards - Investment	Investment required to fund the ongoing costs of introducing pre-payment cards and delivering associated savings.	4	11			15
Insurance Premiums	Investment to reflect the increasing costs of insurance premiums.	170		160		330
Loss of income in Transactional Services	In recent years the income from Schools has decreased significantly, mainly as a result of Academies not buying back services. Investment is therefore required to address this shortfall.	150				150
Financial Resilience Team	Investment for additional capacity to monitor the financial health of the Council and implement proposals to improve financial resilience.	105				105
General Data Protection Regulation - staffing budget	Investment to support ongoing compliance with the requirements of the new data protection regulations.	48				48
Insight and Intelligence	Investment for additional capacity in the Insight and Intelligence team to ensure there is sufficient resource to support the Council's requirements.	207				207
Legal Support	Investment to increase capacity for legal support to services and Council owned companies.	104				104

## Appendix D

Title	Description	21-22 £000	22-23 £000	23-24 £000	24-25 £000	Total £000
Virtual Meetings	Investment for increased committee meeting support as a result of moving to virtual meetings.	74				74
Procurement Plan Support	The Procurement Plan is a significant work plan and will require additional resource to take this forward. This proposal seeks to appoint additional capacity to provide support for the delivery of the plan.	90				90
HR & Finance System Replacement	Temporary investment and ongoing costs associated with the delivery of the HR and Finance core system replacement programme and associated savings. Including the cost of Unit 4 licenses, replacement of Oracle system support team with Unit 4 support and an element of dual running with the new system for a period of time.	792	(293)			499
Digital Channel Shift Phase 2 - Investment	Investment to deliver savings from phase 2 of the Digital Strategy	50	100	100		250
<b>Total Investment</b>		<b>21,701</b>	<b>7,389</b>	<b>5,933</b>	<b>4,789</b>	<b>39,812</b>
<b>Total Temporary Investment dropping out</b>		<b>-</b>	<b>(1,940)</b>	<b>(294)</b>	<b>(105)</b>	<b>(2,339)</b>
<b>Total Savings</b>		<b>(21,682)</b>	<b>(13,807)</b>	<b>(4,262)</b>	<b>(1,001)</b>	<b>(40,752)</b>
<b>Investment</b>		<b>21,701</b>	<b>7,389</b>	<b>5,933</b>	<b>4,789</b>	<b>39,812</b>
<b>Net Savings</b>		<b>19</b>	<b>(6,418)</b>	<b>1,671</b>	<b>3,788</b>	<b>(940)</b>

### Council Wide Cost Pressures

This appendix provides further information on the additional cost pressures that the Council needs to reflect within its budgets for 2021-22 and 2022-25 as well as any changes to its centrally managed budgets.

The result is cost pressures of £17.054m in 2021-22 and assumed pressures of £15.789m over 2022-25. The table below sets out the various elements that are driving the pressures:

Description	2021-22 £m	2022-25 £m	Total £m
1. Permanent use of contingencies in 2020-21	4.284	-	4.284
2. Changes to contingency budgets	(1.399)	15.558	14.159
3. Changes to capital financing budget	0.877	4.598	5.475
4. Changes to central budgets	3.190	(8.573)	(5.383)
5. Changes to Collection Fund	41.275	(37.488)	3.787
6. Changes to earmarked reserves	(31.173)	41.694	10.521
<b>Total</b>	<b>17.054</b>	<b>15.789</b>	<b>32.843</b>

#### 1. Permanent use of contingency in 2020-21

There has been a call on contingency budgets of £4.284m in 2020-21 that will have a permanent impact in 2021-22. This includes £2.7m allocated to services to cover the nationally agreed pay award (2.75% increase), £0.9m for contract inflation in services, and £0.7m allocated to support cost pressures in Council companies.

#### 2. Changes to contingency budgets

Contingency budgets will reduce to £9.175m in 2021-22 and will reduce to £7.1m by 2022-25.

The contingency budgets for each year are set out in the table below:

Contingency	Budget 2021-22 £m	Indicative Budget 2022-23 £m	Indicative Budget 2023-24 £m	Indicative Budget 2024-25 £m
<b>General contingency</b> This contingency is used to respond to emerging issues throughout the year.	2.500	2.500	2.500	2.500
<b>Pay and price contingency</b> This contingency is used to cover expected increases in pay and inflation costs. The reduction in 2021-22 reflects the announcement by Central Government of a pay freeze other than £250 to the lowest paid. If a pay award above this level is agreed it will be a budget pressure. The future year estimate is based on a 2% pay increase each year plus additional to reflect cost of meeting the expected Local Living Wage rate of £10.50 by April 2025.	2.075	3.693	6.415	3.590
<b>Redundancy contingency</b>	1.500	1.000	1.000	1.000

## Appendix E

This contingency is used to fund redundancy costs incurred to deliver savings proposals.				
<b>Council company contingency</b> This contingency is used to support budget pressures in Council companies.	1.500	-	-	-
<b>Capacity contingency</b> New contingency in 2021-22 to support the delivery of key savings proposals.	1.600	-	-	-
<b>Total</b>	<b>9.175</b>	<b>7.193</b>	<b>9.915</b>	<b>7.090</b>
<b>Change (year on year)<sup>1</sup></b>	<b>(1.399)</b>	<b>3.069</b>	<b>7.649</b>	<b>4.480</b>

### 3. Changes to capital financing budget

The capital financing budget pays for the Council's historic and future capital programme. This budget is increasing by £0.877m in 2021-22, and a further £4.598m by 2024-25. This reflects the cost of financing the capital programme over the period. A breakdown of the capital financing budget is included in **Appendix H**.

### 4. Changes to central budgets

There are £3.190m of new cost pressures on central budgets for 2021-22, including:

- New Covid-19 Response Budget of £9.717m. This budget is to cover any costs in 2021-22 arising from the continuing Covid-19 response and will also be available to fund anti-poverty initiatives, support residents suffering financial hardship as a result of the pandemic, and to provide support for economic recovery within the Borough.
- Budgeted saving of £0.740m due to reduced employer pension contributions. This will be passed out to services during the year.
- Removal of temporary 2020-21 budgets for the one-off payment made to the Pension Fund in respect of outstanding early retirement costs (£4.532m) and a one-off revenue contribution to capital funded from a release of funds from the renewable energy reserve (£1.489m).

Further details regarding these cost pressures are outlined in **Appendix B**.

Reductions of £8.573m are forecast across the period 2022-25.

### 5. Changes to Collection Fund

There is a pressure of £41.3m arising on the Collection Fund in 2021-22.

£38.9m of this pressure is due to a technical accounting issue. This is due to the accounting treatment required in relation to the enhanced business rate reliefs in 2020-21 associated with Covid-19. The reliefs have been charged against the Collection Fund in 2020-21 and total £38.9m. The funding for these reliefs will be fully reimbursed by Central Government but will be accounted for in the General Fund in 2020-21 rather than the Collection Fund. The funding received in 2020-21 will be set aside in a Collection Fund Deficit Reserve and this reserve will be released in 2021-22 when the Collection Fund deficit is released.

The true deficit in the Collection Fund (excluding the timing issue above) is £4.7m.

<sup>1</sup> The year on year change that impacts the budget position is not the same as the increase/decrease in contingency budgets as it is calculated with reference to assumptions on the proportion of contingencies that are permanent and temporary.

## Appendix E

The full movement on the Collection Fund is set out in the table below:

	2021-22 £m	2022-25 £m	Total by 2024-25 £m
<b>Council Tax:</b>			
One-off surplus released in 2020-21 budget dropping out	3.332		3.332
Release final surplus in relation to 2019-20	(0.090)	0.090	0.000
Release forecast 2020-21 deficit of £1.8m and spread over 3 years	0.600	(0.600)	0.000
<b>Business Rates:</b>			
Release final surplus in relation to 2019-20	(2.933)	2.933	0.000
Release forecast 2020-21 deficit of £2.925m and spread over 3 years	0.975	(0.975)	0.000
Technical deficit relating to timing of grant reimbursement for enhanced business rate reliefs paid in year.	38.936	(38.936)	0.000
<b>Manchester Pool / Levy:</b>			
Increased levy payment due to dissolution of Pool	0.455		0.455
<b>Total</b>	<b>41.275</b>	<b>(37.488)</b>	<b>3.787</b>

Further details on the Collection Fund are included in **Appendix F**.

### 6. Changes to earmarked reserves

The budgeted use of reserves will increase to £41.694m in 2021-22. As this is one-off funding it falls out in future years. The changes are summarised in the table below.

Reserve	Budgeted use in 2021-22 £m	Change 2021-22 £m	Change 2022-25 £m
<b>Earmarked reserves</b> This includes the release of 14 earmarked reserves.	<b>(3.800)</b>	<b>6.721</b>	<b>3.800</b>
<b>Collection Fund Deficit Reserve:</b>			
- Transfer residual 2019-20 Collection Fund surplus into reserve	3.023	3.023	(3.023)
- Release income compensation grant from reserve to fund 75% of forecast 2020-21 deficit	(1.181)	(1.181)	1.181
- Release Business Rates reliefs compensation grant from reserve to fully reimburse associated deficit	(38.936)	(38.936)	38.936
<b>Collection Fund Deficit Reserve</b>	<b>(37.094)</b>	<b>(37.094)</b>	<b>37.094</b>
<b>Shareholder Fund Reserve</b> Used to support pressures in the waste collection company.	<b>(0.800)</b>	<b>(0.800)</b>	<b>0.800</b>
<b>Total</b>	<b>(41.694)</b>	<b>(31.173)</b>	<b>41.694</b>

Further details explaining the movement on reserves is included in **Appendix G**.

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### Locally Generated Funding

#### Council Tax

Income from Council Tax now represents Cheshire West and Chester Council's largest individual funding stream. The level of Council Tax raised is determined by two factors – the tax base and the Council Tax charge.

#### Changes in the Tax Base

The tax base reflects the estimated number of chargeable domestic dwellings expressed as a number of Band D equivalents, adjusted to allow for housing growth, Council Tax discounts and exemptions (including the Council Tax Reduction Scheme), successful valuation appeals and estimated collection rates.

The Council's tax base for 2021-22 has been calculated at 122,724.3 Band D equivalent properties, representing a reduction of approximately 0.8% on 2020-21. This has the impact of reducing the Council Taxbase in 2021-22 by £1.564m. The Taxbase has reduced due to a combination of factors – the slowdown in housing growth as a result of the Covid-19 pandemic; a significant increase in the number of households receiving support through the Council Tax Reduction Scheme; continued increases in the number of single person discounts despite an ongoing review. These reductions are offset slightly by additional income that will result from increasing the long-term empty premium for properties that have been empty for longer than ten years from 200% to 300%. The policy for this was approved by Council as part of the 2020-21 budget-setting process.

Central Government has acknowledged the significant impact of the Covid-19 pandemic on the number of households requiring support with their Council Tax bills. The Council will receive a one-off un-ringfenced grant of £3.128m in 2021-22 from Central Government to help manage this.

Future year tax base increases have been assumed at a level of 1.2% every year (an average of approximately 1,550 Band D equivalents per year).

#### Council Tax Strategy

In 2021-22 Council Tax levels will increase by 4.99%. This reflects a general increase of 1.99% (generating £3.861m) plus an additional 3% precept to fund Adult Social Care (generating £5.82m). The assumption for future years is a 1.99% annual increase to general Council Tax levels.

#### Resulting Band D Council Tax Levels

The Council Tax strategy and the increased tax base equate to a charge of £1,659.61 per Band D dwelling and funding of £203.674m in 2021-22.

	<b>2020-21</b>	<b>2021-22</b>
Council Tax Level Band D (£)	1,580.73	1,659.61
Change in Council Tax Level Band D (£)		78.88
Tax Base (Band D equivalent homes)	123,713.3	122,724.3
<b>Council Tax Income (£m)</b>	<b>(195.557)</b>	<b>(203.674)</b>
Fall in Council Tax Income for Tax Base reduction (£m)		<b>1.564</b>

Growth in Council Tax Income for Council Tax increase (£m)		<b>(3.861)</b>
Growth in Council Tax Income for Social Care precept (£m)		<b>(5.820)</b>
<b>Total Growth in Council Tax income (£m)</b>		<b>(8.117)</b>
<b>Overall increase on Council Tax bills</b>		<b>4.99%</b>

### Resulting 2021-22 Council Tax Charges by Band

The impact of these changes on individual Council Tax band charges is shown in the table below.

<b>Band</b>	<b>Value at 1/4/91</b>	<b>Ratio</b>	<b>2020-21 £</b>	<b>2021-22 £</b>	<b>Annual Increase £</b>
A	Up to £40,000	6/9	1,053.82	1,106.41	52.59
B	£40,001 - £52,000	7/9	1,229.46	1,290.81	61.35
C	£52,001 - £68,000	8/9	1,405.09	1,475.21	70.12
D	£68,001 - £88,000	9/9	1,580.73	1,659.61	78.88
E	£88,001 - £120,000	11/9	1,932.00	2,028.41	96.41
F	£120,001 - £160,000	13/9	2,283.28	2,397.21	113.93
G	£160,001 - £320,000	15/9	2,634.55	2,766.02	131.47
H	Over £320,000	18/9	3,161.46	3,319.22	157.76

These figures reflect the Cheshire West and Chester Council Taxbase charge for each band of property across the Borough. The total Cheshire West and Chester Council charge within each area may vary slightly from these figures depending on the implementation of special expenses. Total Council Tax in each parish area will be determined by adding the Police and Fire Authorities and (where appropriate) parish precepts to the Council's element.

### Special Expenses

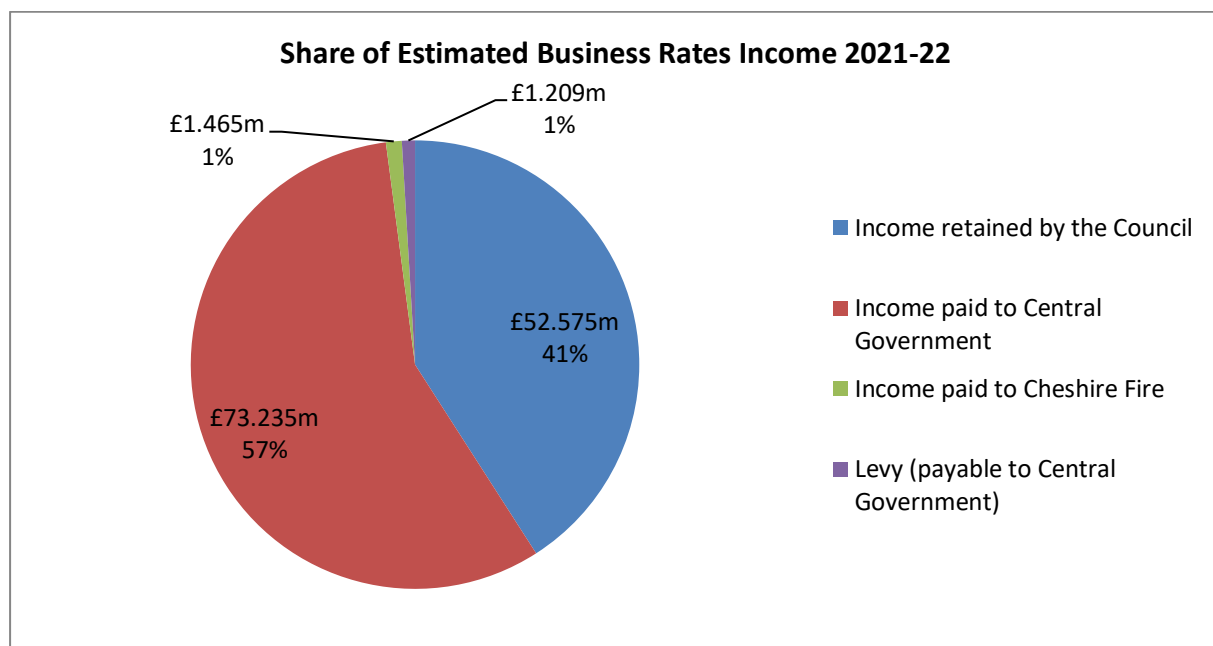
Special expenses adjustments are made for services (local play areas and Christmas lights) that are provided by Cheshire West and Chester Council in some areas and a parish council in other areas. In order to avoid charging taxpayers for services in those areas where it does not provide them, Cheshire West and Chester Council makes a small reduction in its Council Tax charge in those areas. A compensating rise is included in those areas that do benefit from Cheshire West and Chester Council's provision of these services. The adjustments are cost neutral and do not affect the average level of Council Tax across the borough. The impact of the adjustments on Council Tax charges in each area for 2021-22 will be reported within the Council Tax Setting report.



### Business Rates

The Business Rates Retention Scheme, whereby councils retain a proportion of the Business Rates they collect, has been in operation since 2013-14. Central Government has stated its aim to increase the local share of Business Rates retention to 75% but this has now been delayed to 2022-23 at the earliest. The Business Rates income forecast from 2022-23 assumes a neutral impact of the changes and that any additional income will be matched by a reduction in other grants being incorporated into Business Rate Retention.

Based on the current scheme, the Council retains 41% of the total income collectable, as shown in the chart below.



The income in 2021-22 of £52.575m includes £0.600m income from renewable energy businesses. All income from these businesses is retained by the Council, rather than being shared with partners.

Business Rates income will be supplemented by £7.468m of specific grants to fund the additional cost of reliefs mandated by Central Government, such as the extension of the Small Business Rates Relief scheme, the move to CPI inflation for the multiplier from 2019-20 and the freezing of the multiplier in 2021-22.

Total income relating to Business Rates will therefore be £60.043m in 2021-22, representing a £0.315m reduction from 2020-21. The reason for the reduction is because of a decision by the Greater Manchester and Cheshire authorities to dissolve the Business Rates pool. This decision was made due to Covid-19 pressures and the uncertain economic climate making it increasingly likely that one or more pool members would see significant reductions in their income from Business Rates, increasing the risk of pooling. This decision results in a levy of £1.209m being payable to Central Government in 2021-22. In previous years, 50% of this levy would have been paid to the pool, with the remainder being retained.

**Future Growth**

The Council continues to take significant steps to drive forward local growth. However, recent experience is that any growth in Business Rates from new properties has been offset by reductions in rateable values from successful appeals. The indicative budget for 2022-25 reflects this by accounting for inflationary growth only.

**Business Rates Income Budget 2021-22 to 2024-25**

Over the four year period Business Rates income is forecast to increase to £63.2m.

	<b>2021-22 £m</b>	<b>2022-23 £m</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>
Council Share	(71.170)	(72.306)	(73.536)	(74.933)
Renewable Energy sites	(0.600)	(0.610)	(0.620)	(0.632)
Tariff	17.986	18.274	18.584	18.938
Levy	1.209	1.227	1.249	1.271
<b>Retained Income</b>	<b>(52.575)</b>	<b>(53.415)</b>	<b>(54.323)</b>	<b>(55.356)</b>
Specific Grants	(7.468)	(7.588)	(7.717)	(7.863)
<b>Total Income relating to Business Rates</b>	<b>(60.043)</b>	<b>(61.003)</b>	<b>(62.040)</b>	<b>(63.219)</b>

**Collection Fund Surplus / Deficit**

The Council operates two Collection Funds, one for Council Tax and the other for Business Rates. Every January, the Council forecasts its net income for the following financial year, dictating the precept/Business Rates income to be distributed. At the same time, a forecast of the current year's surplus/deficit is made and this is distributed in the following financial year. Should the actual surplus or deficit be different, the remainder will be distributed in the following financial year. As a result the 2021-22 budget includes the Council's share of estimated surplus/deficit on the 2020-21 funds and any undistributed balances from earlier years.

The surplus on the Council Tax Collection Fund at the end of 2019-20 was £4.048m, primarily due to a growing tax base and the reducing costs associated with the Council Tax Reduction Scheme. Cheshire West and Chester Council's share of this was £3.422m, of which £3.332m was distributed in 2020-21, leaving the remaining balance of £0.090m to be released to the 2021-22 budget. The in-year forecast for 2020-21 is for a deficit of approximately £2.1m of which the Council's share will be £1.8m. This deficit is the result of reduced housing growth, an increase in the number of households receiving support through the Council Tax reduction scheme, and the expectation of increased losses on collection, all of which are direct impacts of the Covid-19 pandemic.

The surplus on the Business Rates Collection Fund at the end of 2019-20 was £5.985m. The Council's share of this was £2.933m, none of which was released in

2020-21 due to uncertainty about the impact of backdated refunds relating to appeals. This will now be released to the 2021-22 budget. As a result of the Covid-19 pandemic, there will be a significant deficit on the Business Rates Collection Fund in 2020-21. The Council's share of this deficit is currently forecast to be £41.861m. A significant majority of this relates to the expanded relief given to retail, hospitality and leisure businesses. The Council will be reimbursed £38.936m for this by Central Government in 2020-21; this income will be put into reserve to fund all but the in-year deficit of £2.925m.

Under new government legislation for any 2020-21 deficits on the Collection Fund, the Council's £1.8m Council Tax deficit and £2.9m Business Rates deficit will be spread equally over three years. Also, Government has announced a scheme to compensate local authorities for an element of their Collection Fund losses in 2020-21. This compensation is expected to be in the region of £3m. The current accounting guidance is that as this grant relates to 2020-21 losses this grant should be accounted for in 2020-21 and put into a reserve to be released over the next three years. Should guidance on this change the accounting treatment will be updated accordingly.

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**REPORT OF THE CHIEF FINANCIAL OFFICER ON THE ROBUSTNESS OF THE  
2021-22 BUDGET ESTIMATES AND THE ADEQUACY OF RESERVES**

**LOCAL GOVERNMENT ACT 2003 – SECTION 25**

**Introduction**

This report has been prepared in accordance with the statutory requirements of the Local Government Act 2003 which requires the Authority to report to Members on the robustness of budget estimates and the adequacy of proposed reserves.

**Robustness of Budget Estimates**

When preparing the budget for 2021-22 all budget holders have been challenged to ensure that services can be delivered within the available funding and that estimates of expenditure and income are realistic. Directors have certified that savings proposals are deliverable.

The proposed budget has been prepared with careful consideration given to the level of risk and uncertainty around budgetary estimates and this is reflected in the planned levels of contingencies and reserves. This is a matter of judgement with no correct answer. However, as a general rule the greater the level of risk and uncertainty (both now and in the future) the greater the level of contingencies and reserves that can be considered prudent.

In order to provide some assurance that any estimates are robust and the Council is adequately protected against unbudgeted financial pressures and impacts on Council Taxpayers a number of factors are considered as part of the budget planning process.

**Considerations**

**Increased reliance on local funding estimates and future economic growth**

The financial settlement has provided information on funding levels for 2021-22. Some of the 2021-22 grant allocations are not yet confirmed and estimates are based on the best available information.

2021-22 is a one year financial settlement, which brings with it a considerably increased level of uncertainty and makes the budget planning process much more difficult. The funding estimates in the budget are based on the best available information and are considered prudent but will be kept under review.

There are significant changes proposed to local government funding in future years, namely increased Business Rates Retention and the Fair Funding Review which will see an overhaul of the funding formula that has determined local government funding allocations for over a decade. These estimates will be kept under review and refined accordingly as further details become available.

The Council's future funding is now more closely aligned to the success and performance of the businesses within the borough than would have historically been the case. While the budget proposed contains allocations to support the Council's strategy to drive growth and support the local economy it is not yet dependent on

their success, though this will increasingly become a factor in future years. It will take some time for the full economic benefit of some of the growth initiatives to be realised and they will only be reflected in budget estimates once these ongoing benefits are known. The Covid-19 pandemic has increased uncertainty around the wider economy which may impact on some of these initiatives.

### **Maintaining key service delivery**

Throughout the budget preparation process there has been a sustained focus on ensuring that any impacts on front line services are minimised and the quality of services to residents is sustained. The scale of cost reduction required means the Council has had to challenge all aspects of its service delivery and to seek out alternative more cost effective ways of meeting demand within the funding available. All changes are subject to careful consideration, impact assessment and wider consultation before they are implemented.

### **Anticipated new demand pressures**

The budget setting process has specifically taken into account the impact of changes in the demand for Council services due to factors including demographic growth and the rising costs of service provision. The Council's on-going investment in demand led services such as Children's and Adult Social Care is reflected in the budget, with £14.7m of new funding in 2021-22, and a further £15.7m by 2024-25. Some of this investment will be held centrally and all requests for funding will need to be signed off by the Director of Finance to ensure the investment is used for the purposes intended.

### **Realistic Cost Inflation**

The Council has built specific contingency allocations into the budget to provide funds for contractual and other inflationary pressures. The scale of this contingency is based on a Council wide review of the budget areas which may experience inflationary pressures in future years and their likelihood as well as consideration of prevailing national inflation rates and pay bargaining agreements.

### **Impact of Covid-19**

The impact of the Covid-19 pandemic on the Council, in terms of both its day to day operations and the coordination of the response, has been significant throughout 2020-21. Central Government has provided the Council with financial resource that has gone towards addressing the pressures faced on both expenditure and income but the Council may also have to utilise its own resources and ensure prudent realignments of budgets and reserves to ensure the pressures are fully met. The cost and income pressures as well as the overall funding position are closely monitored on a monthly basis and a summary reported to the Corporate Management Board monthly and to Members quarterly as part of the quarterly reporting process.

### **Financial Management**

The Council has an embedded culture of strong financial management and its reporting strategy incorporates regular robust monitoring across all levels. Operational managers, strategic management and Cabinet portfolio holders all receive reports on a regular basis. These cover not only financial budget management but also the wider issues such as the impact on service outcomes and performance measures. This ensures that key elements of the budget are reviewed on a regular basis and issues are reported as soon as they emerge so they can be remedied as early as possible.

The deliverability of the budget is dependent upon achieving all savings and efficiency targets. The Corporate Management Board monitors the achievement of these targets throughout the year and instigates remedial actions where issues are identified. The track record on delivering savings is strong however, in order to deliver the level of savings required over the next four years a significant number of proposals are transformational and further structural savings may be required. The budget for 2021-22 includes a new Capacity Contingency of £1.6m to ensure the Council has sufficient resources to deliver the savings proposals. Progress in delivering all proposals will be closely monitored.

The Council manages risk on an ongoing basis at all levels of the organisation. In particular it defines roles, responsibilities, processes and procedures, standards and the documentation that should be produced to comply with policy and corporate governance arrangements. This enables the Council to anticipate risks as they emerge. Clearly the Council faces a significant financial challenge over the coming year and all expenditure plans will be continually reviewed and monitored in this context.

Given the controls in place the likelihood of significant unanticipated budget issues is reduced but should any emerge that cannot be managed within existing budgets, contingency balances are included to provide short term funding until a longer term resolution can be implemented.

### **Capital Strategy**

As part of the preparation of the capital programme, specific consideration is given to the level of borrowing required to support capital aspirations. This determines the most appropriate means of borrowing such sums together with the impact on the debt profile of the Council. The Council uses a range of prudential indicators to manage and control the impact of capital investment decisions and has placed a ceiling on the overall level of debt the Council can borrow at 130% of its net expenditure and maintains a capital financing budget at below 10% of its net spend. This ensures that repayment of debt is affordable within the available funding, and is particularly relevant during times of reducing funding.

This is carefully monitored by the S151 Officer and the Cabinet Member for Legal and Finance. The financial standing of the Council has been externally assessed and received positive feedback from both its external auditors and its Treasury Management advisers.

### **Reserves Strategy**

The Council holds a range of reserves that it uses and holds for different purposes. This report considers each in turn.

#### **General Fund**

The General Fund is the Council's primary reserve. It exists to provide the Council with a contingency against unexpected events which could otherwise undermine the Council's sound financial standing. The fund should only be utilised to address short term issues and should not be relied upon to finance ongoing budget deficits. Where it is used in the short term then this should be part of a plan to return it to a long term equilibrium position in the medium term.

Determining the level of General Fund forms a key part of the Council's medium term financial strategy and will be informed by an assessment of the risks presented by:

- State of the economy (and its impact on Council costs/funding)
- Knowledge of future changes to the Council's responsibilities
- Specific risks relating to the changes in Council services

Although not officially endorsed by CIPFA (Chartered Institute of Public Finance and Accountancy) a historical benchmark minimum level that is used by a number of authorities is for the General Fund to be maintained at between 3-5% of the Council's net budget. This can be considered to be a minimum level of reserves in keeping with the long term background risks the Council shares in common with all other Councils. This is referred to as the normal risk accepted. However this rate will not take account of variable factors such as the economic climate, government policy and local factors. Therefore, alongside the normal risk the Council also needs to make an assessment of abnormal risks it may need to fund. These include the following elements:-

### **National Considerations**

**Impact of economic climate on Council costs** - the current climate continues to prove challenging with the potential for business closure, lower than normal income levels and shortage of alternative funding sources from partners. The position has become increasingly challenging due to the Covid-19 pandemic and the longer term consequences for the wider economy are uncertain.

The longer term impact of the UK leaving the European Union remains uncertain and the impact this has on Council funding will continue to be monitored through the dedicated Brexit steering group.

As Council funding is now more dependent on the performance of the local business sector it is more exposed to the consequences of businesses failing or a lack of demand for local facilities and the impact of significant successful Business rates appeals.

Since 2016-17 the Council has been a member of the Greater Manchester and Cheshire Business Rates Pool. Membership of the Pool allowed the Council to retain a higher level of business rate growth than it would otherwise, through a reduced levy payment. In return the Pool took on the risk of funding losses that would otherwise have been funded from the Government's safety net provision. Whilst this had a financial benefit to the Council there was an element of risk for all members of the pool had income levels dropped significantly. The risk of this occurring had, until this year, not been considered significant. However given the significantly increased levels of uncertainty around the Business Rates income nationally in 2021-22 as a result of Covid-19, the Pool is being dissolved to reduce to risk to its members of having to fund significant losses.

### **Impact of Covid-19**

The Covid-19 pandemic and associated response and recovery are significant and the financial implications for the Council are uncertain. There are likely to be budget pressures on both expenditure and income into 2021-22 and potentially beyond but it is difficult to quantify these with any certainty.



Some allocations of compensatory government funding have already confirmed for 2021-22, namely:

- £8.5m Emergency Covid-19 funding;
- confirmation that the Sales Fees and Charges compensation scheme will continue up to June 2021;
- Local Tax Support grant of £3.1m to fund the additional costs associated with increases in local council tax support schemes; and
- Local Tax Income Guarantee scheme estimated at £3m to compensate councils for 75% of irrecoverable losses on the Collection Fund in 2020-21.

Along with the forecast £3.7m balance on the earmarked Covid-19 Reserve the level of risk to the General Fund is reduced.

**Anticipated reductions in funding** – the level of government funding that the Council receives is expected to reduce by £10.7m over the next four years. Funding is however increasing by £8.8m in 2021-22 but this is only expected to be a temporary increase. There is still considerable uncertainty about future funding including the longer term funding for Adult Social Care and Health.

Central Government's aim to move to a system of 75% business rate retention and to implement the findings of the Fair Funding Review remain under review and the timescales for implement of either are uncertain. The implications of either for individual councils are not yet known and a neutral impact is assumed for financial planning purposes over the four years of this budget plan. This position will be kept under review should any announcements change this assumption.

### Local Considerations

**Planned changes in service delivery methods/contracts** – The Council continues to review the way in which it delivers services in order to ensure best practice and best value for money for its residents. This has resulted in significant changes to working practices, commissioning relationships and governance arrangements. As these become embedded within the organisation this should reduce the risk to the organisation however there is still a degree of risk that needs to be allowed for.

**Impact of Rising Demand for Services** – The Council continues to face increasing demand for its services due to demographic growth pressures in Adult Social Care and pressures relating to Looked After Children. Investment has been included in the 2021-22 budget but there is still a degree of risk that needs to be allowed for.

The Council is also facing increased risk of provider failure within the adult social care market. The failure of any provider may potentially result in the Council incurring additional costs under its Care Act duty to respond to provider failure. Whilst the Council has undertaken a review of fees to ensure they reflect a fair cost of care, there is still a degree of risk that needs to be allowed for and a further review of fee rates paid for residential and nursing care is planned in 2021-22.

**Legal Challenges** – The Council regularly has to make strategic or policy decisions that could be subject to challenge or appeal from the affected bodies. Any such decisions or changes that impact on operational services may be subject to legal challenge. Whilst it is considered that the risk is low, it is prudent for the Council to have some capacity to safeguard against challenges.

**Major Project Developments** – As part of its growth/regeneration agenda the Council undertakes a number of projects which require some initial short term investment to progress the schemes to a point where they either become self-financing or the costs to the Council are confirmed. While these schemes are in development and through their early years of operation, they represent a higher risk to the Council as they are typically complex and are expected to be wholly or partially funded from the income they generate.

Such developments include the regeneration of the Northgate area of Chester, Winsford Cross Shopping Centre and the Barons Quay development in Northwich. Following the announcement of the successful bid for Future High Street Funding for Winsford, a major regeneration of the town centre will now also be delivered, with significant Council investment.

The costs and income from the Northgate development will be reflected in the Council's mainstream budgets once the site opens in 2022-23 but the Barons Quay and Winsford Cross developments continue to be funded through development accounts, which means any short term deficits are temporarily met from Council reserves (Long Term Liability Reserve).

Irrespective of how such developments are funded, they represent a higher risk than would typically be the case for Council activities. The Council monitors these risks closely through tools such as the Northgate resilience assessment, to ensure that any potential shortfalls or overspends are identified as early as possible.

Where additional costs are considered likely they are reflected in the Council's budget as needed. If additional costs are less likely, but still possible, allowances are made in the Council's reserves strategy to ensure that the Council has access to funding if needed. This is factored into the calculation of the potential demands on its General Fund.

**Financial Resilience** - CIPFA's Financial Resilience Index published in December 2019 reported that around one in ten of councils are showing signs that their finances are at risk. The picture for Cheshire West and Chester Council was largely positive compared to other councils and its risk was at the low end of the spectrum for five out of nine primary measures and four out of seven secondary indicators. The Resilience Index has not since been updated by CIPFA but the position for the Council is expected to be largely positive, relative to other councils, based on the previous analysis.

### **Budget Setting Assumptions**

**Sensitivity of budget assumptions** - The Council's budgets for 2021-22 are underpinned by a number of assumptions regarding the prevailing rates of inflation, interest earned and cost growth. While these estimates are believed to be prudent some costs are outside the Council's control, particularly in the medium term. A small allowance is made in the General Fund to safeguard against these factors in the medium term.

**Significant earmarked balances** – The Council maintains a significant level of funding in earmarked reserves which, in some cases, could be used to moderate the impact of future cost increases. These include reserves for future potential insurance

claims and funding that Members have set aside for specific purposes. The presence of these reserves reduces the scale of risk the General Fund has to guard against.

## Management/Member Actions

**Clear Corporate/Member messages** - The Council and its senior management have very clear expectations regarding the delivery of a 'balanced budget' and have instigated appropriate monitoring and reporting processes to ensure any emerging pressures are promptly addressed. The significant work that has taken place via the Budget Review sessions has also helped to ensure that the Council's priorities are embedded throughout the organisation. This reduces the risk to be managed through the General Fund.

**Four Year Plan developed** – Given the scale of the funding reductions that the Council faces a four year budget plan has been developed for 2021-2025 which allows it to plan ahead with more certainty and has helped to ensure that savings plans are identified in advance of their implementation. However given the uncertainty regarding funding in future years this will need to be closely monitored.

A summary of the adjustments made for the above factors is set out in the following table.

Factors Considered	Risk Impact % of net budget	Impact on Reserve £m
<b>Normal Risk Level</b>	<b>4.0%</b>	<b>13.2</b>
National Considerations		
- Impact of economic climate on Council costs	1.0%	3.3
- Impact of Covid-19	1.0%	3.3
- Anticipated Government Funding/Use of Covid-19 earmarked reserve	-1.0%	-3.3
- Anticipated reductions in Government Funding	2.0%	6.6
Local Considerations		
- Delivery of planned changes in service delivery methods/contracts	1.5%	4.9
- Costs at risk from potential legal challenges	0.5%	1.6
- Rising demand for services	1.0%	3.3
- Carrying risk of major project developments	1.0%	3.3
- CIPFA Financial Resilience Index and future funding gap	-0.5%	-1.6
Budget Setting Assumptions		
- Sensitivity of budget assumptions	1.0%	3.3
- Significant earmarked balances	-1.0%	-3.3
Management Member Actions		
- Clear corporate/Member messages	-1.50%	-4.9
- Four year plan developed	-1.00%	-3.3
<b>Abnormal Risk Level</b>	<b>4.0%</b>	<b>13.2</b>
<b>Total Risk</b>	<b>8.0%</b>	<b>£26.4m</b>

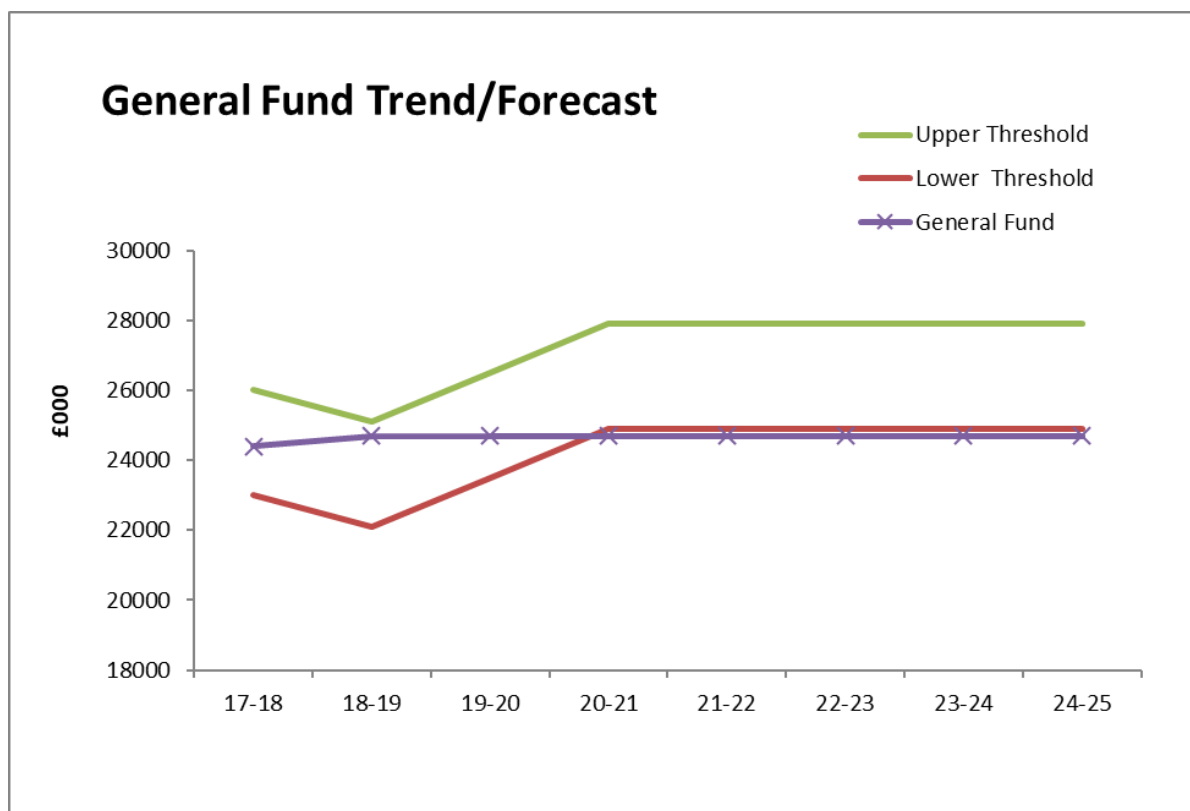
This shows that a risk adjusted assessment of the required level for the General Fund in 2021-22 should be in the region of £26.4m. A range of £1.5m is advised around this figure so a General Fund between £24.9m and £27.9m would be considered prudent. This represents 3.2% of the Council's gross expenditure budget and 8% of the net budget.

The Council started 2020-21 with a General Fund balance of £24.7m. Incorporating the latest projections of expenditure for 2020-21 it is estimated that the level of the general fund will remain the same by 31 March 2021. The balance is anticipated to remain at this level until 2024-25.

It is recognised that this puts the Council's balance marginally below the lower end of the risk assessed level, although it should be noted that the net budget includes temporary Covid-19 funding for 2021-22. If this is excluded, the level of general reserves is within the risk assessed range. The S151 Officer's opinion is that this General Fund position is appropriate and should be maintained at this level, being mindful of the significant savings that need to be delivered in 2021-22 and the significant uncertainty about the future funding position. To increase the level of reserves would necessitate further savings to be made from elsewhere in the Council's budget and it is not considered appropriate at this time.

There continues to be increases in demand for services such as Adult and Children's Social Care and some risk associated with the uncertainty of future Government funding. In addition, the ability to deliver savings is increasingly challenging and savings are becoming progressively more difficult to deliver, as transformation is a prerequisite of most savings strategies going forward.

In addition, this is borne out by CIPFA's Financial Resilience Index which was published in December 2019 and showed that the Council's reserves position was largely positive compared to other councils and was at the low end of risk in relation to its reserves.



\*Note the general fund balance from 2017-18 to 2019-20 is the actual balance at outturn. The balance is estimated from 2020-21 to 2024-25.

Opportunities to utilise the General Fund on a short term basis in order to generate longer term savings will continue to be explored and should these opportunities arise this will be brought to Council for approval.

## Earmarked Reserves

Unlike the General Fund earmarked reserves are held for a specific purpose. These purposes may be determined by the Council to coincide with its policy objectives, dictated by statute (e.g. schools funding) or agreed with partners who also contribute to the reserve.

Where the decision to set up a reserve rests with the Council, consideration needs to be given as to the benefits of holding an earmarked balance. The Council holds earmarked reserves separately from its General Fund to meet a number of distinct aims.

- Transformation Reserves – funds set aside/ring-fenced to support new ways of working or developments that will change the way in which an activity is managed/delivered in order to deliver efficiencies.
- Economic Growth Reserves – funds set aside/ring-fenced to fund developments that support the Economic Growth. As such these tend to be longer term projects and the reserve ensures that funding is available to take the activities forward as planned.
- Partnership Working Reserves – funds received from third parties along with Council matched funding to enable an activity or service to be jointly delivered. As such the reserve is restricted to the purpose for which the funding was granted.

- Directorate Reserves – funds relating to specific services/activities within a Directorate. These generally relate to timing differences between when funding is available and when expenditure is incurred.
- Council Wide Reserves – funds relating to Council wide decisions that commit it to incurring additional costs in the future thus ensuring that there is no burden on service budgets when the costs are recognised. For example, the Insurance reserve to fund future liabilities.
- Council Company Reserves – funds set aside/ring-fenced to provide shareholder investment should financial support be needed or to deliver changes to services that the companies provide.

Following a full review of existing earmarked reserves, the current and anticipated balance on each class of reserve is shown in the full reserves table later in this appendix. Included within this balance is the Dedicated Schools Grant reserve. Due to ongoing increased demand for high needs provision, there will be a forecast deficit of £1.6m at the end of 2020-21. The Department of Education require Councils to develop a recovery plan to address this over future years. A full list of all earmarked reserves held within Cheshire West and Chester is also included at Annex Gi.

The benefits of holding earmarked reserves needs to be weighed against the costs of doing so. Every discretionary earmarked reserve ties up funds that may otherwise be available to fund the core activities of the Council, thereby increasing the pressure on the general fund. Each reserve also carries with it an administrative overhead as they will need to be maintained, monitored and reported on.

Of the 44 earmarked reserves that are expected to be held as at March 2021, there are 21 that are expected to be retained over the medium term or beyond. Each of these reserves will be subject to a regular monitoring process to ensure they remain relevant and are achieving their stated objectives. The other 23 reserves are expected to have fulfilled their purpose within the planning period and will be closed at that point. Any surplus funding on these reserves on completion of proposed activities will be appropriated to the General Fund or returned to the original funding source.

Following a review of existing earmarked reserves approval is sought to release funding of £3.8m to support general Council expenditure in 2021-22. The proposal is to release the following earmarked reserves:

- Renewable Energy (£0.376m)
- Transactional Services (£0.313m)
- Deprivation of Liberty Safeguards (£0.057m)
- Blacon Wellbeing Hub (£0.040m)
- Corporate Parenting (£0.050m)
- Permit Scheme Income (£0.329m)
- Unapplied Revenue Grant (£0.392m)
- Community Governance (£0.007m)
- Gypsy and Traveller Site (£0.108m)
- Corporate Service Redundancy (£0.029m)
- Insurance (£0.527m)
- ICT Transformation (£0.849m)

- Public Service Reform (£0.456m)
- Health Integration (£0.267m)

In the majority of cases the liabilities for which the reserves were being held have not materialised and the balance is therefore able to be released with no impact on services. There are some remaining commitments on the reserves for ICT Transformation, Public Service Reform, and Health Integration and these will be funded from the new Capacity Contingency.

Approval is also sought to use £37.094m from the Collection Fund deficit reserve in 2021-22 to fund the remaining 2020-21 deficit (see **Appendix E**), and £0.8m from the shareholder fund reserve in 2021-22 to support pressures in the waste collection company.

A further rigorous assessment of all earmarked reserves will be carried out in 2021-22 in light of the significant financial pressures the Council faces in future years.

### **Statutory Schools Reserve**

The main element of this reserve is individual carry forward balances of schools' unspent budgets. It is the Council's responsibility to hold these balances and ensure they are ring-fenced for use against school activities. These balances are expected to gradually reduce over this planning period as the schools utilise their accumulated surpluses to support their activities.

### **Housing Revenue Account Surplus/Deficit Reserve**

The primary purpose of this reserve is to ensure that expenditure on managing tenancies and maintaining the Council's housing stock is balanced by rents charged to tenants. The reserve is currently maintained at 3% of the rent debit and is therefore expected to remain at approximately £0.7m over the next four years.

### **Capital Receipts Reserve**

The Council retains a capital receipts reserve to finance future capital expenditure. This reserve is largely financed by capital receipts set aside on the disposal of land, buildings and other assets but can be supplemented from revenue reserves if required.

The reserve exists to:

- minimise risk from potential emergency spending on assets;
- support investment in capital investments;
- ring-fence balances for specific schemes until that scheme is taken forward;
- fund additional payments of debt in line with the Council's policy.

The nature of this reserve determines that the balance will vary with the timing of the Council's capital expenditure. Based on current estimates, the balance of this reserve is forecast to be £9.5m at the end of the 2020-21, and decrease to £2.8m by 2024-25. The forecast balance is considered prudent in order to maintain a level of reserves that will allow the Council to meet any emergency spending on assets and minimise the cost of financing the delivery of the capital programme.

### **Unapplied Capital Grants and Contributions Reserve**

The value of this reserve will be fully funded from capital grants and contributions received and it thus represents funding available to fund future capital works. Over the four years it is anticipated that the balance on this reserve will reduce from £15.9m to £6m as it is utilised as a funding source for the capital programme.

### **Major Repairs Reserve**

Planned contributions from the Housing Revenue Account are set aside in the Major Repairs Reserve to fund the costs of capital works and for the repayment of debt. This will fund the continued investment in maintaining decent homes, Sutton Way regeneration, and the planned delivery of a further programme of new builds.



## Summary of All Reserves

The table below shows the overall values of the usable reserves the Council anticipates holding across next four years.

	Anticipated 31-03-21 £000	Anticipated 31-03-22 £000	Anticipated 31-03-23 £000	Anticipated 31-03-24 £000	Anticipated 31-03-25 £000
<b>General Fund Reserve</b>	<b>24,700</b>	<b>24,700</b>	<b>24,700</b>	<b>24,700</b>	<b>24,700</b>
<b>Earmarked Reserves</b>					
Transformation	2,748	425	60	0	0
Economic Growth	820	0	0	0	0
Partnership Working	1,160	846	827	807	807
Directorates	13,622	10,792	9,266	8,737	8,974
Council Wide	56,994	20,214	19,719	18,946	19,716
Long Term Liability	44,390	42,890	39,362	36,971	34,871
Council Companies	18,545	14,256	10,450	6,639	3,222
	<b>138,279</b>	<b>89,423</b>	<b>79,684</b>	<b>72,100</b>	<b>67,590</b>
<b>Other Reserves</b>					
Statutory Schools Reserve	7,500	7,000	6,500	6,000	5,500
HRA Surplus/Deficit Reserve	666	671	674	684	695
	<b>8,166</b>	<b>7,671</b>	<b>7,174</b>	<b>6,684</b>	<b>6,195</b>
<b>Total Revenue Reserves</b>	<b>171,145</b>	<b>121,794</b>	<b>111,558</b>	<b>103,484</b>	<b>98,485</b>
<b>Capital Reserves</b>					
Capital Receipts	9,470	6,071	5,268	4,017	2,768
Grants/Contributions	15,925	6,340	5,629	5,628	6,005
HRA Major Repairs Reserve	15,243	11,256	2,639	1,341	300
<b>Total Capital Reserves</b>	<b>40,638</b>	<b>23,667</b>	<b>13,536</b>	<b>10,986</b>	<b>9,073</b>
<b>Total All Reserves</b>	<b>211,783</b>	<b>145,461</b>	<b>125,094</b>	<b>114,470</b>	<b>107,558</b>

The following pages of this report give a detailed list of all the earmarked reserves which the Council currently holds along with the planned actions to utilise or retain the balances.

### Declaration by Chief Financial Officer

The level of future financial risk is significant, particularly with regard to the achievability of programmed savings in this timescale, the impact of changing delivery methods, pressures on 'demand led' budgets, significant uncertainty regarding local government funding changes beyond 2021-22, and the significant funding gap forecast over future years. The additional uncertainty that the Covid-19 pandemic adds on top of this is also significant.

The 2021-22 budget is considered robust. Although there are significant savings that need to be delivered in 2021-22 they have been challenged in terms of deliverability and phasing and assurances have been obtained from Directors that these are achievable. Estimates within the budget are based on professional advice and there are considered to be sufficient contingencies within the budget to deal with unforeseen or uncertain items. A new Capacity Contingency has been included in the budget for 2021-22 to ensure the Council has sufficient resources to deliver the ambitious programme of savings.

The impact of Covid-19 on the 2021-22 budget continues to be uncertain. However, there is confirmed funding from Central Government and the Council has set aside a Covid-19 earmarked reserve should costs exceed the Central Government funding.

Budget review sessions will act as a strong control loop in meeting the budgetary plans to ensure that the Authority's financial position is protected. It will be necessary to keep a very tight control of progress towards envisaged savings targets and of spending decisions. This will be closely monitored and action will be taken promptly to address any concerns that may emerge.

The level of both general and earmarked reserves are considered to be at an appropriate level. The earmarked reserves have been set aside for specific purposes and have been rigorously reviewed. The general reserves level has been risk assessed and although it is marginally below the lower end of the risk assessed level it is considered adequate. Given the funding uncertainty over the next four year financial planning period this level of reserves is necessary to smooth the impact of any significant funding reductions. The Covid-19 pandemic has been a recent example of why the Council needs to maintain its reserves at the current level. The Council has been able to plan effectively for Covid-19, despite the uncertainty of government funding, and had sufficient reserves to honour its commitments to residents if government funding hadn't been confirmed.

The Council will continue to closely monitor and engage in the consultations in relation to the local government funding changes which will have a significant impact on how the Council is funded in the future and the financial scenario will be updated as further information emerges.

The Council will need to carefully consider its response to the financial gap and unprecedented financial uncertainty facing the Council for 2022-23 onwards. This will be a priority area for the finance function, senior leadership team and Cabinet members over the coming months.

I have considered a wide range of factors having regard for short term considerations and in the context of the Authority's Medium Term Financial Strategy I declare that the level of reserves are adequate for the forthcoming year and for the financial planning period provided, that the estimates the budget is based upon are realistic and robust and there is ongoing commitment by Members and Directors to control spending within approved budgets.

M Wynn  
Section 151 Officer

## Earmarked Reserves

Ref	Name of the Reserve	Purpose	Expected balance at					Use of reserves in 2021-22 £000
			31 Mar 21 £000	31 Mar 22 £000	31 Mar 23 £000	31 Mar 24 £000	31 Mar 25 £000	
1	RENEWABLE ENERGY	Local authorities are allowed to retain 100% of the business rates income related to sites designated by the Valuation Office Agency as renewable energy hereditaments. The income from this was set aside in an earmarked reserve to be used to support CWAC energy-saving projects. This reserve is no longer required and can be released in 2021-22.	376	0	0	0	0	376
2	TRANSACTIONAL SERVICES CAPITAL FINANCING RESERVE	This reserve was established to fund one-off development work within the Transactional Service Centre. The reserve is no longer required and can be released in 2021-22.	313	0	0	0	0	313
3	DELIVERING PRIORITY / COUNCIL PLAN OUTCOMES	This reserve was set up to facilitate the delivery of the Council's key priority outcomes through initiatives that would improve outcomes for residents across the borough. £0.5m is budgeted to be released in 2020-21.	300	0	0	0	0	0
4	FLEXIBLE AND MOBILE WORKING RESERVE	To support the roll out of the Council's Flexible and Mobile Working Strategy.	350	175	0	0	0	0
5	ICT TRANSFORMATION RESERVE	The way in which the Council uses its IT will change over the next 4-5 years. We will need to transform our ICT infrastructure and move to a model based in the Cloud. This reserve will be used to provide a more sustainable IT model. £849k can be released in 2021-22.	1,149	150	0	0	0	849
6	NEW WAYS OF WORKING	This reserve is to develop the Council's integration with Health and Sub Regional Working Group	100	0	0	0	0	0
7	LOCAL PLAN	Reserve to fund ongoing Local Plan costs	160	100	60	0	0	0
	<b>Sub-total for Transformation Reserves</b>		<b>2,748</b>	<b>425</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>1,538</b>
8	NORTHGATE DEVELOPMENT	To fund revenue property costs incurred by CWAC to reduce impact of asset purchases while development progresses.	820	0	0	0	0	0
	<b>Sub-total for Economic Growth Reserves</b>		<b>820</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
9	MERSEY FOREST (inc Habitats & Hillforts)	Partnership agreement between 7 contributing local authorities co-ordinated by the Mersey Forest Team to invest in long-term tree planting programmes to improve the local environment.	398	398	398	398	398	0
10	MERSEY DEE ALLIANCE RESERVE	This reserve holds contributions from partners to fund the Mersey Dee Alliance Projects.	49	49	49	49	49	0
11	LOCAL SAFEGUARDING STRATEGIC BOARD	Partner funded Local Safeguarding Children's Board. A fund holding contributions from a number of partners, held by Cheshire West	280	280	280	280	280	0
12	TOGETHER FOR ADOPTION	Earmarked reserve set aside against identified inter-authority adoption costs and future pressures and demands against the partnership.	129	100	100	80	80	0
13	HEALTH INTEGRATION	To support the Council's role as a key partner in the Integrated Care Partnership (ICP). This reserve is being released in 2021-22.	267	0	0	0	0	267
14	SITES AND MONUMENTS	Income from data purchases to be utilised in the future for the development of current systems to aid service delivery.	37	19	0	0	0	0
15	ENTERPRISE ZONE	Income from growth within the Cheshire Science Corridor Enterprise Zone held on behalf of the Local Enterprise Partnership to fund future economic development schemes.	275	100	100	100	100	0
	<b>Sub-total for Partnership Working Reserves</b>		<b>1,160</b>	<b>846</b>	<b>827</b>	<b>807</b>	<b>807</b>	<b>267</b>
16	DOLS - DEPRIVATION OF LIBERTY SAFEGUARDS	To fund the additional costs that the Council will incur in responding to the requirements of the DOLS judgement and ensuring legal responsibilities are met.	57	0	0	0	0	57
17	BLACON WELLBEING HUB	To fund shortfall between the allocated budget of £40k and actual contribution of £50k per annum to Blacon Wellbeing Hub until the unlet space not occupied by the Elms Medical Practice is occupied by health related tenants	40	0	0	0	0	40
18	PFI EQUALISATION RESERVE - EXTRA CARE HOUSING	This reserve is used to smooth out the timing differences of cash flows between when funds are received and amounts paid in respect of the Project.	1,379	1,379	1,379	1,379	1,379	0
19	UNAPPLIED REVENUE GRANT RESERVE - Public Health Grant	To hold the balance of the Public Health Ringfenced Grant	900	600	300	0	0	0
20	CORPORATE PARENTING	To provide children in care with goods and services to facilitate equality with other children. This reserve is managed by the Parent Panel. This is now been set up as a permanent budget and the reserve will be released in 2021-22.	50	0	0	0	0	50
21	CONSUMER PROTECTION	To fund work in relation to "Proceeds of Crime" Initiatives	262	200	138	138	138	0
22	PERMIT SCHEME INCOME	Recovery of income relating to the Traffic Management Permit scheme - a 4 year rolling programme which issues permits for works and other activities on the street enabling local highways authorities to reduce congestion and disruption caused by those works and activities.	329	0	0	0	0	329
23	S106 DEVELOPER CONTRIBUTIONS	To hold the balance of developer contributions which has met all its funding conditions (enabling the Council to retain the funding) but has not yet been utilised to fund services as intended.	404	353	304	257	209	0
24	LOCAL AUTHORITY ELECTIONS RESERVE	This reserve is used to contribute towards the cost of the Local Authority Elections.	341	391	491	50	150	0
25	UNAPPLIED REVENUE GRANT RESERVE	To hold the balance of grant income which has met all its funding condition (enabling the Council to retain the funding) but has not yet been utilised to fund services as intended.	4,184	2,790	1,174	614	0	392
26	ADOPTION SUPPORT FUND	Funding to support sustainable improvement to the assessment and provision of appropriate therapeutic support to adoptive families and Special Guardians.	150	150	120	120	100	0
27	COMMUNITY GOVERNANCE (inc Boundary Commission)	Funding to meet cost implications as a result of the Local Government Boundary Review and Community Governance Review. This reserve is being released in 2021-22.	7	0	0	0	0	7
28	PUBLIC SERVICE REFORM PROJECTS	Reserve set aside for Public Service Reform projects. This reserve is being released in 2021-22.	456	0	0	0	0	456
29	GYPSY AND TRAVELLER SITES	Sinking fund from tenant income to fund future work on the two sites in Winsford and Ellesmere Port.	108	0	0	0	0	108
30	CORPORATE SERVICES REDUNDANCY	Reserve to meet corporate services redundancy costs. The reserve is being released in 2021-22.	29	0	0	0	0	29
31	HRA PENSION CONTINGENCY	This reserve is used to build up contingency funds to be used to pay ForViva for any increase in employer pension contributions.	600	668	737	806	875	0
32	CHESHIRE WEST ASSOCIATION OF HEADTEACHERS	Funding from schools to support the running costs of the Associations of CW&C Head Teachers	5	5	5	5	5	0
33	UNAPPLIED REVENUE GRANT RESERVE - SCHOOLS	Due to ongoing increased demand for high needs provision, there will be a forecast deficit of £1.6m at the end of 2020-21. A recovery plan will be developed, in line with Department for Education guidance, to address this over future years.	-1,612	-1,612	-1,500	-1,000	-500	0

Ref	Name of the Reserve	Purpose	Expected balance at					Use of reserves in 2021-22 £000
			31 Mar 21 £000	31 Mar 22 £000	31 Mar 23 £000	31 Mar 24 £000	31 Mar 25 £000	
34	PFI EQUALISATION RESERVE - ELLESMERE PORT SCHOOLS	This reserve is used to smooth out the timing differences of cash flows between when funds are received and amounts paid in respect of the Project.	5,618	5,868	6,118	6,368	6,618	0
35	FORCED ACADEMY	Reserve to meet the potential cost of a number of schools becoming an academy which are in a deficit position.	315	0	0	0	0	0
	<b>Sub-total for Directorate Reserves</b>		<b>13,622</b>	<b>10,792</b>	<b>9,266</b>	<b>8,737</b>	<b>8,974</b>	<b>1,468</b>
36	INSURANCE AND RISK MANAGEMENT RESERVE	This reserve exists to fund insurance liabilities relating to Cheshire West & Chester functions.	9,453	9,898	10,584	10,992	11,762	527
37	EDUCATION ALL RISKS SCHEME RESERVE (INSURANCE)	This reserve funds insurance claims made by schools for items which sit outside the Council's general insurance policy.	350	350	350	350	350	0
38	LONG TERM SICKNESS SCHEME RESERVE (INSURANCE)	This reserve funds the future costs of long term staff sickness in schools enabling the risk that any individual school carries to be shared across all schools in the scheme.	171	151	151	151	151	0
39	COMMUNITY BENEFITS FUND	This balance represents the outstanding amount which non-parished areas have available to spend on local community developments from the New Homes Bonus .	111	0	0	0	0	0
40	COLLECTION FUND DEFICIT RESERVE	This reserve is set aside to manage fluctuations in Business Rates Income. The reserve balance at the end of 2020-21 is significant due to the accounting treatment of the business rate reliefs given in 2020-21. The income to compensate the Council has been received in 2020-11 but the deficit on the collection fund will not be released into the revenue account until 2021-22.	43,206	6,112	4,931	3,750	3,750	37,094
41	COVID-19 RESERVE	Reserve set aside to cover some of the financial pressures due to the impact of Covid-19.	3,703	3,703	3,703	3,703	3,703	0
42	LONG TERM LIABILITY RESERVE	To fund long term costs in areas such as pensions and debt repayment, ensuring that decisions concerning the time when liabilities are paid/recognised do not result in a budget shortfall in later years.	44,390	42,890	39,362	36,971	34,871	0
	<b>Sub-total for Council Wide Reserves</b>		<b>101,384</b>	<b>63,104</b>	<b>59,081</b>	<b>55,917</b>	<b>54,587</b>	<b>37,621</b>
43	WASTE RESERVE	Waste Company Settlement Reserve - This reserve will allow for timing differences between the receipt of settlement payments from Kier for the early termination of the Waste Contract and the payment of additional costs to the company the Council has created to replace that service.	18,545	14,256	10,450	6,639	3,222	0
44	SHAREHOLDER FUND	The Council companies have significant savings to deliver over the next couple of years. This reserve is set aside in case these savings are not delivered in full, or shareholder investment is required to deliver the savings or develop the companies. This reserve is being released in 2021-22 to fund the pressures with Cheshire West Recycling.	800	0	0	0	0	800
	<b>Sub-total for Council Company Reserves</b>		<b>18,545</b>	<b>14,256</b>	<b>10,450</b>	<b>6,639</b>	<b>3,222</b>	<b>800</b>
	<b>TOTAL EARMARKED RESERVES</b>		<b>138,279</b>	<b>89,423</b>	<b>79,684</b>	<b>72,100</b>	<b>67,590</b>	<b>41,694</b>

**Capital Programme 2021-22 to 2024-25**

Investment in the infrastructure and assets across the borough plays a vital part in the Council being able to make progress against its key challenges over the next four years. As the Council's funding is increasingly tied to locally generated funding streams it is more important than ever to invest in facilitating infrastructure to support and promote growth and to generate additional income from key funding streams such as Business Rates, Council Tax and rental income.

Given the significant funding reductions that the Council faces our capital investment decisions need to be made in a focused way. The criteria that has been used to develop the capital programme includes:-

- The impact each scheme will have on our key challenges;
- The potential for each scheme to support economic growth and jobs;
- The extent to which schemes may reduce the cost of our services;
- The timescales and deliverability of each scheme; and
- Investment in regeneration schemes to generate revenue income streams.

An indicative four year capital programme for 2021-22 to 2024-25 has been developed totalling £393m, with £109m of this currently planned for 2021-22.

The programme was developed in line with the six key challenges identified for the borough as set out in the Council Plan. A summary of the key outcomes are as follows:

- Tackling the Climate Emergency – funding to develop and deliver schemes to reduce the Council's carbon footprint (including revisiting current spending plans through a carbon lens)
- Grow a local economy that delivers good local jobs – significant development schemes including Phase 1 of the Northgate development, the drainage tunnel infrastructure work within Chester City Centre and the regeneration of Winsford town centre;
- Support more children and young people to make the best start in life - including maintenance and improvements to 130 schools and educational facilities;
- Enable more adults to live longer, healthier and happier lives - including improvements to facilities and support for independent living;
- Make all neighbourhoods even better places to call home - including management and improvement of roads, the delivery of around 440 houses, maintenance of existing Council housing and investment in culture and leisure facilities;
- An efficient and empowering Council - investment in technology and service transformation to deliver service improvements and efficiencies, delivery of a digital strategy to improve customer access to Council services, essential maintenance to Council owned buildings and delivery of a public sector hub.

**Governance**

The Council has an agreed governance process which ensures that robust delivery plans are in place. This programme is subject to business case sign off and a clear link to outcomes and expected outputs from the scheme. Each scheme included in the indicative programme requires sign off by the Director of Finance and the Cabinet Member for Legal and Finance before expenditure can be incurred.

**Capital Programme 2021-25**

The proposed capital programme is split into two component parts - Schemes which are ready to be delivered in 2021-25 and Schemes under Development.

The following table details the schemes within the first category - the approved capital schemes which are ready to be delivered in 2021-25.

A number of plans are currently being developed to support the delivery of the programme. These include:

- Carbon Reduction
- Asset Management
- Council wide Fleet
- ICT
- Housing
- Network Management and Development

Only essential expenditure on these schemes will be permitted in 2021-22 until the plans have been approved. Any non-essential expenditure is conditional on the approval of the relevant plan.

**Specific Schemes and Annual Allocations for Approval**

Specific Schemes and Annual Allocations for Approval	Description	Capital Programme 2021-22 £m	Indicative Capital Programme 2022-23 £m	Indicative Capital Programme 2023-24 £m	Indicative Capital Programme 2024-25 £m	Total Capital Programme 2021-25 £m
<b>Health &amp; Wellbeing</b>						
<b>Children &amp; Young People</b>						
Pupil Referral Units	Investment in a new Pupil referral facility to support the needs of vulnerable pupils excluded from school.	2.300	-	-	-	2.300
School Basic Need	Funding to ensure provision of sufficient school places within the Borough. This active programme of works is anticipated to deliver 1,500 places across a number of School Planning areas over the next four years with further areas under review.	9.553	8.428	5.337	13.063	36.381
*School Condition Allocation	Investment in maintenance and improvements to schools and educational facilities across the borough in line with the DfE's Good Estate Management guidance which aims to deliver improvements across 130 schools over the four year planning period.	3.043	3.043	3.043	3.043	12.172
<b>Adults</b>						
Disabled Facilities Grant	Funding for adaptations to peoples' homes and improvements to Adult Social Care facilities to support and enable people to live independently for as long as possible. This funding will enable up to 175 Disabled Facilities Grants (DFGs) to be completed annually, along with approximately 1,700 Minor Adaptations and 100 ceiling track hoists/items of specialist equipment.	3.239	3.401	3.401	3.401	13.442
<b>Total Health &amp; Wellbeing</b>		<b>18.135</b>	<b>14.872</b>	<b>11.781</b>	<b>19.507</b>	<b>64.295</b>

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Specific Schemes and Annual Allocations for Approval	Description	Capital Programme 2021-22 £m	Indicative Capital Programme 2022-23 £m	Indicative Capital Programme 2023-24 £m	Indicative Capital Programme 2024-25 £m	Total Capital Programme 2021-25 £m
<b>Communities, Environment &amp; Economy</b>						
<b>Climate Emergency</b>						
Energy & Carbon Reduction: Street lighting	Investment to deliver more energy efficient street lighting. This project will convert 15,523 streetlights on major traffic routes and high speed roads to LED reducing the council's street lighting consumption on main routes from 12million to 4.9million kWhrs and expected CO2 savings of 1,974t per annum will significantly help towards meeting the councils overall carbon reduction targets.	2.513	2.513	0.628	-	5.654
<b>Regeneration</b>						
Dee House	Funding to develop a long-term sustainable re-use for the Dee House site and provide an improved visitor experience within a key city location.	0.500	-	-	-	0.500
Northwich Townscape Heritage Initiative	Improvements to some of the unique traditional timber framed heritage buildings on Witton Street and High Street in Northwich town centre. The works primarily focus on frontages, roofs and restoration of architectural details.	0.991	-	-	-	0.991
Heritage Action Zone	Investment in Chester Rows including historic fabric enhancements resulting in a more attractive and useable space for activity, delivering a shop frontage enhancement scheme in line with the Conservation Management Plan and maximising the benefits of the wider regeneration of Chester.	0.206	0.361	0.081	-	0.648



Winsford Town Centre	Investment in Winsford Town Centre as part of a wider programme of town centre regeneration. Council investment serves as co funding towards the Future High Street funding bid which will aim to create an attractive and functional town centre that serves as a sense of place to support communities, attracting long term commercial uses alongside community uses, quality public realm and an improved town centre environment.	1.770	5.290	7.065	5.555	19.680
Winsford Shopping Centre	Short term investment in the centre as part of the Council's wider regeneration programme for Winsford including essential maintenance and enhancement to the building fabric.	0.300	-	-	-	0.300
<b>Highways &amp; Transport</b>						
A51 Pinch Point	Investment to improve access and congestion along the A51 and as a result improving journey time reliability, network resilience and encourage economic growth. It is anticipated that these improvements will also have a positive impact in relation to climate change with lower levels of Nitrogen Dioxide (NO2) as a result of reducing standing traffic.	0.380	0.010	0.010	-	0.400
Asset Management and Property Maintenance: Environment	Programme of essential maintenance works to the Council's open spaces and streetcare assets. Funding over the next 4 years will support priority works across countryside and urban parks, allotments, play areas, pathways, pavilions, changing room facilities, portable-cabins, public conveniences and public realm assets.	0.210	0.200	0.200	0.200	0.810

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<p>*Network Development</p>	<p>Development and delivery of infrastructure schemes including improvements for roads and cycling and walking routes. This investment will help the Council deliver on its goal of planning, providing and promoting a well maintained, safe, integrated and sustainable transport, digital and energy networks for the future - this is essential to support the Council’s wider social, economic and environmental goals. Efficiency of movement defines our economy and securing enhanced transport, digital and energy infrastructure and services will help to ensure a prosperous economy and sustainable environments.</p>	<p>2.063</p>	<p>1.944</p>	<p>1.944</p>	<p>1.944</p>	<p>7.895</p>
<p>*Network Management</p>	<p>Management of the highway network, including roads and bridges, and City Walls – reducing the number of potholes on the roads and carrying out essential structural repairs to bridges and City Walls. The investment will help to deliver key priorities; to attract and retain new investment, graduates, residents, housing and development.</p>	<p>10.231</p>	<p>10.231</p>	<p>10.731</p>	<p>10.731</p>	<p>41.924</p>
<p>*Vehicle Replacement</p>	<p>Replacement of Council vehicles to continue the safe operation and delivery of critical services across the borough. Investment in the latest technology and combining cleaner Euro 6 diesel engines with full electric vehicle technology will contribute to the Council's Low Emissions Strategy Action Plan.</p>	<p>0.500</p>	<p>0.500</p>	<p>0.500</p>	<p>0.500</p>	<p>2.000</p>
<p>Installation of additional ANPR camera</p>	<p>Investment in ANPR cameras on bus lanes in Chester to encourage the use of public transport to contribute to tackling the climate change emergency.</p>	<p>0.062</p>	<p>-</p>	<p>-</p>	<p>-</p>	<p>0.062</p>

<b>Housing</b>						
HRA Existing Stock	Maintenance of the Council's domestic properties in Ellesmere Port, Neston & Winsford including kitchen and bathroom replacement, roofing works, rewiring works, heating installations, regulatory compliance, garage demolitions and estate improvement works. The number of properties falling into each of these work programmes varies year to year but in an average year there would be circa 80 kitchens, 75 bathrooms, 300 heating installations and 150 new roofs. This allocation also provides for the regeneration of Sutton Way which will include the refurbishment of 10 blocks of flats and construction of 16 new build properties.	10.650	10.800	8.100	7.750	37.300
Private Sector Housing - annual allocation	Funding will provide financial assistance for approx. 60 properties per year under the Council's Home Assistance Policy to assist vulnerable and lower income home-owners whose homes require repair and improvement and to bring empty homes back into use and to create new affordable units of accommodation through the conversion of obsolete commercial premises.	0.500	0.500	0.500	0.500	2.000
<b>Culture &amp; Leisure</b>						
Archives Facility – Development Phase	Funding for the development phase for the relocation of the archives service to new premises, improving storage conditions for the preservation of archives and improve access to the service for residents and visitors including a wider range of services such as learning and outreach programmes and digital delivery.	0.706	-	-	-	0.706
Whitby Hall	Essential maintenance and improvements to the building and a new 150 seat auditorium will be created including upgraded foyer/cafe areas. The building is occupied by Action Transport Theatre and this investment will enable them to increase their impact in Ellesmere Port and to start to expand their programmes for children, young people and their families.	1.748	-	-	-	1.748

Football Pitch Investment Programme	Continued investment in the football pitch programme across the Borough including Blacon Artificial Grass pitch (3G) and new changing facility, Moss Farm Artificial Grass Pitch (3G) and grass pitch improvements, Saltworks Farm changing refurbishment and grass pitch improvements and Stanney Grange (Thornton Road) grass pitch improvements.	1.924	-	-	-	1.924
<b>Asset Management</b>						
*Asset Management and Property Maintenance: Property	Investment in the Council's property assets, to minimise health and safety risks to the Council and its residents and support the effective operation of the Council's services.	4.000	4.000	3.750	3.750	15.500
Ellesmere Port Public Sector Hub	Delivery of a public sector hub for public and third sector service providers in Ellesmere Port, acting as a focal point for access to a range of standalone and integrated public services including adult and children's social care; employment, skills and learning; advice and information; transport; community safety and prevention; and housing support.	8.416	0.500	-	-	8.916
<b>Major Projects</b>						
Northgate Development - Phase 1	Investment for the development of the Northgate Scheme Phase 1 which will include a six-screen cinema, cafés, bars and restaurants, a new, reinvigorated indoor market, parking and co-working office spaces. The scheme will also create a new public square for the city, linking the new market hall, Storyhouse and the Town Hall.	33.882	1.281	-	-	35.163

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<p>Chester City Centre Infrastructure</p>	<p>Investment in the tunnelling/drainage infrastructure in Chester city centre to facilitate redevelopment. The planned works will result in significant future proof environmental protections and benefits, including reducing instances of flooding and drain bursts in the city centre; reducing the volume of water requiring sewage treatment and in turn, reduce the energy used as a result; plus reducing the number of untreated sewage discharges into the river due to heavy rainfall when the current network is already at capacity.</p>	<p>3.731</p>	<p>-</p>	<p>-</p>	<p>-</p>	<p>3.731</p>
<p><b>Total Communities, Environment &amp; Economy</b></p>		<p><b>85.283</b></p>	<p><b>38.130</b></p>	<p><b>33.509</b></p>	<p><b>30.930</b></p>	<p><b>187.852</b></p>

Specific Schemes and Annual Allocations for Approval	Description	Capital Programme 2021-22 £m	Indicative Capital Programme 2022-23 £m	Indicative Capital Programme 2023-24 £m	Indicative Capital Programme 2024-25 £m	Total Capital Programme 2021-25 £m
<b>Corporate</b>						
<b>ICT &amp; Digital</b>						
Digital Channel Shift	Investment in technology to help transform how customers transact with the Council and improve channel shift through elements such as website enhancements and greater ability for customers to self-serve including integrated and intelligent online forms, online bookings and payments and auto-notifications.	0.102	-	-	-	0.102
IT Evolution Programme	Investment in modern working through the deployment of Windows 10 and O365, sustainable, resilient and secure network and data centre facilities, unified communications to improve and update telephony services, rationalisation of systems and technologies with the aim of reducing on-going capital investment.	1.871	-	-	-	1.871
HR and Finance core system development	The Council is in the process of implementing a new Human Resources & Finance system. Investment to support the implementation of additional functionality post system go live.	1.130	0.500	0.500	0.500	2.630
*ICT Strategy Core Programme	Improvements to refresh and extend the life of core technology that supports Council services, including cyclical essential replacement, annual maintenance of key business systems, investment to support major ICT system replacement and re-procurement to ensure the Council remains safe and compliant from a legal and procurement perspective.	1.173	1.922	1.530	1.715	6.340

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<b>Council Wide</b>						
Transformational projects to improve services	Investment to deliver service improvements and efficiencies.	1.262	-	-	-	1.262
<b>Total Corporate</b>		<b>5.538</b>	<b>2.422</b>	<b>2.030</b>	<b>2.215</b>	<b>12.205</b>
<b>Total Specific Schemes and Annual Allocations for Approval</b>		<b>108.956</b>	<b>55.424</b>	<b>47.320</b>	<b>52.652</b>	<b>264.352</b>

\*Funding for these schemes will only be released once the respective plans have been approved.

The following table details the schemes currently being developed, some of which, subject to confirmation of a number of factors including timescales and costs, may be deliverable in 2021-22 and future years. Whilst the funding for these schemes will need approval as part of the capital programme, in the event of progress being made to deliver these schemes business case approval will be required in order for the schemes to be included in the approved programme. Approval will be delegated to the Director of Finance and the Cabinet Member for Legal & Finance to approve the respective business cases and add the schemes to the approved programme once the business cases have shown the schemes are in a position to progress.

**Schemes under development**

Schemes Under Development	Description	Total Indicative Capital Programme 2021-25 £m
<b>Health &amp; Wellbeing</b>		
<b>Children &amp; Young People</b>		
Devolved Formula Capital	Investment in maintenance and improvements to around 126 schools and educational facilities in line with Asset Management Plan and School Development Plan requirements.	3.000
Special Education Needs Provision	Investment in the quality and range of provision for children and young people with Special Education Needs in line with the Special Educational Needs and Disabilities (SEND) High Needs Review. Schemes will be identified through a specific work stream as part of the review.	0.716
<b>Public Health</b>		
Leisure Asset Management	Investment to support improvements in our leisure assets focussing on those assets which are best placed to help meet the Councils health and wellbeing objectives.	13.400
<b>Total Health and Wellbeing</b>		<b>17.116</b>



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Schemes Under Development	Description	Total Capital Programme 2021-25 £m
<b>Communities, Environment &amp; Economy</b>		
<b>Climate Emergency</b>		
*Climate Emergency - Carbon Reduction Strategy	Investment to support the development of a Carbon Reduction Strategy and support to schemes that deliver quantifiable carbon benefits such as renewable energy, energy efficiency, waste reduction, zero or low carbon transport and natural capital/natural environment projects.	7.000
<b>Regeneration</b>		
Ellesmere Port Town Centre	Investment in Ellesmere Port Town Centre as part of a wider programme of town centre regeneration.	2.500
<b>Highways &amp; Transport</b>		
Station Car Parking Programme	Investment in the development and delivery of improvements at Frodsham Station car park to meet increased demand following the opening of the Halton Curve and promotion of rail as a more sustainable method of transport.	0.442
Car Parking	Investment in modular buildings at park and ride sites to support the work to develop the service as the transport method of choice for access to the city, to reduce private vehicle use in the city and a reduction in carbon use by those vehicles	0.400
Play Strategy	Programme to deliver improvements to play areas in line with the borough wide Play Strategy.	0.240
Car Park Investment	Investment aimed at improving quality and safety of Council car parks through improved lighting and CCTV coverage and improved accessibility through additional and wider Blue Badge Bays.	0.400
Replacement upgrade of Public Realm CCTV system	Investment to deliver a modern, digital CCTV system and contribute to public safety and economic wellbeing through deterring, detecting and preventing crime, disorder and anti-social behaviour.	0.485
A540 Road Safety Scheme	Investment to deliver road safety improvements to the A540 Raby Park Road junction.	2.000
Highways Infrastructure	Investment in upgrading key transport and pedestrian structures on the major road network in support of sustained connectivity and economic development.	15.500

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<b>Housing</b>		
Housing Delivery	Investment in housing across the borough including council, market sale and affordable housing resulting in approximately 440 new homes, of which 237 will be affordable homes.	21.395
Housing Growth: Supported Housing for Vulnerable People	Support for more vulnerable residents to help maintain their independence including new Homelessness provision, support for adults with learning disability (circa 20 units) and additional children’s residential care provision.	4.887
<b>Culture &amp; Leisure</b>		
Archives Facility – Delivery Phase	Investment for the delivery phase of the relocation of the archives service to new premises, improving storage conditions for the preservation of archives and improve access to the service for residents and visitors including a wider range of services such as learning and outreach programmes and digital delivery.	17.736
Moss Farm	Investment to deliver priority improvements to car parking and changing facilities in order to deliver on the Council's health and wellbeing objectives.	1.983
Football Pitch Investment Programme	Continued investment in the football pitch programme that will see improvements over the next 4 years to around 40 grass pitches across 13 sites across the Borough in line with the CW&C Playing Pitch Strategy.	2.250
<b>Asset Management</b>		
Northwich Library	Review and investment in the service provision within Northwich.	2.000
<b>Major projects</b>		
Barons Quay	Completion of the Barons Quay development with works to secure further retail and leisure lettings.	0.643
Northwich Market	Review and investment in a replacement market provision in Northwich Market.	1.030
Waste - replacement of vehicles	Investment in the replacement of the Council's waste vehicles. The level of investment is subject to the outcome of the Waste Strategy	18.500
Northgate Future Phases	Further investment in the Northgate site to secure ownership of the future phases development area and undertake the next stage of project planning.	3.000
<b>Total Communities, Environment &amp; Economy</b>		<b>102.391</b>

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**Appendix H**

Schemes Under Development	Description	Total Capital Programme 2021-25 £m
<b>Corporate</b>		
<b>ICT &amp; Digital</b>		
Digital Council	Increasing the number of services and processes delivered through digital and support for new ways of working outlined in the emerging COVID-19 Recovery and Reform plans for each service.	2.550
<b>Council Wide</b>		
Modern Workforce	Investment in workspace improvements and ICT to ensure we have a modernised workforce that has the capability and agility to deliver services our customers want from anywhere and that our assets utilised by our staff are modern and fit for purpose.	1.000
Covid-19 Contingency	Contingency to fund unforeseen impacts or cost increases.	3.000
Feasibility and Scheme Development	Investment to undertake feasibility works to develop future schemes	0.600
Wider Scheme Development	Funding for wider scheme development to enable the Council to respond to current and future funding announcements	2.000
<b>Total Corporate</b>		<b>9.150</b>
<b>Total Schemes Under Development</b>		<b>128.657</b>

**Funding the Capital Programme**

The indicative capital programme presented is fully funded, with estimated costs in 2021-22 totalling £109m and a further £284m across the four year period (subject to all schemes under development progressing).

**Capital Receipts**

In developing the overall financial envelope for the capital programme, assumptions have been made about the level of capital receipts generated in each year. A capital receipts target is established for each year of the programme that is used to directly fund the capital expenditure. The four year capital programme assumes a total of £21.3m of capital receipts will be generated to fund the programme in this way. In addition to this, there will be the strategic disposal of specific assets as part of the Commercial Asset Disposal and Reinvestment Strategy.

The offer from Central Government, announced in 2015, to allow councils to utilise future capital receipts to fund, is still available, the programme includes the use of capital receipts of £1.3m to fund the upfront revenue costs of transformation projects in 2021-22.

In the event that the forecast level of receipts is not generated, there will need to be consideration given to reducing the value of the programme in order that expenditure remains within the overall cost envelope.

**External Funding**

The four year capital programme assumes that the Council will utilise £195.1m of grants, external funding and revenue contributions. The majority of this funding is low risk as it represents grant funding awarded to specific schemes or revenue funding over which the Council has full control. Included in this total are a number of annual, unringfenced capital grants.

In relation to government grants, the School Condition Allocation, Devolved Formula Capital, Local Transport Plan and the Disabled Facilities Grant have not yet been confirmed by Central Government departments for all years. Assumptions around the level of grant to be received have been made on a prudent basis following discussions with the government departments and historic allocations.

The Council is asked to note that should capital grant settlements be lower than assumed, then this position will need to be reviewed and the value of the overall capital programme may need to be reduced.

**Capital Financing**

The General Fund capital financing budget for 2021-22 is £23.0m as shown in the following table. This budget covers amounts charged in respect of the repayment of outstanding debt, contributions from the revenue account towards the cost of capital expenditure and the interest payable on the Council's portfolio of long term loans for the General Fund.

The budget for the Housing Revenue Account (HRA) capital financing costs (£9.2m) is shown in a separate table. Costs are charged in full to the HRA.

<b>General Fund Capital Financing Budget 2021-22</b>	<b>£m</b>
Repayment of Outstanding Debt	15.969
Direct Revenue Funding	0.500
Interest Payable on Long Term Loans	9.951
Other Interest Payable	0.200
Bank and Cash Collection Charges	0.350
Revenue Contribution re Schools and Service schemes	-1.109
Contribution from Barons Quay Devt Account	-2.054
Interest Receivable	-0.850
<b>Net General Fund Capital Financing Budget</b>	<b>22.957</b>

<b>HRA Capital Financing Budget 2021-22</b>	<b>£m</b>
Provision for Debt Repayment	4.680
Additional Provision for Repayment of Debt	0.489
Interest Payable on Long Term Loans	2.754
<b>HRA Capital Financing Budget</b>	<b>7.923</b>

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## Capital Expenditure Prudential Indicators

The Local Government Act of 2003 introduced a Prudential Code for capital finance which came into effect from 31 March 2004, and gave councils the power to borrow more freely, subject to certain affordability constraints. The intention of the Prudential Code is to give well managed authorities the flexibility to make “real” decisions about the mix of spend between revenue and capital. The Code prescribes a set of prudential indicators.

There are two main areas covered by the Prudential Indicators; capital expenditure & external debt and treasury management. Members will receive a separate report on the Council’s Treasury Management Strategy for the year 2021-22 which will include the ‘treasury management’ prudential indicators. This appendix deals with just the capital expenditure & external debt prudential indicators.

## Corporate Financial Health Indicators

Well managed organisations often set some metrics/ceilings over the level to which they allow the level of debt to grow. In addition to its Prudential Indicators the Council maintains two corporate financial health indicators which measure the extent of the Council’s exposure to interest payments, debt repayments and borrowing.

The two corporate financial health indicators measure the total interest and debt repayment as a percentage of net budget, as well as the total borrowing requirement as a percentage of net budget. The interest and debt repayment indicator is a more cautious version of an existing prudential indicator in that it does not net off interest received against interest costs. As such it is a truer measure of long term interest exposure. The Council has set an indicator that this does not exceed 10%.

The Council’s Capital Programme will require the Council to finance some of its capital expenditure from borrowing. To ensure borrowing levels remain within affordable levels a maximum threshold for total borrowing requirement relative to net budget has been agreed by Members. This threshold is 130%.

The table below shows the projected levels of these indicators over the next four years and indicates that both the 10% and 130% thresholds are not expected to be breached during the period.

<b>Corporate Financial Health Indicators</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Interest and Debt Repayment as a percentage of net budget	8.91%	9.68%	9.71%	9.77%
Total Borrowing Requirement relative to net budget	108.58%	108.12%	106.16%	102.80%

The capital prudential indicators consist of:-

- An estimate of the amount of capital expenditure to be incurred and how that expenditure will be financed;

- The ratio of capital financing costs to the net revenue stream;
- An estimate of the Council's capital financing requirement (its underlying need to borrow);
- The level of estimated gross external borrowing and estimated capital financing requirement; and
- The actual level of external debt.

### Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits.

There are a number of schemes under development within the draft capital programme for 2021-25 and the expenditure profile for these schemes is yet to be finalised. In advance of business cases with detailed expenditure plans being developed an estimate has therefore been made of the likely expenditure profile of those schemes, should they progress, to ensure they are affordable within the available resources.

The tables below reflects the latest forecast expenditure profiles but will be subject to change as plans are further developed.

<b>Capital Expenditure</b>	<b>2021-22 £m</b>	<b>2022-23 £m</b>	<b>2023-24 £m</b>	<b>2024-25 £m</b>
General Programme	75.8	72.0	64.5	71.5
Northgate	39.6	1.8	0.5	-
Energy Reduction	2.5	2.5	0.6	-
Waste Vehicles	2.0	16.5	-	-
Winsford Shopping Centre	0.3	-	-	-
Barons Quay	0.6	-	-	-
HRA (Including HRA New Build)	10.7	11.8	10.1	9.7
<b>Total</b>	<b>131.5</b>	<b>104.6</b>	<b>75.7</b>	<b>81.2</b>

Capital expenditure will be financed as follows:

<b>Capital Financing</b>	<b>2021-22 Estimate £m</b>	<b>2022-23 Estimate £m</b>	<b>2023-24 Estimate £m</b>	<b>2024-25 Estimate £m</b>
General Capital Receipts	6.3	5.0	5.0	5.0
Specific Capital Receipts	0.3	1.6	2.3	0.7
Capital Reserve	1.0	0.7	-	-
Grants and Contributions	40.1	34.8	34.0	48.1
HRA Contributions	2.3	1.8	1.7	1.7
Revenue & Service Contributions	11.4	10.8	8.1	7.8
<b>Sub-Total</b>	<b>61.4</b>	<b>54.7</b>	<b>51.1</b>	<b>63.3</b>
Core Borrowing	63.0	25.2	21.5	16.5
Ringfenced Borrowing	7.1	24.3	1.7	-
HRA Borrowing	-	0.4	1.4	1.4
<b>Total Financing</b>	<b>131.5</b>	<b>104.6</b>	<b>75.7</b>	<b>81.2</b>



### Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out at paragraph 68 of the Prudential Code. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
General Fund Costs	8.60%	9.37%	9.41%	9.47%

### Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and the extent to which that expenditure has already been financed. It is an aggregation of the amounts shown for Fixed Assets, the Revaluation Reserve, the Capital Adjustment Account and any other balances treated as capital expenditure related.

Capital Financing Requirement	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
HRA	85	78	74	70
Non-HRA	478	505	506	501
<b>Total CFR</b>	<b>563</b>	<b>583</b>	<b>580</b>	<b>571</b>
<b>Estimate of Gross External Borrowing</b>	<b>314</b>	<b>353</b>	<b>361</b>	<b>358</b>
<b>Estimate of Internal Borrowing</b>	<b>249</b>	<b>230</b>	<b>219</b>	<b>213</b>

### Actual External Debt

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities.

Council External Debt as at 31-03-2020	£m
Borrowing – Non HRA	188
Other Long-term Liabilities	27
<b>Total</b>	<b>215</b>

<b>HRA External Debt as at 31-03-2020</b>	<b>£m</b>
Borrowing – HRA	86

## Dedicated Schools Grant 2021-22 - Policy Proposals and Technical Adjustments

Following the implementation of the National Funding Formula for schools the DSG allocation will continue to consist of four blocks of funding in 2021-22. The gross allocation for the Local Authority (prior to academy recoupment) is to increase by £23.426m from £278.596m in 2020-21 to £302.022m in 2021-22.

The changes are summarised in the table below.

### Final DSG 2020-21 and Indicative 2021-22 allocation

<b>DSG Allocation Block</b>	<b>Final 2020-21</b>	<b>Indicative 2021-22</b>	<b>Change</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Schools Block	213,124	231,818	18,694
High Needs Block	41,278	45,893	4,615
Early Years Block	21,449	21,763	314
Central School Services Block	2,745	2,548	-197
<b>Total DSG Allocation</b>	<b>278,596</b>	<b>302,022</b>	<b>23,426</b>

The increase in available funding is due to the following changes in the allocation:

- An additional £7m (3.2%) for primary and secondary schools arising from the national investment in the Schools Block through the National Funding Formula (NFF) for schools and a further £1.6m to recognise the growth in pupil numbers in the Borough;
- £11m of teacher's pay and pension grants allocated as separate grants in 2020-21 that have been mainstreamed into the DSG in 2021-22.
- £3.7m increase to High Needs Block funding reflecting the minimum guaranteed 8% cash increase in the spending announcement and growth in pupil numbers in specialist provision.
- A £0.3m (1.4%) increase in the two year old and three and four year old funding rates in the Early Years Block for nursery entitlements.
- A reduction in the Central School Services Block of £0.2m (9%) in respect of the removal of protection for historic and ongoing commitments in the move towards a national funding formula for local authority services.

The DSG allocation funds both schools and academies and also central services and retained budgets for education and schools. The Schools Forum has a role for approving some aspects of the allocation and for recommending this to the Local Authority. These proposals are detailed in table below and show the use of the funding to individual schools through the schools funding formula, and to high needs, early years and centrally retained budgets for schools. The school funding formula is as agreed by Cabinet in November 2020 and reflects the decision to mirror the National Funding Formula factors and values in the local formula.

Council approval is now sought for the DSG policy proposals and final school funding formula rates that will apply for 2021-22 as detailed in the table below, as is due to be recommended by the School's Forum on 8 February 2021. The budget proposals represent a balanced in year position within the available funding, however, due to ongoing increasing demand for high needs provision, the forecast year end deficit on the grant for 2020-21 of £1.612m will not be recovered within this plan. In line with Department for Education guidance on recovering DSG deficits, the Local Authority are developing a management plan to bring the overall DSG account into balance within a timely period and focusing on bringing in-year spending in line with in-year resources for 2021-22.

The following table details the proposed allocation of the additional £23.426m of DSG. This shows the movement from 2020-21 for funding allocated to individual school budgets (ISB) through the school funding formula, high needs, early years and centrally held budgets.

Ref	Description of adjustment	ISB	Central Spend			Total
		£000	High Needs £000	Early Years £000	CSSB £000	£000
1	<b>Schools block funding formula</b> – additional funding allocated to primary and secondary schools through the approved formula	17,810	0	0	0	17,810
2	<b>Growth in high needs budgets to meet current demand</b>					
a	Growth in special school top up funding		365			365
b	Growth in mainstream top up funding		890			890
c	Growth in independent school fees		45			45
d	Growth in inter authority placement costs		434			434
e	Increase post 16 budget to meet current expenditure		599			599
f	Increase alternative provision		43			43
g	Align funding to early years inclusion fund		-200			-200
h	Full year effect of commissioned place numbers		277			277
		0	2,453	0	0	2,453
3	<b>Growth in high needs budgets for 2021-22</b>					
a	Continued growth in top up and specialist provision at 2020-21 levels		2,129			2,129
b	Passport TPG/TPECG allocation to schools		851			851
c	Increase in commissioned places		708			708
d	Hospital education inflationary increase		46			46
e	Funding of central pay costs less vacancy savings		-87		37	-50
f	Savings target - vacancy management and review of top up funding rates		-296			-296
		0	3,351	0	37	3,388
4	<b>Review of 2020-21 allocations</b>					
a	Removal of 2020-21 funding for inclusion projects	-200				-200
b	Removal of 2020-21 funding for workforce		-105			-105
c	Continued funding of Duke of Edinburgh scheme	-25			25	0
		-225	-105	0	25	-305
5	<b>Increase in early years funding allocations</b>					
a	Increase to base rate of funding for 2, 3 and 4 year old entitlements			293		293
b	Increase in eligibility for Disability Access Funding			21		21
		0	0	314	0	314
6	<b>Centrally held budgets</b> – Net reduction in Central Schools Services Block historic and ongoing commitments allocation	0	0	0	-234	-234
Net change in budgets		17,585	5,699	314	-172	23,426
Increase in DSG allocation (Gross DSG before recoupment)		18,694	4,615	314	-197	23,426
Transfers between blocks		-1,109	1,084	0	25	0

As a result of the policy proposals above, the following table shows the 2021-22 values for the schools funding formula for each formula factor, the total funding and proportion allocated through each factor. This is based on the schools block funding formula approved by Cabinet in November 2020.

The total funding to be allocated through the funding formula of £230.402m is less than the Schools Block allocation referred to earlier as some funding (£0.307m) is retained centrally for growth in pupil numbers as permitted by funding regulations and on the same basis as in previous years. A transfer to high needs of £1.109m has also been agreed with Schools Forum. This is to fund targeted support in mainstream in line with the recommendation from the High Needs Strategic Review which was approved by Cabinet in November 2020.

			2021-22		
Formula Factors			Unit value £	Total Funding £000	% of Funding
<b>Basic Entitlement</b>	Primary		3,165	86,615	37.59%
	KS3		4,446	50,241	21.81%
	KS4		5,005	36,324	15.77%
<b>Subtotal Basic Entitlement</b>				<b>173,180</b>	<b>75.16%</b>
<b>Minimum Per Pupil Levels</b>	Primary		4,180	2,301	
	Secondary		5,415	807	
<b>Subtotal Minimum per Pupil Levels</b>				<b>3,108</b>	<b>1.35%</b>
<b>Deprivation</b>	Primary	FSM6	575	3,006	
	Secondary	FSM6	840	3,323	
	Primary	FSM	460	2,191	
	Secondary	FSM	460	1,419	
	Primary	IDACI F	215	549	
	Primary	IDACI E	260	545	
	Primary	IDACI D	410	380	
	Primary	IDACI C	445	662	
	Primary	IDACI B	475	996	
	Primary	IDACI A	620	291	
	Secondary	IDACI F	310	460	
	Secondary	IDACI E	415	582	
	Secondary	IDACI D	580	356	
	Secondary	IDACI C	630	612	
	Secondary	IDACI B	680	829	
	Secondary	IDACI A	865	203	
	<b>Subtotal Deprivation</b>				<b>16,404</b>
<b>Prior Attainment</b>	Primary		1,095	8,354	
	Secondary		1,660	7,044	
<b>Subtotal Prior Attainment</b>				<b>15,398</b>	<b>6.68%</b>
<b>EAL</b>	Primary		550	535	
	Secondary		1,485	263	
<b>Subtotal EAL</b>				<b>798</b>	<b>0.35%</b>
<b>Mobility</b>	Primary		900	77	
	Secondary		1,290	1	
<b>Subtotal Lump Sum</b>				<b>78</b>	<b>0.03%</b>
<b>Lump Sum</b>			117,800	17,670	<b>7.67%</b>
<b>Sparsity</b>	Primary	Tapered lump sum	45,000	244	<b>0.11%</b>

Formula Factors	2021-22		
	Unit value £	Total Funding £000	% of Funding
<b>Other factors</b> (split sites, rates, PFI)		2,806	<b>1.22%</b>
<b>Exceptional Circumstances</b>		90	<b>0.04%</b>
<b>Minimum Funding Guarantee</b>		626	<b>0.27%</b>
<b>TOTAL FUNDING</b>		<b>230,402</b>	<b>100%</b>

## Abbreviations:

ISB	– Individual School Budgets
EAL	– English as an Additional Language
EHCP	– Education Health and Care Plan
NFF	– National Funding Formula
EYSFF	– Early Years Single Funding Formula
FSM	– Free School Meal eligible
FSM6	– Free School Meal Ever 6 measure (pupil eligible for free school meals within the last 6 years)
IDACI	– Income Deprivation Affecting Children Index
PFI	– Private Finance Initiative
CSSB	– Central School Services Block

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## **2021-22 POLICY STATEMENT ON THE MINIMUM REVENUE PROVISION FOR THE REPAYMENT OF DEBT**

The annual Minimum Revenue Provision (MRP) Statement meets the Council's duty to ensure it makes adequate and prudent provision for the costs of its capital investment decisions financed through borrowing or other credit arrangements.

Capital expenditure is expenditure that provides ongoing benefits to the Council for a period of longer than one year. Accounting rules require that where this capital expenditure is not funded through contributions, grants or capital receipts it must be charged against the Council's General Fund or HRA Balance over a period that reflects the length of time that the expenditure will provide benefits.

A Council's policy on MRP must be approved by Full Council prior to the start of the year to which the policy will apply. Any changes must also be approved by Council.

The Ministry for Housing Communities and Local Government (MHCLG) has issued guidance on how councils should calculate MRP charges. S21 (1A) of the Local Government Act 2003 requires that all councils 'have regard' to such guidance.

### **General Fund**

For borrowing undertaken prior to 1 April 2011 MRP will be charged at the rate of 2% (straight line basis) on the amount of such borrowing that existed at 31<sup>st</sup> March 2017.

For all other capital expenditure funded from borrowing (with the exception of significant income producing regeneration schemes) the MRP will be made in equal annual instalments over a period which the expenditure is expected to provide benefits for. For PFI schemes this period will be equal to the length of the initial lease period.

For significant income producing regeneration schemes the MRP will be charged on an annuity basis that links the amount of MRP charged to the flow of benefits (i.e. income) that the scheme / asset is expected to generate.

### **Housing Revenue Account (HRA)**

For the debt inherited on 28 March 2012 as a result of the reform of the Council Housing Finance Subsidy System, the provision for the repayment of debt will be made on an annuity basis over a 30 year period (commencing in 2012-13) for 80% of the debt inherited and using the annuity basis over a period of around 20 years (commencing in 2022-23) for 20% of the debt inherited. Voluntary repayments of debt will potentially be made in the years prior to 2022-23.

The charges for the repayment of HRA debt existing prior to 28<sup>th</sup> March 2012 will be made in equal instalments over 30 years.

The £11.5 million of borrowing that was undertaken in the years between 2015-16 and 2019-20 in response to the MHCLG Local Growth Fund initiative will be repaid, on an annuity basis, over a period of 13 years. The repayment charges will commence after allowing for a one year repayment holiday i.e. in the year 2017-18 for the borrowing undertaken in 2015-16.

For the HRA climate change programme commencing in the year 2021-22 the MRP will be charged on an annuity basis that links the amount of MRP charged to the flow of benefits that the scheme / asset is expected to generate.

### **Policy on the capitalisation of borrowing (i.e. interest payable) costs 2021-22**

Accounting regulations allow councils to either capitalise all borrowing costs attributable to the acquisition and construction of 'qualifying assets' (i.e. up until the time as the 'qualifying asset' becomes operational) or to charge such costs to the revenue account as they are incurred.

The Council intends to take advantage of this regulation for the current financial year and all subsequent years by capitalising borrowing costs on qualifying assets.

A 'qualifying asset' is defined under accounting regulations as one that "will take a substantial period of time to get ready and where this period is sufficiently long for a material balance of borrowing costs to accrue".

The Council intends to more tightly define a 'qualifying asset' as one which meets all of the following 4 criteria

- The borrowing costs attributable to the asset can be reliably measured;
- The borrowing costs can be directly attributed to the asset;
- The development of the asset will result in future economic benefits accruing to the Council;
- The borrowing costs attributable to the asset over the construction period total at least £1.5m.

The most common circumstances in which the Council expects to capitalise borrowing costs is when the Council undertakes significant income producing regeneration schemes.

# COMMERCIAL INVESTMENT STRATEGY

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- B Investment Objectives**
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### **Annexes**

- 1. Overview of Current Investment Portfolio**
- 2. Investment Fund Framework**
- 3. Investment Risk and Performance Measures**
- 4. Allowable Financial Investments**
- 5. Investment Criteria for Strategic Investments**
- 6. Summary of Commercial Operations**
- 7. Council Companies – Investment Risks and Returns**

## A) PURPOSE OF THE INVESTMENT STRATEGY

The commercial investment strategy is designed to meet the dual purposes of providing the Council with a framework to help it shape, manage and prioritise its existing and planned investments and to support transparency of reporting for investments and associated risks.

Local Government is increasingly reliant on commercial investment income to supplement its core funding, and this area is subject to significant scrutiny, both on a local and national level. In response to funding cuts, Councils are increasingly using their ability to borrow funding at relatively low cost to invest in commercial assets that will provide them with future income streams. When such investments are successful they provide a legitimate means to reinvest into core services that would otherwise have to be reduced as austerity reduces traditional funding sources. However, such investments inevitably carry a degree of risk and there is concern that some Councils may take on excessive risks or invest on a scale which could endanger their future viability.

To address such concerns, this framework seeks to ensure that Cheshire West and Chester Council have a clear set of guidelines that it will use when considering commercial investment opportunities. It sets out the types of commercial investment that the Council will make; how each decision will be made and the financial and risk based considerations that will be factored into each decision.

The framework enables the Council to make more evidence-based recommendations on individual investment opportunities and to manage risk across its wider commercial portfolio. It also sets out the basis on which ongoing performance will be managed, monitored and reported following any investment decision.

This document considers how this approach applies to the different types of investment the Council may undertake; further details on each area are included in section E.

1. **Financial Investments** – Investments made solely for financial purposes, including treasury management and Pension Fund investments. These investments are lower risk with precedence being given to the recoverability of the sum invested over the return generated on the investment.
2. **Strategic Investments** - Investments that seek financial returns but also support wider Council objectives such as regeneration, housing need or local economic growth. These are typically longer term and funded from borrowing. They need to balance the Council's willingness to accept some risk with the opportunity to make a higher rate of return.
3. **Commercial Operations** – These are services where the generation of revenue plays a significant role. The strategy seeks to ensure that these services operate as effectively as possible and are generating surpluses which can help to fund wider Council services.
4. **Council Owned Companies** - Investment through and into Council owned companies in order to generate future income or savings for the Council. While not all companies are created for primarily commercial purposes, they can offer the potential for the Council to operate more commercially, offer a wider range of services and to trade those services with other customers.

## B) INVESTMENT OBJECTIVES

Since its inception, Cheshire West and Chester Council has always made significant commercial investments. Decisions to make or grow these investments tend to be made on a case by case basis, targeting high impact investments with the right balance of risk and reward and the potential to make a significant contribution towards the improvement of the Borough or the delivery of services.

Examples of previous investment decisions include:

- Delivery of the Barons Quay retail and leisure scheme in Northwich;
- Acquisition of assets within Winsford Town Centre;
- Commitment to the first phase of the Northgate development;
- Maintaining a commercial property portfolio valued at over £100 million, generating an income stream of around £7-8 million per annum;
- Creation of a £10m fund to support business growth within the local Enterprise Zones;
- Creation of Council Companies that are able to operate commercially.

Annex 1 to this strategy provides an overview of the scale of investments made to date by the Council and the income that they generate.

### Why the Council needs to make investments?

The table below sets out the main reasons the Council undertakes commercial investments. Individual schemes may not fit neatly into a single category and many schemes seek a balance between seeking a pure commercial return and achieving wider Council policy objectives. Each opportunity will be considered on a balanced judgement of the benefits of the scheme against the risks involved. If the Council did not undertake any investment there would be a negative impact on both the local economy and its own finances.

<b>Commercial Investment Type:</b>	<b>Description</b>
Economic	<ul style="list-style-type: none"> <li>- To generate an income stream to support future delivery of services</li> <li>- To achieve capital growth to facilitate future investment</li> </ul>
Regenerative	<ul style="list-style-type: none"> <li>- To support the future economic growth of the Borough</li> <li>- To regenerate key strategic locations within the Borough</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>- To invest in the delivery of Council services in a way that reduces existing or future duplication, risk, cost or increases output</li> </ul>

## C) INVESTMENT RISK FRAMEWORK

Alongside the potential benefits from investing, the Council will always take into account the risks that are relevant to any individual investment decision. Crucially, it must also take into account its overall exposure to risk across its whole portfolio of investments. This framework ensures that the Council makes investment decisions based on a holistic view of its risk exposure including (but not limited to):

- **Sectoral** Will the investment leave the Council particularly exposed to a downturn in any part of the economy that could reduce its income or the value of its assets, e.g. retail or industrial?
- **Counterparty** Will the Council need to provide guarantees which could result in further costs should a third party not perform (for example, underwriting risk in a private sector property development or providing a company guarantee)?  
  
Would the Council become over-dependent on income from organisations that have poor credit ratings or are at significant risk of being unable to fulfil their commitments?
- **Operational** Is the repayment of an investment based on realistic assessments of the Council's ability to deliver efficiency savings or generate the income that is necessary to finance the costs of the investment? Has the Council taken appropriate independent advice?
- **Gearing** Does the investment leave the Council with an overly high proportion of fixed costs (e.g. loan repayments) which are reliant on uncertain income sources to fund them, e.g. future property lease income or business profit.

The overall investment objective therefore seeks to balance risk and reward:

***“To invest for the benefit of the Borough’s residents, businesses and visitors in a way that is sustainable, delivers returns commensurate with the risks involved and always with awareness of the Council’s overall level of risk exposure.”***

## D) GOVERNANCE, DECISION MAKING AND REPORTING

In order for the Investment Strategy to be effective it needs to ensure that the right information is made available to both officers and Members to enable effective decision making and monitoring of performance.

### Investment Governance Structure

The main bodies with responsibility for the Council's investment strategy are set out below. These groups would be advised by officers from within the Council's Commercial Management, Finance, Property and Legal services and any specialist external advisors supporting the investment strategy.

Body	Membership	Role in Relation to Investments
Capital & Investment Board	Chief Operating Officer Deputy Chief Executive – Community, Environment and Economy Director of Finance Director of Commercial Management	Oversight of investment portfolio/strategy Application of Investment Strategy Consider investment performance Management of risk profile/exposure Annual update of Investment Strategy Delegated investment decisions
Cabinet		Consideration of investment priorities Non PRP investment decisions (£0.5m+) Investment performance reports
Council		Non PRP investment decisions (£1m+) Annual approval of investment strategy

### Decision Making Protocols (for new investments)

The Council has a well-established Constitution which sets out the powers of individuals or bodies to approve expenditure on behalf of the Council. Investment decisions need to fit within this framework but, due to the sometimes time sensitive nature of the decisions required, there is also a need to ensure that sufficient delegated authority is in place to enable opportunities to be pursued where they meet the Council's investment aims.

Where replacing existing assets there is an established protocol for making streamlined decisions in the form of the Property Reinvestment Programme (PRP) strategy. Subject to the agreed control framework, this allows officers to reinvest capital receipts generated from selling commercial properties back into new replacement assets that offer better returns or wider benefits, without returning for further member approvals.

Further details of the existing PRP strategy are set out in Annex 2.

## Investment Performance Monitoring

The primary focus of investment performance reporting is to determine whether or not the Council is achieving an appropriate return on its investment portfolio given the level of risk it is carrying.

Not all investments are expected to achieve the same level of return so this will focus on whether distinct investment types are achieving their benchmark return. This will consider the income or savings being generated in any particular period but also, where relevant, any changes in the estimated longer term value of the investments held and the recoverable amount. The reporting also looks at the Council's holistic risk exposure and the effectiveness of the approach in both minimising and diversifying those risks.

A range of core investment performance indicators have been proposed by the Ministry for Housing Communities and Local Government (MHCLG), where relevant these will be incorporated into monitoring reports along with additional local Key Performance Indicators in such areas as:

### Investment Value

- Benchmark returns for each asset class and overall portfolio
- Payback periods for each investment
- Risk weighted realisable/market value
- Wider benefits enabled through investment

### Risk Measures

- Overall Council funds at risk
- Diversification of risks across different markets
- Maximum single investment risk

Annex 3 provides an assessment of the Council's existing investment portfolio, using a number of the MHCLG measures.

## Impacts from Covid on the Council and the Investment Market

**Economic Impacts** - As well as having serious implications for people's health and the NHS, the coronavirus (COVID-19) pandemic has had a significant impact on businesses and the economy. This is especially true in the retail and hospitality sector who are struggling to pay rent and business rates due to the impact of restrictions on high street footfall and retail turnover.

The wider economic downturn may also reduce customer spend when businesses do re-open, making some businesses less viable and reducing landlord income from turnover rent leases. This is likely to impair the Council's ability to sustain and grow its commercial income.

Yields from lettings are generally down on the values from 12 months ago, with high streets, shopping centres, leisure and offices all seeing lower returns. This is particularly pronounced in secondary markets which would include most of the Council's towns, where returns are now up to 20% worse than pre-pandemic.

Economists anticipate that most sectors will return to growth in 2021, with hotels, food service, transport and healthcare leading the way. The potential mass roll-out of a vaccine over the first half of 2021 could boost growth across all sectors but this is subject to considerable uncertainty.

**Reduced Demand for Office Space** - After the enforced change during the pandemic many businesses (including the Council) are expected to embrace greater home working for previously office based staff, with an associated fall in demand in the Office rental market. This could have a corresponding impact on future rental income and asset values for office space, as businesses look at the opportunity to reduce overheads and embrace the change in working practice, work/life balance and environmental benefits of staff being home based.



The Council has targets to generate £2m of income from letting office space, including £1m from HQ in Chester. The change in working practices will make achieving these targets more challenging.

**Realising Value from Disposals** - The disposal of any Council units that are no longer required will be complicated as in some sectors there are fewer buyers and sales prices will be suppressed. This will make it difficult to realise value from sales and, in the short term, will limit the ability to recycle these funds into other properties. This is particularly an issue for retail and office sites, there is still an active market for industrial units.

**Limited New Opportunities** – Given the amount of uncertainty and depressed values being achieved in the market, there are also fewer investment opportunities coming forward. Those able to do so are waiting for the market to improve before buying or disposing of assets.

### **Council Exposure to Investment Risks**

As well as considering investment risks on a case by case basis it is also key to assess risk at a macro level so that the Council's overall exposure to potential loss can be understood. One tool through which this is undertaken is Balance Sheet Risk analysis. This review considers all the material assets the Council holds which are reliant on uncertain future income or receipts to recover the costs of acquiring the asset.

This includes financial investments, loans and guarantees given to linked bodies and the major strategic investments that are funded through development accounts. While the scope of this review is not identical to that of the investment strategy, there are large overlaps.

The most recent balance sheet review was carried out in late 2020. This showed that, at that time, the Council had invested just over £200m in assets for which long term recovery was not certain, and that this figure was expected to increase to £230m as a result of schemes in progress. Some of these are almost certain to be fully recovered (e.g. deposits with government backed entities) while others carry significantly more risk (loans issued and property investments).

Each investment was reviewed to determine the extent to which those amounts were likely to be realised, whether through retaining or selling on the Council's interests at some future point. This flagged a "realisable" value of approximately £140m. The gap of £85-90m mostly relates to historic costs on major developments such as Northgate and Barons Quay. The Council has already recognised that these schemes would not be self-financing and included funding within its revenue and capital budgets to support these schemes.

Taking account of funding already reflected in budgets the residual gap between the amounts invested and expected recoverable amounts falls to between £0m - £5m. At this scale the risks are manageable within the Council's wider risk management strategy.

This still leaves the Council with £140m+ worth of investment that needs to be recovered through using those assets to generate future income or sales receipts. Given the scale of this balance, the Council will continue to carry out Balance Sheet Risk Reviews at least every six months, and update Council on any emerging gaps annually through the Budget Report.

Given the scale of these risks and the wider economy, the strategy does not specifically seek to add material new investments and is focused on steps to reduce the risks and improve the performance of existing holdings.

## E) FORMS OF INVESTMENT

The following sections and supporting annexes provide more detail on each of the different types of investment the Council undertakes, their purpose, how new investment opportunities will be assessed and how the performance of existing investments is monitored.

### SECTION 1: FINANCIAL INVESTMENTS

Financial investments are those made solely for the purpose of generating a financial return. While there may be some restrictions on how funds are invested (e.g. ethical frameworks) the primary considerations are the return that can be generated and the associated risk. The Council makes financial investments on a daily basis and these can be grouped into two main areas, Treasury Management investments and Cheshire Pension Fund investments.

#### A) Treasury Management Investments

This strategy sets out how the Council manages its cash balances, ensuring that it can continue to meet its statutory responsibilities and operate effectively while still generating a return on any surplus cash held. A Council usually receives its income from Council Tax, Business Rates and grants in advance of incurring costs paying staff and suppliers. In addition, a council will hold reserves that will be spent at some point in the future. As a consequence, a council will usually hold cash balances that are waiting to be spent.

The Council typically holds balances of between £40 - £100 million at any point in time and this pattern is largely expected to continue during the coming year. As these cash balances will ultimately be needed to deliver core services, they are managed prudently to ensure that the Council always has access to cash at the point it needs it.

The underlying principles of the Treasury Management policy are set out below

- The primary aim when investing public funds is the security (i.e. preservation) of capital.
- The liquidity, or accessibility, of the Council's investments is a secondary consideration.
- The yield (i.e. rate of return) is only considered once the security and liquidity objectives have been satisfied.

#### **The return of the capital is more important than the return on the capital.**

Despite this, the Council still anticipates generating approximately £0.85m of investment income from the funds it invests through its Treasury Management Strategy in 2021-22. This relatively low level of return (approximately 0.75% of the average sums invested) reflects the degree of security the Council needs over such investments.

CIPFA (the professional accountancy body of the public sector) requires that all councils produce a treasury management strategy setting out the activities that the Council plans to undertake in the forthcoming financial year. The investment elements of that strategy set out both the type of financial instruments (bonds, gilts, investment funds etc.) in which the Council is able to deposit monies and the scale of any investment with a single counterparty. Further details are set out in Annex 4. The Council utilises specialist treasury management advisors to help develop these strategies and manage the risk.

## **B) Cheshire Pension Fund Investments**

Cheshire West and Chester Council is also the administering authority for the Cheshire Pension Fund and, in this capacity, it invests the Pension Fund's assets on behalf of the Fund. These investments are made with the sole objective of ensuring there is sufficient money available to meet the future costs of paying benefits to current and future pensioners.

Cheshire Pension Fund's assets are totally autonomous from those of the Council and it sets and manages its own investment strategy. The longer term planning scenario for the Fund mean their investment strategy will be more aggressive than the Council's Treasury Management policy and it gives greater prominence to the long term return and future value of investment. As such this strategy allows for usage of a wider range of investment options.

The Pension Fund currently utilises investment managers to ensure that it can achieve the appropriate balance of risk and return on its investments. Since April 2018 the Fund became a partner in LGPS Central, an asset management company established to manage £40bn of assets across 8 LGPS Funds and owned by the member Councils.

Through LGPS Central, there will be improved efficiency in dealings with investment managers, and economies of scale by enabling the Funds to access investment classes (e.g. infrastructure) that would previously have been too large scale for an individual Fund to utilise.

The current Cheshire Pension Fund strategy can always be found on the Pension Fund's website:

[www.cheshirepensionfund.org](http://www.cheshirepensionfund.org)

Whilst the strategy implemented by Cheshire Pension Fund will have many parallels with the Council's, the Pension Fund is governed separately, and the determination of that strategy sits outside of the scope of this document.

## SECTION 2: STRATEGIC INVESTMENTS

The Treasury Management Strategy determines how the Council uses surplus short/medium term cash balances and as such prioritises the security of any investments over the potential yield. As a result, these investments only generate relatively low levels of financial return relative to the amounts invested.

The Council also has the ability to fund investment through borrowing, providing that such investments are not undertaken solely for financial gain and also contribute to the delivery of wider Council objectives. As such investments are not dependent on using cash that will ultimately be needed for core services, the balance of risk and return that can be considered is different and the Council is able to consider longer term and potential higher risk investments. As a result, it would also be able to attract better financial returns.

This is an area of particular scrutiny at present and the Ministry for Housing, Communities and Local Government (MHCLG) have recently reinforced the requirement for councils to avoid taking on excessive risk in pursuit of new income sources or operate outside of their remit as a local authority. Councils remain individually responsible for their stewardship of public funds, but new restrictions have been implemented which mean that those Councils who use that freedom to purchase new assets which are primarily for commercial purposes will no longer be able to access the Public Works Loan Board (PWLB) to finance their wider borrowing needs.

The Council's own investment strategy remains consistent with these guidelines. Investments are only considered if they offer an appropriate balance of risk and return and contribute towards the Council's wider objectives such as local economic growth, regeneration or employment generation. This means investments remain focused on opportunities in the local area and the overall scale of investment is managed to ensure it does not place the Council's core functions at risk.

Undertaking strategic investments is not a new approach; the Council has a long history of supporting investment in local facilities, most significantly through major regeneration projects considered critical to the commercial, economic and cultural future of the borough. Such projects are undertaken with the aim of regeneration, providing additional economic benefits or addressing where the market has failed to provide the desired outcome for the area. Such schemes are typically delivered through the use of self-financing development accounts with the Councils upfront investment being repaid over time through future income generation.

Investments that would fit within this category are:

- Placemaking/ Regeneration schemes such as Barons Quay, Northwich or Winsford Cross Shopping Centre.
- Residential housing developments to deliver new housing within the borough and generate future income for the Council.
- Commercial investment programmes with a specific focus on financial returns, e.g. Property Reinvestment Programme.
- Council support to underwrite risks on private sector funded developments, e.g. Chester One City Place.

The Council will also consider opportunities to investment into funds (e.g. CCLA Property Fund, Real Estate Investment Trust (REIT) or similar funds). These funds invest in similar assets but

diversify risks by spreading the risk over multiple bodies and asset types. Limited investment into such funds is already permitted under the Treasury Management Strategy.

### **Strategic Investment Criteria**

When undertaking strategic investments, the Council will almost always need to accept some level of financial risk in return for the benefits being sought. It is important that such decisions are only taken following a full consideration of the relative value of those risks and benefits and an assessment of how they will impact on the Council's overall risk profile.

This framework sets out a consistent set of criteria which must always be considered before the Council enters into such an investment and the safeguards that will need to be in place to help it manage such risks effectively.

The minimum criteria to be considered for any potential investment are as follows:

- **Alignment to Objectives** - Under the Prudential Code, Councils should not borrow solely to reinvest that money for a financial return; this would be considered to be "borrowing in advance of need" and would only be allowable in exceptional circumstances.
- **Viability** – Assessing the returns that the investment would offer compared to market benchmarks
- **Risk Assessment** - Consider the range of potential outcomes and ascertain the likelihood of success
- **Impact on wider Council** – Demonstration that the investment does not place the wider Council's ability to operate at risk. It must not tie up resources into long term situations to the extent that short term needs cannot be met.
- **Realising the Value/Exit Strategy** – Consideration of how and when the value of the investment can be realised, including a liquidity profile and a fully costed exit strategy
- **Independent Advice** - The use of external expertise where required to enhance the internal knowledge/skills of officers and provide a greater level of assurance on the risks and mitigations involved

Further details on how each of these areas will be considered are included on the following page and the specific assessment that will be undertaken (including tests and benchmarks) is set out in Annex 5.

## How the investment criteria will be applied

Criteria	Requirement
Alignment to Council Objectives	<ul style="list-style-type: none"> <li>➤ Each investment must be transparently linked to helping the Council deliver its core purpose. This is the delivery of statutory services to local residents and ensuring the general wellbeing of the borough and its residents.</li> <li>➤ If investing in non-core activities and investments, it will need to disclose how the financial contribution generated will contribute towards the delivery of core functions.</li> </ul>
Viability	<ul style="list-style-type: none"> <li>➤ A cost/benefit analysis to fully understand the likely returns, identify any hidden costs and include key metrics such as Net Present Value (NPV), Return on Investment (ROI) and Payback period (compared to a benchmark rate relevant to the proposed investment)</li> <li>➤ Any return/yield must be considered on a full cost recovery basis, with the full cost of investment understood and ongoing costs (including any financing costs and any recharges) fully accounted for.</li> </ul>
Risk/ Impact	<ul style="list-style-type: none"> <li>➤ Consideration will be given to the nature of the risk each investment exposes the Council to and whether this is a risk the Council can effectively manage</li> <li>➤ The impact on the Council's overall risk profile must be considered to ensure the investment does not place an excessive level of risk within a single sector, investment type or body</li> <li>➤ Where income is not guaranteed or returns are based on future asset values, investment decisions will be based upon a balanced view of the likely investment performance, not a best case scenario.</li> </ul>
Exit Strategy	<ul style="list-style-type: none"> <li>➤ The ability to recall invested funds must be considered including the length of time and the ease with which said investments could be recovered or converted into cash.</li> <li>➤ Each proposal will have an exit strategy clearly articulated in the original investment case which will provide an indicative timeline for the repayment of capital / returning of funds once the decision has been made to divest.</li> </ul>
External Advice	<ul style="list-style-type: none"> <li>➤ All inputs to the investment model should be based on the advice of a suitably qualified individual. For investments where the Council does not have significant experience and market knowledge, professional advice should be taken to confirm understanding of key risks, likely returns and value</li> <li>➤ The quality of the external advice will be measured through the performance of each proposal against the benchmark/hurdle rate in the original business case and reported through to the Investment board regularly</li> </ul>

## SECTION 3: COMMERCIAL OPERATIONS AND SERVICES

As well as making investments into financial and commercial assets, the Council also operates a number of services which at least partially exist in order to generate income. In some cases the income raised is restricted and must be reinvested into the same service area (e.g. on-street parking, housing) and in others the income can be used to support any Council priority (e.g. off-street parking, property).

The Council has historically made and continues to make significant investment (property, infrastructure, staff time and cash) into income generating activities and given that investment, it is critical it takes a professional and business-like approach to managing those services, reviewing risks and monitoring their performance.

Commercial activities are important for a number of reasons:

- Funding reductions mean the Council is increasingly reliant on using surpluses from commercial services to fund core services
- The Council has invested in the infrastructure and assets used by these services and needs to ensure they are delivering value
- Commercial services change rapidly and competition from the private sector can erode the viability and value of these services over time

### Scope of Commercial Services

The most significant commercial service is the commercial property estate. The Council operates a commercial property estate valued at over £100m and generates significant financial returns through rental income as well as playing a pivotal role in driving economic growth through job creation and facilitating regeneration.

The Council commissioned an independent assessment of its commercial property portfolio in 2020-21 from CBRE, an international property consultancy. This flagged a range of strengths and weaknesses within the portfolio and made a number of proposals to improve their contribution to the Council. Amongst these was a proposal to consolidate its holdings over time, reducing the volume of commercial properties held (currently over 500) and focusing on fewer sites that could then add more value and be better maintained.

The strategy for the Council's commercial property estate has always involved continually identifying poorer performing premises across the Borough in order to identify whether they should be repaired, redeveloped or sold with sale proceeds invested in redevelopment or new purchase of assets to improve the overall Portfolio performance. The CBRE report reinforces the need to pursue such a shift.

Material change will take several years to deliver but if managed successfully and sensitively, would deliver a commercial portfolio that was better able to sustain the financial contribution it makes to the Council's wider services and reduce the overheads of holding and maintaining the current mix of sites. Where properties are not attractive to retain as commercial properties but do make significant contributions to broader Council priorities (e.g. social value), it may be appropriate to retain them but hold them outside the commercial property portfolio.

The commercial property portfolio is not the only area where the Council uses its assets to generate income, the scope of this strategy includes:

- Commercial property portfolio
  - Industrial Units
  - Retail Units
  - Markets
  - Farms
- Car parking provision
  - City/Town Centre parking
- Housing Development
  - General Needs Housing

In all cases, these services do not operate solely to achieve commercial returns and the income generation performance will need to be considered in the light of their wider objectives of the service. For example, the parking strategy seeks to balance the need to generate income with the need to keep the access to town centres affordable and to support local businesses.

Summary information about the scale of these services and the income they generate is included in Annex 6.

### **Investment Performance Framework**

Investments in commercial services will be monitored against the following objectives:

#### **Financial Return**

- To maximise the financial return from each commercial service, subject to an acceptable level of risk
- To achieve a target return that is reflective of the investment made into the service and its assets

#### **Sustainability**

- To develop sustainable and long term business strategies (within the legal framework in which the Council operates)
- To review the viability of non-statutory commercial services on a triennial basis in order to ensure they continue to provide value for money
- To retain existing business/demand or ensure that known reductions in demand are mitigated
- To develop existing public sector skill sets to enable staff to operate in an increasingly commercial environment

#### **Market Management**

- To respond to changes in demand in order to ensure that the Council targets its investment at the most profitable areas.
- To review fee and charging structures annually in order to respond to the changing business environment
- Increase market share (where appropriate) in order to generate financial returns that are of benefit to the Council.

**The overall aim for all discretionary commercial services and activities is that they should be a positive contributor to the Council's finances, generating a surplus which helps fund core Council services.**



## SECTION 4: COUNCIL OWNED COMPANIES

In recent years the Council has established a number of arms-length companies which operate semi-independently of the Council but remain at least partially within Council ownership. There are currently six material companies in which the Council has a significant stake.

Company	Ownership	Status	Turnover	Services
Vivo	100% CW&C	Company	£14m p/a	<ul style="list-style-type: none"> <li>• Social Care Provision</li> </ul>
Brio	100% CW&C	Community Interest Company	£13m p/a	<ul style="list-style-type: none"> <li>• Health and Wellbeing Services</li> </ul>
Qwest	49% CW&C 51% Engie	Company	£16m p/a	<ul style="list-style-type: none"> <li>• Facilities Management</li> <li>• Contact Centre</li> <li>• Business Operations</li> <li>• Property Works</li> </ul>
Edsential	50% CW&C 50% Wirral MBC	Community Interest Company	£20m p/a	<ul style="list-style-type: none"> <li>• School support services</li> </ul>
Avenue Services	49% CW&C 51% Sanctuary	Social Enterprise	£2m p/a	<ul style="list-style-type: none"> <li>• Neighbourhood services in Blacon</li> </ul>
CWR	100% CW&C	Company	£15m p/a	<ul style="list-style-type: none"> <li>• Waste collection</li> </ul>

In addition the Council also holds equity stakes in a range of other entities where either the scale of the business is smaller (e.g. HQ Management Company, ENTEP) or the Council's shareholding is smaller (e.g. LGPS Central or the UK Municipal Bond Agency). While not shown in the table above the status, value and performance of such investments is subject to the same monitoring and consideration as the larger holdings.

While not all of these companies were set up for the purpose of creating an investment they are included within the framework because they carry similar characteristics to other investments:

- **Value** - The Council shareholdings have a value which will be affected by performance and could (with restrictions) be sold or passed to a third party
- **Returns** - Where the companies make profit, this can in part be distributed back to the Council (restricted for Community Interest Companies). The Council is also dependent on the companies to help it achieve savings on commissioned services
- **Risks** - The Council holds various risks (e.g. recoverability of loans made, pension guarantees given, exposure to losses if company fails)

### Company Framework

In 2020 the Council adopted an overarching company framework to reflect its future ambitions for its companies. The framework seeks to balance the need for the companies to remain viable and deliver returns against the wider social and operational impact they can have. As such, the companies retain many of the same characteristics and social values as the Council but can operate more flexibly within their given markets.

It will work with its companies and fellow shareholders to support the Council's outcomes across 6 broad themes;

- Support co-operative principles
- Be a responsible employer
- Deliver better products or services for our residents through partnership working
- Develop a strong social value proposition which supports Council outcomes
- Deliver value for money for the Council
- Support the sharing of risk and reward

### **Governance of Council Owned Companies**

The value of the Council's investment in these companies is primarily managed through its shareholding and the influence this provides over each company's operations. This degree of control and influence diminishes where the Council only owns part of the company.

Each company produces an annual business plan and a longer term strategic plan which sets out their priorities and performance targets. These plans need to be approved by the Council as shareholder, having given appropriate consideration as to whether or not they will help to deliver the Council's own objectives. Each company has a Management Board that is responsible for the company's operations and the delivery of their plans, but the Council continues to work closely with them to ensure their activities remain aligned to the Council's objectives.

### **Managing Council Exposure**

Through its ownership of these companies the Council is exposed to risk both directly and indirectly. These are monitored through the shareholder role and the Capital & Investment Board.

- **Value of Shareholding** – The Council only holds its shareholding on its balance sheet at a nominal value (£1 each), as such, it is not exposed to risk from falls in share valuations.
- **Profitability/Losses** – If companies perform well, they can invest surpluses in service improvements, reduce the cost of services to customers (often the Council) or retain profits for shareholders. Should a company perform poorly they may incur losses. As a responsible shareholder the Council would need to ensure that the company is able to meet its obligations and if a company fails the Council may have to step in to ensure continuity of service. In 2020-21 a number of Council companies incurred significant losses due to Covid and wider pressures. The Council provided additional funding to protect service delivery and this situation is likely to continue into 2021-22.
- **Loans** – The Council advances loans to some of its companies to ensure they have sufficient cash to operate (working capital) and to underwrite short term losses. All loans are intended to be temporary, although this can be extended if beneficial to both parties. If the company is unable to repay those loans this would become a cost to the Council as it would need to write off the balance. The maximum amount that can be loaned to an individual Council owned company is £5m. The Council has working capital loans which between them are expected to total £3m at March 2021 (Mar 2020 £3.2m).

Further details regarding the current position/performance of each of the Council's main shareholdings is set out in Annex 7.

## Annexes

### Annex 1 - Overview of Current Investment Portfolio

Category	Financial Investments	Strategic Investments	Commercial Operations	Council Companies
<b>Investments</b>				
<b>Nature of Investment</b>	Financial Instruments	Properties/ Developments	Properties (commercial estate, car parks)	Equity Ownership of Companies
<b>Scale of Investment</b>	Typically £40m-£80m	Investment costs £95m to date	£150m+ (asset value)	£3.0m (loans)
<b>Returns</b>				
<b>Nature of Return</b>	Interest Received	Income Generated Capital Appreciation Business Rates	Net Income Generated	Operational Savings Income to Council
<b>Target Return</b>	Base Rate 0.1% on core funds 5% on longer term funds	Varies with risk (average 3-6% yield over investment life)	Varies by asset (5%-7% yield)	Saving on CW&C funded services (£2m p/a)
<b>Projected Returns (2020-21)</b>	£0.8m income	Net £1.9m cost (*see note below)	£6.7m net income	£1.8m from combined savings and income
<b>Impact held</b>	In Council Budget	On Development Account	In Council Budget	In Council Budget
<b>Key Risks</b>				
<b>Nature of Risks</b>	Counterparty failure	Rental/lease demand Falling capital value	Operating losses External competition	Operating losses Company failure
<b>Risk Level</b>	Minimal	Significant	Significant	Significant

\* The returns on strategic investments will vary significantly over time as they are long term investments which will make losses in some years and profits in others. The Council utilises development accounts to let it smooth out this volatility. The 2021-22 budget includes £2.1m of funding (£1.5m in 2020-21) in recognition that the developments at Baron's Quay and Winsford Cross are unlikely to be able to fully recover the cost of the Council's investment.

The actual returns in 2020-21 are below target as Covid has impacted across the portfolio.

- The interest rates available on short term financial deposits are currently negligible
- Rentals from Strategic Investments and Commercial Properties have been reduced as businesses have been impacted by lockdowns and restricted trading
- The Council has had to financially support its companies with the additional costs of Covid and loss of income where they are unable to offer services (e.g. closure of Brio centres)

## **Annex 2 – Delegated Approval Frameworks**

### **Property Reinvestment Programme (PRP)**

The Council's commercial property portfolio is a valuable asset from which the Council generates a significant financial return through rental income and retained business rates. Ensuring the Council holds the correct balance of commercial assets within the portfolio is important. All properties held need to be fit for purpose and deliver against their specific objective.

If the estate declines as properties become outdated or outmoded it restricts the Council's ability to maintain income levels and support the growth agenda so it may sometimes be appropriate to dispose of specific properties from the portfolio and reinvest the proceeds in alternatives. The ability to 'trade' assets in this way, as appropriate, is fundamental to good asset management.

The PRP strategy seeks to analyse the Council's property portfolio, then assess and take advantage of opportunities within the Commercial Estate. This involves identifying poorer performing premises across the Borough in all sectors that may require investment, refurbishment and repair, and then deciding whether these properties should be repaired, redeveloped or sold with the sale proceeds invested in redevelopment or new purchase of assets to improve the overall Portfolio performance. This is a continuous process.

#### **PRP Parameters and Criteria**

Delegated authority to reinvest commercial property receipts into replacement assets is dependent on complying with the following principles.

- PRP applies only to the properties within the Commercial Property Portfolio;
- A clear business case must be prepared covering all capital and revenue implications.
- The proposal should align with the Asset Management Plan, support the growth agenda, demonstrate clear benefits to the Council and the wider community and where possible maximise external funding opportunities.
- Receipts from multiple sales can be combined to fund a larger scale reinvestment
- The capital receipt generated and re-invested should be at worst cost neutral to the Council at a programme level;

#### **Governance Arrangements**

- 1) Programme of sales to be endorsed by Capital & Investment Board
- 2) Business case agreed by Director of Commercial Management and Director of Finance
- 3) Approve the business case will be granted under delegated powers on the following basis:

<b>Investment Proposal (£)</b>	<b>Approval Required</b>
Up to £1m	Director of Commercial Management and Director of Finance in Consultation with Cabinet Member for Finance and Legal
Over £1m	Cabinet Member for Finance and Legal

In addition to the formal approvals outlined above the relevant Ward Members should always be informed of disposal or investment proposals at the appropriate stages.

### **Annex 3 – Investment Risk and Performance Measures**

The Ministry for Housing, Communities and Local Government (MHCLG) have developed a range of measures that Councils are encouraged to use when managing their non-financial commercial investments. These measures demonstrate whether or not the returns a Council is generating from its commercial investments are appropriate and to ensure that Council are not exposed to excessive risks.

#### **Portfolio Level Indicators**

The definition of commercial investments adopted in this investment strategy is much wider than the one targeted by MHCLG, so the analysis below only reflects the strategic investments the Council undertakes and its core commercial property portfolio.

<b>Selected indicators for all commercial assets (strategic investments and commercial property)</b>		<b>2019-20 Outturn</b>	<b>2020-21 Projected</b>	<b>2021-22 Projected</b>	<b>Trend</b>
Debt to net service expenditure (NSE) ratio (low = lower risk)	Indicates the scale of commercial debts compared to the Council's budget (a proxy for the Council's financial strength).	32%	30%	30%	↗ Small improvement
Investment cover ratio (high = lower risk)	Measures the extent to which commercial income is able to cover any associated borrowing costs (interest)	311%	299%	307%	↔ Stable
Loan to value ratio (lower = lower risk)	Compares the amount of outstanding borrowing (yet to be repaid/funded) to the value of the commercial assets held	49%	47%	47%	↗ Small improvement
Commercial income to NSE ratio (low = lower risk)	Indicates the extent to which the Council is dependent on commercial income to support its day to day operations	3%	3%	3%	↔ Stable
Income target returns (higher = better performance)	Compares income generated to asset values across the property portfolio (i.e. yield)	4%	4%	4%	↔ Stable but low

The information above shows that despite the Covid impacts, at portfolio level the Council is not unduly exposed to risks as a result of its commercial investments. Outstanding commercial borrowing represents 30% of its net service expenditure but those investments are generating enough income to cover interest costs three times over and the book value of commercial assets is nearly double the value of the Council's debt. Commercial income only represents 3% of the Council's net budget requirement, so it is not excessively exposed to fluctuations in that income.

There are only marginal improvements expected in 2021-22, through increased income generation from sites such as Baron's Quay and targeted improvements in the wider portfolio.

### Strategic Investment Indicators (only)

The indicators above benefit from the fact that a large proportion of the Council's commercial property estate has been in local authority ownership for many years and the costs of acquiring or constructing most of those properties have long since been fully financed. This means they still generate income but have minimal debt or interest costs associated with them.

In order to help transparency the same set of indicators are recreated below, but in this case only reflecting the more recent strategic investments where the Council has borrowed to fund the acquisition/construction of assets such as Barons Quay and Winsford Cross.

By limiting the analysis to these strategic investments it is possible to get a clearer picture of the risks the Council is carrying on those investments in comparison to its overall activities.

Strategic Investments Only		2019-20 Outturn	2020-21 Projected	2021-22 Projected	Trend
Debt to net services expenditure (NSE) ratio (low = lower risk)	Indicates the scale of commercial debts compared to the Council's budget (a proxy for the Council's financial strength).	32%	30%	30%	↔ stable
Investment cover ratio (higher = lower risk)	Measures the extent to which commercial income is able to cover any associated borrowing costs (interest)	53%	30%	39%	↘ Deteriorating
Loan to value ratio (lower = lower risk)	Compares the amount of outstanding borrowing (yet to be repaid/funded) to the value of the commercial assets held	160%	154%	154%	↔ Stable
Commercial income to NSE ratio (low = lower risk)	Indicates the extent to which the Council is dependent on commercial income to support its day to day operations	<1%	<1%	<1%	↔ Stable
Income target returns (higher = better performance)	Compares income generated to asset values across the property portfolio	2%	1%	2%	↔ Stable but low

The main differences are on the second and third indicators.

- The investment cover ratio shows that these investments currently only generate 30% of the income needed to meet their associated borrowing costs. This is due to the level of voids and the position is expected to improve as more lettings are made.
- The loan to value ratio is similarly impacted by voids, these reduce the valuation of the assets and mean that outstanding loans are currently just over 150% of the asset value.

The Council is setting aside £2.1m of annual revenue funding to reduce this gap back towards 100% over time.

The measures above reflect existing live investments; they don't include schemes still in development (e.g. Northgate) or other opportunities that may arise over the next 12 months. As these measures reflect risks, when the Council does undertake further investment, this will increase the risks and this will be reflected in future indicators.

#### **Annex 4- Allowable Financial Investments (Treasury Management)**

The table below shows the maximum investment thresholds with a single counterparty, as set out in the Treasury Management Strategy

<b>Investment Types</b>	<b>Investment limits</b>
<ul style="list-style-type: none"> <li>• Gilts (UK Government bonds)</li> <li>• Treasury Bills (short term UK Government bonds)</li> <li>• Deposits with the Debt Management Account Deposit Facility</li> </ul>	No limit
<ul style="list-style-type: none"> <li>• Deposits and Certificates of Deposit (CDs) with high quality banks and building societies subject to a Reverse Repurchase Agreement (Repo).</li> </ul>	£22.5m limit (Lloyds only)
	£20m limit with other banks
<ul style="list-style-type: none"> <li>• Unsecured deposits and CDs with high quality banks and building societies</li> <li>• Bonds issued by Multilateral Development Banks (MDB)</li> <li>• Deposits with other UK local councils and pension funds</li> <li>• Bonds issued by UK local councils</li> <li>• Commercial Paper (bonds) issued by high quality corporate bodies</li> <li>• Constant net asset value (CNAV) money market funds</li> <li>• Corporate Bonds issued by high quality corporate bodies</li> <li>• Covered Bonds with a high quality credit rating</li> <li>• Variable net asset value (VNAV) money market funds</li> <li>• Strategic pooled funds (equity, property and bond funds)</li> <li>• Real estate investment trusts (REITs)</li> <li>• Other Money Market and Collective Investment Schemes</li> </ul>	£12.5m limit (Lloyds only)
	<p>The higher limits set with Lloyds allows for the Council's 'daily money market dealing' process to be more efficient and avoids incurring bank charges on the placing of deposits which are of relatively small value.</p> <p>£10m limit on the amount invested with other banks, bodies, councils, funds or schemes</p>

## **Annex 5 - Investment Criteria for Future Strategic Investments**

In addition to the common criteria that are reflected in Section 2, the process that will be followed to assess strategic investment opportunities is as follows:

### **Step 1: Investment is assessed and assigned a category based on the “repayment risk”.**

This reflects how certain it is that the income in the investment case will be received.

<b>Risk Category</b>	<b>Characteristics</b>
<b>Low</b>	<ul style="list-style-type: none"> <li>• The business case income (80% or more) is secured against an institutional grade covenant (Aa3 – Financial institutions and public sector) for a period in excess of 15 years.</li> <li>• No exposure to sectors with higher levels of default and obsolescence risk, such as healthcare, restaurants, retail and leisure.</li> <li>• Asset (if a property) is in a core location, increasing the probability of the tenant(s) renewing its lease.</li> <li>• The asset does not come with a high level of obsolescence/depreciation risk that requires considerable capital expenditure at expiry/exit. Where depreciation risk does exist a prudent allowance for capital expenditure must be included in the business plan.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• The business case income is secured against [good] grade covenants and is sufficiently diversified.</li> <li>• More likely to include multi-let properties and avoiding assets where a large proportion of income is dependent on a single tenant. Properties will likely have a diversified expiry profile.</li> <li>• May include less secure income streams or reliance on demand (e.g. car parking income) provided that income is supported by appropriate supply/demand evidence.</li> <li>• Asset (if a property) is in a core location, increasing the probability of the tenant renewing its lease.</li> <li>• Limited exposure to sectors with higher levels of default and obsolescence risk, such as healthcare, restaurants, retail and leisure.</li> </ul>
<b>High</b>	<ul style="list-style-type: none"> <li>• The business case income is secured against a mix of covenants.</li> <li>• The income is reliant on a small number of individual entities and those entities are [good] but not institutional covenants.</li> <li>• May include less secure income streams or reliance on demand (e.g. car parking income) provided that income is supported by appropriate supply/demand evidence.</li> <li>• Asset (if a property) may be in a non-core location, increasing the re letting risk in the event of a tenant exit.</li> <li>• Investment contains exposure to sectors with higher levels of default and obsolescence risk, such as healthcare, restaurants, retail and leisure.</li> </ul>

The purpose of this initial assessment is to ensure that investment decisions are benchmarked against appropriate performance targets that are relevant given the level of risk within the investment. The higher the underlying risk assessment, the more challenging the financial criteria that are applied



## Step 2: Test investment against financial criteria

Criteria and Description	Repayment Risk		
	Low	Medium	High
<p><b>Internal Rate of Return (IRR)</b> The investment should target a minimum investment return that is appropriate given the risk. This is at Asset Level (i.e. before financing costs) and should take into account any anticipated change in the value of the asset that will ultimately be realised by the exit strategy.</p>	3.0% IRR	4.5% IRR	6.0% IRR
<p><b>Net Present Value (NPV)</b> The present value of the investment cash flows after financing costs should be positive. Financing costs should assume a fixed rate of interest on either an annuity or a maturity basis, dependent on the business case.</p> <p>The discount rate in the NPV calculation should be based on the target level of return for the relevant investment.</p>	Positive NPV	Positive NPV	Positive NPV
<p><b>Cash Returns</b> There should be enough income in cash terms to cover all costs over the life of the business case. There is a margin of up to 10% of total net asset level income for this test.</p>	Positive Cash Flow  (Margin - 10% of total net income)	Positive Cash Flow  (Margin - 10% of total net income)	Positive Cash Flow  (Margin - 10% of total net income)
<p><b>Secured Income Ratio (for Developments)</b> Where an investment decision needs to be made before it is certain who the ultimate customer or tenant will be (i.e. a land purchase or speculative construction project), the Council will require an appropriate proportion of income to be secured in advance.</p> <p>The ratio is based on the average of years 1-5 <u>contracted</u> income, compared with the fixed cost of the required borrowing. Contracted income means unconditionally committed plus any income streams that the Council has a high level of certainty over.</p>	1.0x  Contracted income over first 5 years at least equals fixed borrowing costs	1.25x  Contracted income over first 5 years is 125% of fixed borrowing costs	1.5x  Contracted income over first 5 years is 150% of fixed borrowing costs
<p><b>Income / Repayment Volatility</b> The likely volatility of returns (risk) should be proportional to the absolute level of expected returns. - The probability that income levels will drop below these tolerances in any year is no more than 20%</p>	Expected income +/-10%	Expected income +/-33%	Expected income +/-50%

### Step 3: Test impact of investment against risk and exposure criteria

The Council must always be mindful of its overall exposure to risk i.e. holistically, not just on a project by project basis. It must also consider its exposure to different economic sectors, income/repayment risk and other factors. This is particularly relevant as the Council has limited ability to diversify its investments by geography / area.

**In order to ensure that its commercial investments cannot create unmanageable pressures upon core services, the Council will cap the level of investment risk it exposes the Council to. This cap will operate by limiting the scale of potential income losses to below a fixed proportion (10%) of its discretionary annual expenditure in any individual year. For 2021-22, this would amount to a maximum risk exposure of £8m.**

Contributors towards this overall level of risk are all commercial income streams (including potential additional future costs in the case of guarantees/underwritings) that are required to fund the Council's base budget or to repay loans associated with previous investment decisions.

The absolute income in each case is weighted based on its inherent level of risk and external factors in order to arrive at each sector's "potential theoretical loss". This aims to demonstrate based on different risk factors, what reduction in income (or increase in cost) might arise from a negative scenario. How this works in practice is shown in below:

#### **Risk Exposure Limits – Repayment Risk Category**

The overall risk assessment described in Step 1, captures the majority of other risks relating to an investment i.e. default, sectoral, geography, security, depreciation and concentration. The Council will therefore seek to ensure that it does not over expose itself to higher risk investments.

<b>Repayment Risk Rating</b>	<b>(a) Total Commercial Income  (£m)</b>	<b>(b) Potential theoretical loss  (% of income at risk)</b>	<b>(c) Income Risk  (a x b)</b>	<b>(d) Potential at risk  (%age of total allowable risk)</b>
Low	£1.3m	10%	£0.13m	2%
Medium	£11.5m	33%	£3.80m	47%
High	£4.6m	50%	£2.30m	29%
<b>Total</b>	<b>£17.4m</b>		<b>£6.23m</b>	<b>78%</b>

Both the cap and the model will continually be refined but at present it indicates that there is still capacity to invest as current commercial activities only represent 78% of the maximum risk exposure.

### **Risk Exposure Limits – Sectoral**

The above risk ratings combine a series of risks to arrive at an overall assessment. This is useful to show the Council its overall level of risk however combining risk factors in this way can disguise concentrations of certain risks. For example investing solely in Medium and Low risk assets would not trigger a breach of the overall exposure criteria, but if 100% of these investments were in a single economic sector this is unlikely to be acceptable i.e. it would understate the overall level of risk that the Council is exposed to. The Council therefore monitors its exposure to sectoral risk as set out in the table below:

<b>Economic Sector</b>	<b>(a) Total Budgeted Income (£m)</b>	<b>(b) Potential theoretical loss (% of income at risk)</b>	<b>(c) Potential at risk (a x b)</b>	<b>(d) Potential at risk (% of total allowable risk)</b>	<b>(e) Maximum Exposure per Sector (% of total allowable)</b>
Retail	£4.8m	40%	£1.92m	24%	30%
Industrial	£4.5m	20%	£0.91m	11%	30%
Logistics	£0.0m	20%	£0.00m	0%	30%
Housing	£0.0m	10%	£0.00m	0%	30%
Office	£1.4m	25%	£0.35m	4%	30%
Leisure	£0.3m	25%	£0.06m	1%	30%
Financial	£0.4m	10%	£0.04m	1%	NA
Other	£6.0m	20%	£1.21m	15%	NA
<b>Total</b>	<b>£17.4m</b>		<b>£4.49m</b>	<b>56%</b>	

This shows that while the overall degree of exposure is below the maximum level, the proportion of that risk concentrated in the retail sector is towards the upper limit (24%) that the Council would seek to hold in any single sector. These are self-determined guidelines rather than hard limits, but the Council would only enter into investments that cause it to exceed these limits in exceptional circumstances and with additional assurances over the value of the investment. Should future investment opportunities arise in the retail sector the Council would therefore seek to reduce its existing risks before taking on additional schemes.

Given that Council's often get the biggest policy benefit by investing in higher risk sectors (i.e. where the public sector is required to intervene because the market has failed to deliver investment), the weightings are always likely to be skewed towards certain sectors or toward higher risk investments. This framework aims to provide some meaningful boundaries in order that the Council can target its investment in a safe way.

## Annex 6 – Summary of Commercial Operations (Council trading services)

### Commercial Property

The table below shows the scale of income currently being generated from commercially managed properties, across the main property types. This demonstrates that after allowing for empty properties the service is generating £8.2m of income, this figure is a spot check and will fluctuate as leases are agreed or terminated. This represents an average gross yield of approximately 6% against asset values recognised in the Council's latest financial accounts. The average void rate across the whole portfolio is approximately 20% but this includes voids at HQ and Dee View Business Park which are new lets. Without these the average void rate is around 8%.

	Asset Valuation £000s	Income Potential £000s	Voids £000s	Income Generated £000s	Void Rate	Income Yield
Industrial Units	41,801	4,814	438	4,376	9%	10%
Retail units	29,172	1,389	197	1,192	14%	4%
Office/Commercial	27,658	2,919	1,471	1,448	50%	5%
Land/Ground Leases	31,332	1,217	3	1,214	0%	4%
	<b>129,963</b>	<b>10,339</b>	<b>2,109</b>	<b>8,230</b>		

The table above shows the scale of income generated but not the costs of operating the commercial property portfolio. At present these cannot be split by property type so they are shown at portfolio level below.

<b>Income Generated</b>	<b>8,230</b>
Operating Costs (non-staff)	1,676
Staff Time (estimate)	250
<b>Net Contribution</b>	<b>6,304</b>

### Car Parks

The Council's car parks are managed to balance income generation with broader objectives to ensure that residents have affordable access to town and city centres and local businesses are supported. The analysis below shows the income generated from the main charged car parks in key towns and cities across the borough. This represents an average yield of 1.8% (add note re normal year) from urban car parks, significantly lower than the equivalent in 2019-20 due to the impact of Covid 19. Park and ride provision remains subsidised to encourage greener transport options.

Income generating car parks	Asset Valuation £000s	Parking Spaces No.	Income £000s	Costs £000s	Net Income £000s	Revenue Per Space £	Net Income Per Space £
Chester	28,445	2,220	1,584	1,131	453	713	204
EP&N	7,864	2,362	364	230	134	154	57
Winsford & Northwich	4,826	1,350	168	44	124	125	92
	<b>41,135</b>	<b>5,932</b>	<b>2,116</b>	<b>1,405</b>	<b>711</b>	<b>357</b>	<b>120</b>
Park and Ride	8,175	3,170	39	328	-289	12	(91)
	<b>49,310</b>	<b>9,102</b>	<b>2,155</b>	<b>1,733</b>	<b>422</b>	<b>237</b>	<b>46</b>

## Annex 7 – Council Company – Investment Risk and Returns

### Returns on Investment

The table below summarise the current projections for March 2021 for the main companies the Council owns, the scale of investment made and the returns generated.

Company	Shareholder Investment/Return			Service Delivery	
	Set Up Costs	Loans Given	Investment Yield	Delivery Costs	Savings Achieved
	£m	£m	£m/pa	£m/pa	£m/pa
Vivo	0.5		0.01	14	1.1
Brio	0.5			13	0.0
Qwest	0.3		0.20	15	0.8
Edsential	0.2	1.0	0.05	16	-0.4
Avenue Services	0.2			1	0.0
CW Recycling	0.1	0.8	0.04	15	0.0
	<b>1.8</b>	<b>1.8</b>	<b>0.30</b>	<b>74</b>	<b>1.5</b>

This shows that as at February 2021, the Council will have made direct investments into its companies of £3.6m. In return the Council receives income from the companies of £0.3m (ownership rebates and interest income). This represented a yield of 8% in 2020-21.

In addition, there are indirect benefits where the companies deliver savings to the Council. Only savings that have been delivered by the companies' actions are relevant, not changes to services commissioned from them or changes in the underlying costs of those services that would have occurred in any setting. The companies currently deliver over £70m of services to the Council, Cheshire West residents or Cheshire West Schools. Since their inception they have reduced the costs of those services by £1.5m per annum, after adjusting for inflation.

### Key Risk Areas

Company	Main Risk Exposure		Surplus/ (deficit)		
	Projected Loans	Pension Guarantees	Underlying Position	Covid Losses	Projected Reserves
	Mar-21	Mar-20	2020-21	2020-21	Mar-21
	£m	£m	£m	£m	£m
Vivo		3.1	0.0	-0.2	0.2
Brio		0.7	-0.1	-5.5	0.1
Qwest*			0.5	0.0	0.0
Edsential*	2.0	1.3	0.0	-1.0	-1.0
Avenue Services*			0.0	0.0	0.1
CW Recycling	1.0		-1.3	0.0	0.0
	<b>3.0</b>	<b>5.1</b>	<b>-0.9</b>	<b>-6.7</b>	<b>-0.6</b>

\* Council share of joint position

The Council could face liabilities of approx. £8m if the companies are unable to meet their obligations to repay outstanding loans and meet future pension payments. This includes an assumed increase in the loans the Council has made to Edsential to cover losses incurred this

year due to Covid. Their residential services have been forced to remain closed throughout the year to comply with Covid restrictions and this creates cost pressures of over £1.5m within the company (across CW&C and Wirral).

These liabilities will only become burdens to the Council should the companies' become financially unable to meet the costs themselves. At present only one company (Edsential) has both negative reserves and a loss making operating position. Their 2020-21 losses are entirely due to Covid and there is belief that the company could return to a viable position once the pandemic passes. The Council will continue to work with Edsential to determine the best options for returning the company to at least a break even position, and the support that would be required from the Council to do so. More detailed reports will be prepared for consideration by Cabinet in 2021-22.

There remain pressures in several of the Council's other companies which will also require ongoing monitoring.

## Pay Policy Statement 2021-22

An annual pay policy statement is required to be produced under section 38 of the Localism Act. Regard is to be had to any guidance from the Secretary of State in producing this statement.

The statement must set out the authority's policies for the financial year relating to:

- the remuneration of chief officers
- the remuneration of the lowest paid employees
- the relationship between chief officers' remuneration and that of other officers.

The statement must include the authority's policies relating to:

- a. the level and elements of remuneration for each chief officer
- b. remuneration of chief officers on recruitment
- c. increases and additions to remuneration for each chief officer
- d. the use of performance related pay for chief officers, if applicable
- e. the use of bonuses for chief officers, if applicable
- f. the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- g. the publication of and access to information relating to remuneration of chief officers.

The term 'remuneration' covers:

- a. the chief officers salary or, in the case of chief officers engaged by the authority, under a contract for services or interim contract
- b. payments made by the authority to the chief officers for those services
- c. any bonuses payable by the authority to the chief officers
- d. any charges, fees or allowances payable by the authority to the chief officers
- e. any benefits in kind to which the chief officers are entitled as a result of the chief officer's office or employment
- f. any increase in or enhancement of the chief officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority, and
- g. any amounts payable by the authority to the chief officers on the chief officers ceasing to hold office under or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

A pay policy statement for a financial year may also set the authority's policies for the financial year relating to the other terms and conditions applying to the authority's chief officers.

The Secretary of State published 'The Code of Recommended Practice for Local Authorities on Data Transparency' ('the Code') on 29 September 2011. The Code enshrines the principles of transparency and asks councils to follow three principles when publishing data they hold; responding to public demand; releasing data in open formats available for re-use; and, releasing data in a timely way. This includes data on senior salaries and the structure of their workforce. The pay policy statement has been written using these principles.

The duties of the Council to publish an annual pay policy statement in accordance with the Localism Act 2011 are set out fully in paragraph 4 of the report. The provisions came into force on 15 March 2012. Before it takes effect, the pay policy statement has to be approved by a resolution of the Council.

Council are therefore asked to approve the Council's Pay Policy Statement for 2021-22.

Following approval, the statement must be published as soon as possible on the Council's website. The Council may amend its pay policy statement, but this also requires a resolution of the Council.

Failure to approve or publish a pay policy statement would mean that the Council would be in breach of its obligations under Section 38 of the Localism Act.

Having a pay policy statement in place assists in the assessment of the impact of pay on equality issues and provides transparency in pay and remuneration.



## Pay Policy Statement

### Cheshire West & Chester Council – April 2021

#### Introduction and Purpose

1. Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit.” This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011.
2. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees (excluding teaching staff working in local authority schools) by identifying;
  - the methods by which salaries of all employees are determined;
  - the detail and level of remuneration of its most senior staff i.e. ‘chief officers’, as defined by the relevant legislation;
  - the approval processes for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
3. Once approved by full Council, this policy statement will come into effect from 1 April 2021 and will be subject to review on a minimum of an annual basis, the policy for the next year being approved by 31<sup>st</sup> March each year.

#### Other Legislation Relevant to Pay and Remuneration

4. In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes legislation such as the Equality Act 2010, The Part Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006 and the National Minimum Wage Regulations 2015. The Council strives to ensure that there is no pay discrimination within its pay structures and that any pay differentials can be objectively justified.

#### Pay Structure

5. For all staff excluding chief officers, the Council uses the nationally negotiated pay spine(s) (i.e. a defined list of salary points) as the basis for its local pay structure, which determines the salaries of the large majority of its (non-teaching) workforce together with the use of locally determined rates where these do not apply.
6. The Council adopts the national pay bargaining arrangements in respect of the establishment and revision of the national pay spine, for example

through any agreed annual pay increases negotiated with national trade unions.

7. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery.
8. In determining its grading structure and setting remuneration levels for any posts which fall outside the scope of the nationally negotiated pay spine, the Council takes account of the need to ensure value for money in respect of the use of public expenditure. This is balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the Authority and to the community.
9. New appointments will normally be made at the minimum of the relevant pay scale for the grade. This can be varied where necessary to secure the best candidate. Where the appointment salary for new appointments is above the minimum point of the pay scale this is approved in accordance with the Council's Scheme of Delegations.
10. From time to time it may be necessary to take account of the external pay levels in the labour market in order to attract and retain employees with particular experience, skills and capability. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using data sources available from within the local government sector and outside, as appropriate, and is approved in line with the Council's Scheme of Delegations.
11. Any temporary supplement to the salary scale for the grade is approved in accordance with the Council's Acting Up Policy and market supplement process.

### **Senior Management Remuneration**

12. For the purposes of this statement, senior management means 'chief officers' as defined within the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1<sup>st</sup> April 2021 (assuming pay freeze in 2021-22):

Chief Executive – Tier 1

- i. The current salary package of the post is £162,448.

Deputy Chief Executives/Chief Operating Officer /Tier 2

- ii. The salary package of posts designated as Deputy Chief Executives or Director (DIR 2) fall within a range of eleven

incremental points between £115,647 rising to a maximum of £137,675.

- iii. The salary package of posts designated as Director (DIR 1) fall within a range of thirteen incremental points between £68,529 rising to a maximum of £101,109.

- 13. In determining the grade for a new post, factors such as responsibility, accountability, budget, numbers of staff, etc. are included in a job evaluation process.
- 14. The arrangements and factors considered in determining an individual's progression through the relevant grade pay scale are determined by performance using the Council's performance management framework.
- 15. Where the Council is unable to recruit chief officers, or there is a need for interim support to provide cover for a substantive chief officer post, the Council will, where necessary, consider engaging individuals under a contract for service or an interim contract. These will be sourced through a relevant procurement process or agency contract ensuring the Council is able to demonstrate the maximum value for money.

#### **Recruitment of Chief Officers**

- 16. The Council's policy and procedures with regard to recruitment of chief officers is set out within the Constitution of the Council section 14.
- 17. When recruiting to all posts the Council will take full and proper account of all provisions of relevant employment law and its own Equal Opportunities, Recruitment and Redeployment Policies.
- 18. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment and approved in line with the Council's Scheme of Delegations. In summary Director appointments are approved by Chief Executive, Deputy Chief Executives, or Chief Operating Officer. Chief Executive, Deputy Chief Executives, and Chief Operating Officer appointments are approved by elected Members. In addition full Council will approve all new appointments where an employee is paid a salary above £100,000 at the point of recruitment.

#### **Additions to Salary of Chief Officers**

- 19. The level of remuneration for the Chief Executive is not variable (with the exception of returning officer fees\*) or dependent upon the achievement of defined targets.

20. \*Returning Officers fees are as prescribed by Central Government for Parliamentary, Referenda, European and Police Crime Commissioner Elections. Fees for local elections are in accordance with a scale of fees applied across the Cheshire Councils that are in line with those fees set by Central Government.
21. To meet specific operational requirements, it may be necessary for an individual to temporarily take on additional duties to their identified role. The Council's arrangements for authorising any additional remuneration (e.g. honoraria, 'acting up', market supplements, etc.) relating to temporary additional duties are set out in the Council's policies in line with the approval process as set out in the Scheme of Delegations.
22. In addition to basic salary, Tier 1-3 posts may receive additional payments which are chargeable to UK Income Tax. Additional contractual payments may include returning officer fees, car user allowance, market supplements and untaken annual leave falling outside the requirements of relevant legislation, if applicable. These payments do not include reimbursement of expenses incurred in the fulfillment of a chief officer's duties.

#### **Pension Contributions**

23. Eligible employees are automatically enrolled in the Local Government Pension Scheme. The Council is required to make a contribution to the scheme based on a percentage of the pensionable remuneration due under the contract of employment of that employee. The employer contribution rate is set by the Actuary advising the Cheshire Pension Fund (the name of the Local Government Pension Scheme in Cheshire) in order to ensure the scheme is appropriately funded. The current employer rate set for the financial year starting 1 April 2021 is 23.3% of pensionable remuneration.
24. Employee contribution rates are set in bands and are defined by statute. Confirmation is still awaited on the banding for 2021-22. The table below details the bandings for 2020-21:-

Up to £14,600	5.5%
£14,601 to £22,800	5.8%
£22,801 to £37,100	6.5%
£37,101 to £46,900	6.8%
£46,901 to £65,600	8.5%
£65,601 to £93,000	9.9%
£93,001 to £109,500	10.5%
£109,501 to £164,200	11.4%
£164,201 or more	12.5%

### **Payments on Termination**

25. The Council's approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policies, the Scheme of Delegations and specifically for chief officers within the Constitution of the Council and in accordance with:

- Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006.
- The LGPS Regulations 2013 and LGPS Transitional Regulations 2014.
- The restriction of Public Sector Exit Payment Regulations 2020.

26. Any payments falling outside these provisions, or the relevant periods of notice within the contract of employment, shall be subject to a formal decision made in accordance with the Council's Constitution and Scheme of Delegations.

### **Lowest Paid Employees**

27. The lowest paid persons employed under a contract of employment with the Council are employed on full time (37 hours) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure.

28. As from 1 April 2016, the Council implemented a Local Living Wage which as at 1 April 2021 is £9.50 per hour. This will be paid to all staff that fall below this hourly rate as a non-consolidated lump sum. This will mean the lowest paid staff are paid £18,328. Staffing Committee review the Local Living Wage annually.

29. The relationship between the rate of pay for the lowest paid and chief officers is determined by the processes used for determining pay and grading structures as set out earlier in this policy statement, (sections 5 and 12 above).

30. The current pay levels within the Council define the multiple between the median (average) full time equivalent earnings and the Chief Executive as 6.09 for 2020-21. As the pay award for 2021-22 is still to be agreed the pay ratio for 2021-22 cannot yet be confirmed.

### **Accountability and Decision Making**

31. In accordance with the Constitution of the Council, Staffing Committee are responsible for decision making in relation to the policies for recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

### **Re-employment / Re-engagement of former Chief Officers**

**32.** It is the Council's policy not to re-employ any chief officer who was previously made redundant from the authority, or later engage them under a contract for service or interim contract except under exceptional circumstances.

### **Publication**

**33.** Upon approval by the full Council, this statement will be published on the Council's Website.

For posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination;
- any other remuneration and benefits received that do not fall within the above

In addition the Council will make the following information available on its website from 1 April 2021, as recommended in paragraph 12 of the data transparency;

- Senior employee salaries (defined as above £50,000), job descriptions, responsibilities, budgets (including salary costs) and numbers of staff.
- Senior employee salaries, over £150,000, names (consent will be required for publication), job descriptions, responsibilities, budgets (including salary costs) and numbers of staff.
- An organisational chart of the staff structure of the local authority (covering the top three management tiers) including salary bands.
- The 'pay multiple' – ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

## Flexible Use of Capital Receipts Strategy

The offer from Central Government, announced in 2015, to allow councils to utilise future capital receipts to fund the upfront revenue costs of transformation projects, is still available for 2021-22. It has not been confirmed for 2022-23 onwards.

The capital programme includes the use of £1.262m of capital receipts in 2021-22 to fund the upfront revenue costs of transformation projects.

The receipts will be used to fund the staffing costs of the Public Service Reform Change Team and Finance Major Projects Team, who will be supporting the delivery of a portfolio of major projects to transform Council services, focusing on efficiency, effectiveness and delivering significant savings.

The projects outlined below will be supported in 2021-22 by resources funded through capital receipts:

Major Project	Description	Anticipated Savings	
		2021-22 £m	2022-25 £m
One Children's Services	<p>Phased redesign of Council children's services to align with strategic priorities, reduce duplication and control demand on high cost services whilst improving the customer experience in line with a 'one service' approach.</p> <p>Phase 2 focuses on 2 projects:</p> <ul style="list-style-type: none"> <li>- Targeted prevention. Will build on existing good practice to consider what more we could do to prevent children and young people moving up to child protection services and ultimately becoming looked after.</li> <li>- To expand the current Intervention Hub to bring together all direct support and intervention services into one place to provide a consistent approach to delivering evidence-based interventions and support, including fragile looked after placements and children in need.</li> </ul>	(0.266)	(0.456)
Transitions and Learning Disabilities	<p>Programme to improve outcomes and achieve financial sustainability for the transitions cohort of young people transitioning to adult services, through promoting resilience, independent life skills and reducing reliance upon care, and a future phase of redesign focusing on adults learning disabilities social work processes.</p> <p>There are two strands to phase 1 of the programme:</p> <ul style="list-style-type: none"> <li>- Transitions target operating model - to achieve financial sustainability and improved outcomes for the transitions cohort of young people transitioning to adult services, through promoting resilience, independent life skills and reducing reliance upon care.</li> <li>- Setting up a complex care and review hub.</li> </ul> <p>Phase 2 is anticipated to focus on adults learning disability social work processes.</p>	(0.300)	(0.900)

Major Project	Description	Anticipated Savings	
		2021-22 £m	2022-25 £m
Review of Adult Mental Health Services	Phased redesign of adult mental health services in the Council. Phase 1 focusing on the social care role within adult mental health services, specifically community mental health teams (secondary), primary mental health and older people's mental health. Phase 2 will focus on a review of in-house mental health provider services, including accommodation, day centres and outreach services. The two phases are now running concurrently with 1 in delivery and 2 in design.	(0.120)	-
Welfare Services Review	The Welfare Services Review is a cross cutting programme that seeks to review the Council services offered to people in financial hardship. This review will analyse to what extent our in-house services, WorkZones, Housing, Transactional Services and ForFutures are working collaboratively in order to provide a preventative approach, avoid duplication and ensure value for money is being achieved.	-	(0.218)
Community, Environment & Economy Transformation	Review and redesign of the Community, Environment & Economy directorate focusing on business processes and efficiency, information management, collaboration and income generation.		(1.000)
Corporate Services Redesign	Review of the Corporate Offer/Strategy, Target Operating Model and redesign of services through strategy work, business analysis and customer engagement.	(0.914)	(1.232)
Digital Council	Cross cutting strategic programme to redesign council services and deliver improved digital services through the harmonisation of technology and process.	(0.215)	(0.567)
Assets Transformation and Modern Workforce	Programme with the aim of supporting a modernised workforce that has the capability and agility to deliver services our customers want from anywhere, including a review of our assets to ensure they are fit for the future and support new ways of working and commercial and Operational asset portfolios to maximise income/yield and support Council objectives.	-	(0.646)
<b>Total</b>		<b>(1.815)</b>	<b>(5.019)</b>

The portfolio of major projects also consists of several wider projects that are funded outside of capital receipts such as care community teams, redesign of step up and step down services and long term care, all within the Integrated Care Programme portfolio.

The portfolio is governed through Corporate Management Board and may change as priorities emerge that require transformation support.

### Outcomes from 2020-21 Capitalisation

The budget for 2020-21 included the use of £1.012m of capital receipts to support the upfront revenue costs of transformation projects. Due to the relevant resources



being deferred to work on the Council's Covid-19 response, the work undertaken to support the delivery of the transformation schemes was reduced and the actual value capitalised is expected to be in the region of £0.590m, reflecting 7 months transformation work (subject to outturn).

As a result there was reduced progress made towards delivery of the projects set out in the 2020-21 Flexible Use of Capital Receipts Strategy than had been originally envisaged. A summary of the progress that was made against each project is set out below.

Major Project	Description (as at Feb 20)	Anticipated Savings (as at Feb 2020)		Progress made in 2020-21
		2020-21 £m	2021-24 £m	
Transitions and Learning Disabilities	Phased redesign of Learning Disabilities services in order to support People Services to ensure the Council's offer is fit for the future, addressing changing demand and differences in commissioning practice to support the delivery of the 2020-24 budget proposals.		(0.700)	<p>Programme commenced in November 2020 following a delay to Covid-19 when resources were reallocated to the emergency response. Baselineing is progressing well and is now in the process of verification with the in-scope teams. Long list of early recommendations identified. Best practice research being undertaken.</p> <p>Support continuing in 2021-22.</p>
Review of Adult Mental Health services	Phased redesign of Adult Mental Health services in the Council to ensure an efficient and effective set of services that responds to national changes and mitigates growth.			<p>Phase 1 with a focus on the social care role paused from March to October 2020 due to Covid-19. Caseload analysis then re-run and quality and equality impacts assessed. Phase 2 (focus on review of in-house mental health provider services) has now commenced and baselineing is progressing well. On track for a business case by April 21. Support continuing in 2021-22.</p>
One Children's Services	Phased redesign of Council children's services to align with strategic priorities, reduce duplication and control demand on high cost services whilst improving the customer experience in line with a 'one service' approach.			<p>Progress with Phase 1 (focus on 'front doors' to children's services) was halted in March 2020 due to SEND inspection, which was then cancelled due to Covid-19. Will now be taken forward as part of business as usual.</p> <p>Phase 2 (targeted prevention and expansion of Intervention Hub) commenced in November 2020. Targeted intervention review baselineing is progressing well and early recommendations have been developed. Staff consultation launched and project on track to go live by the end of April 21.</p> <p>Support continuing in 2021-22.</p>

## Appendix N

Major Project	Description (as at February 2020)	Anticipated Savings (as at February 2020)		Progress made in 2020-21
		2020-21 £m	2021-24 £m	
Assets Transformation	Review of the Commercial and Operational asset portfolios to maximise income/yield and support Council objectives.	(0.269)	(1.122)	An asset review has been undertaken which is now informing the developing property strategy and its link to modern workforce.  Support continuing in 2021-22.
Places Redesign / Operation Model	Review and redesign of the Places directorate focusing on business processes and efficiency, information management, collaboration and income generation.	(0.500)	(2.000)	Impact of Covid-19 delayed the mobilisation of the programme. Governance and initial baselining and engagement is now underway.  Support continuing in 2021-22.
Corporate Services Redesign	Review of the Corporate Offer/Strategy, Target Operating Model and redesign of services through strategy work, business analysis and customer engagement.	(0.411)	(0.798)	Service definitions and plans for new ways of working have been completed for specified and complex service areas, these have informed structural and functional changes across Corporate Services. Covid-19 impacts have delayed further redesign activities and engagement planned across the directorate. These are now underway.  Support continuing in 2021-22.
Welfare Services Review	Review of Council's model of providing support to vulnerable people in financial hardship.	-	-	Baseline developed and best practice review undertaken. Emerging recommendations long list developed. On track for business case in April 2021.  Support continuing in 2021-22.
Digital Transformation	Digital Transformation moves forward from the Council's successes in Channel shift and focus on strategic capabilities for a more enhanced customer journey. The programme will also look into internal processes and how technology can be used to support the organisation.	-	-	The initial Channel Shift programme is now in closure stage and component elements are being transitioned into business as usual.  Support for Phase 2 of the Digital Strategy continues into 2021-22.
Highways	Development of a new Highways delivery model.	-	-	Supported the first phase of the programme which was the development of highways strategy and strategic options analysis that could be considered for the future model for highways services.  Ongoing support requirements still to be determined following approval of agreed approach.
<b>Total</b>		<b>(1.180)</b>	<b>(4.620)</b>	

Cheshire West & Chester Council

# Unprecedented Times

## Feedback Report



Cheshire West  
and Chester

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## Introduction

'Unprecedented Times' was Cheshire West and Chester Council's consultation on how the budget is spent over the next four years.

The Council's four-year plan, 'Play Your Part to Thrive', was developed in 2020 and based on an extensive programme of engagement with the public, staff and stakeholders, including the 2019 ['Play Your Part'](#) consultation.

The nature of any four-year plan is that some adjustments are inevitable, particularly given the uncertainty all local authorities are facing about future budgets, as we continue to tackle the biggest public health emergency in living memory. At the time the consultation was launched, it was estimated that the Council faced a financial gap of between £34 million and £43 million over the next four years.

The aim of this consultation was to enable local residents, businesses and other stakeholders to comment on these proposed adjustments and provide an opportunity to feedback any ideas or suggestions for areas where further budget savings could be made, if required.

The budget proposals focused on delivering priorities outlined in the 'Play Your Part to Thrive' Council Plan and were set out against three themes:

- Health and wellbeing (which includes 'support for adults', 'children, young people and families' and 'public health')
- Communities, environment and economy
- Council-wide proposals.

The consultation was open to all and ran for six weeks from 23 October to 3 December 2020. It followed a 'digital first' approach using the Council's engagement website 'Participate Now', with paper-based materials available on request. Methods used include:

Online engagement	A range of engagement activities available on the 'Unprecedented Times' webpage, including surveys, ideas boards and a dedicated space to submit questions for the online event. The site also included video and animations explaining each theme.
Interactive online event	Online question time event that gave the public an opportunity to question Cabinet members directly about the budget proposals.
Social media	Promoted via a range of channels, including Facebook and Twitter.
Dedicated workshops/ awareness raising activities	Carried out with a range of partners and stakeholders, for example Children in Care Council and Poverty Advisory Board.
Engagement toolkit	Enabling Members and others to promote and cascade 'Unprecedented Times' through their networks.
Engagement document	Detailed information and questionnaire available online and in hardcopy, provided in multiple formats including 'easy read'.

Further details of the engagement methods are outlined in the [Consultation methods and responses section](#). The engagement was also supported by a communications plan to raise awareness of the consultation and encourage people to get involved.

In total, there were 524 'engagements' with the consultation. This included 172 questionnaires, 24 ideas and suggestions sent via Participate Now (digital engagement platform) and 310 views of the online Cabinet Question Time event. A further 18 individuals and organisations responded by email.

## **Impact of COVID-19**

The consultation approach was adapted in light of COVID-19 to ensure respondents could take part in a safe way. A 'digital first' approach was supplemented with paper copies of the consultation document and questionnaire, which were available on request, with options to respond via telephone and in writing, to ensure those who aren't digitally enabled could take part. Members were also asked to help publicise the consultation locally, via a Councillors toolkit.

## Key messages

### Overall

- Budget proposals were broadly supported by the public and stakeholders.
- Proposals related to ‘Communities, environment and economy’ and ‘Council-wide’ services had the most support (71% and 70% agreement respectively).
- In relation to specific proposals, there was significant support for:
  - placing more focus on mental health services and early intervention
  - increased use of technology and reducing office space/council buildings.
- Some concerns were raised by the public about asking partner and other organisations, such as schools and the community and voluntary sector, to contribute more.
- Where the Council highlighted further areas where savings could be made (should they be required) there was disagreement with:
  - ideas to reduce service standards (such as street cleaning and highways)
  - changing the Council Tax Reduction Scheme (that provides relief for those on low incomes with Council Tax bills).
- Some of the groups that responded acknowledged the financial challenges faced by the Council and the reduction in budget available. They also requested more detail about the proposals to enable them to comment, and to be part of further consultation on proposals that impact on them and the people they represent.

### The Cabinet’s response to the key messages

Key message	Our response
Majority of proposals supported	<ul style="list-style-type: none"> <li>• The Council will take forward these proposals for decision plus further consultation with the public and partners where appropriate.</li> </ul>
More focus on mental health	<ul style="list-style-type: none"> <li>• The budget includes investment of £0.450m in mental health.</li> <li>• The saving suggested will not impact on quality of service provision and will enhance the independence of people with mental health challenges.</li> <li>• An ‘all-Council mental health strategy’ will be developed to ensure all services across the Council are geared-up for supporting mental wellbeing.</li> <li>• The Council is placing a large focus on mental health during the pandemic and will continue to do so through to recovery.</li> </ul>

Key message	Our response
<p>Support to do more to increase the use of technology and reducing office space/council buildings</p>	<ul style="list-style-type: none"> <li>• The Council is developing a plan to better use technology to enable more staff to work from a range of locations. This will lead to further savings in mileage and building running costs, while also supporting greater work-life flexibility.</li> <li>• An ambitious digital strategy and delivery plan is also being developed in 2021, which will show how all services can better use technology to be more effective and efficient and investment in Phase 2 of the Digital Strategy is included in the capital programme. Efforts will be made to make this inclusive for everybody.</li> </ul>
<p>Some proposals require further details and consultation</p>	<ul style="list-style-type: none"> <li>• Further details and engagement on complex issues will take place. For example, consultation on the waste strategy will take place in 2021, setting out the choices the Council needs to decide on against its goals relating to the climate emergency.</li> </ul>
<p>Disagreement with:</p> <ul style="list-style-type: none"> <li>• Reduction in service standards for highways and street cleaning</li> <li>• Changes to the Council Tax reduction scheme</li> </ul>	<ul style="list-style-type: none"> <li>• These future options will not form part of the budget package based on this feedback. However, the situation will be kept under review and due to uncertainty about future funding arrangements these proposals may need to be revisited in the future.</li> </ul>

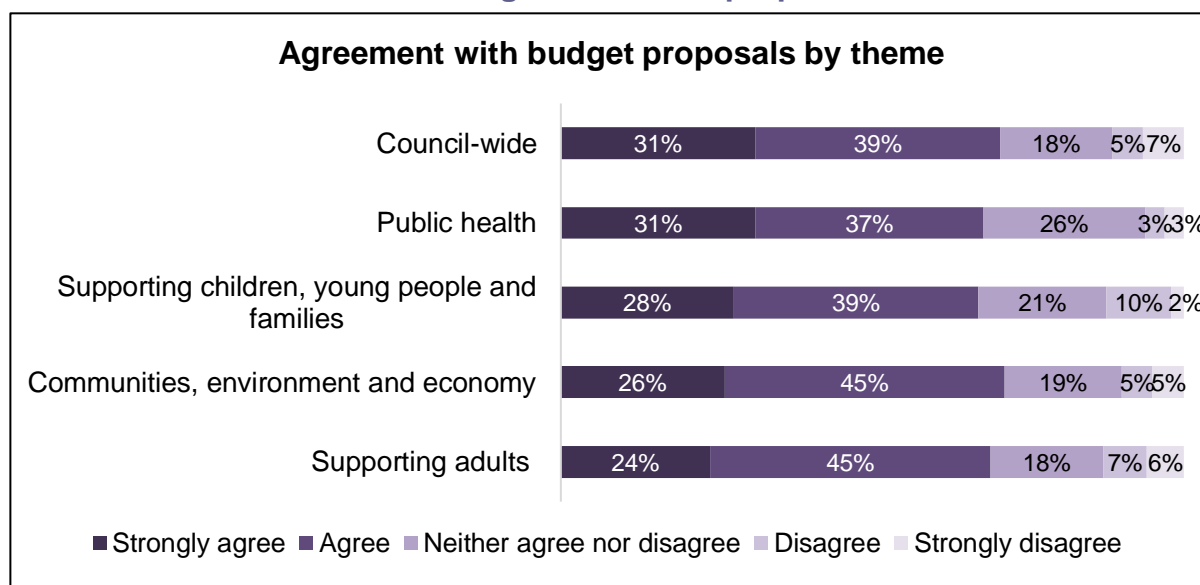


## Detailed findings

### All themes

Those who completed a questionnaire were asked the extent to which they agreed or disagreed with budget proposals set out against three themes: health and wellbeing (which includes ‘support for adults’; ‘children, young people and families’ and ‘public health’); communities, environment and economy and Council-wide.

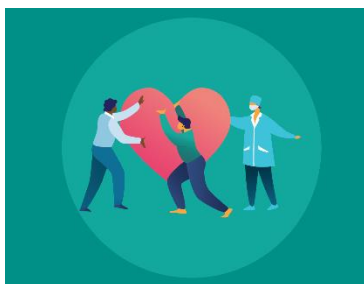
**Chart 1: Agreement with proposals**



Base for graph: 61-100

Chart 1 above shows there was overall support for all proposals, particularly those relating to communities, environment and economy and Council-wide services (71% and 70% of respondents agreed with these proposals, respectively).

## Health and wellbeing proposals



The Council’s health and wellbeing services cover areas such as adult and children’s social care, support for vulnerable families, education and public health services.

## Support to adults

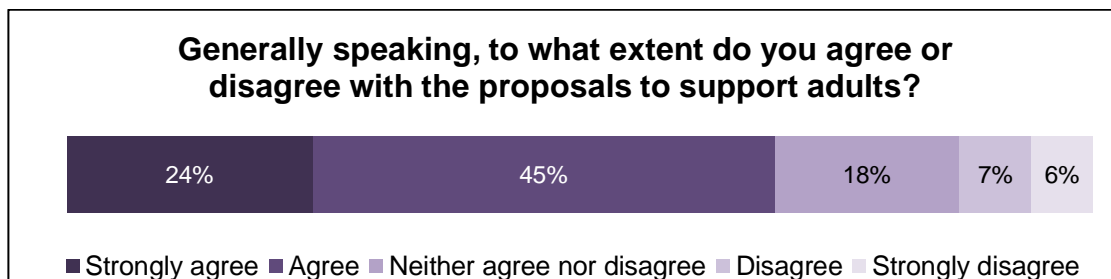
### Overall agreement with proposals for support to adults

To balance the budget and ensure there is enough money to tackle key priorities for these services, the proposals under consideration are:

- (1.1) Review of mental health services
- (1.2) Transforming learning disability services
- (1.3) Ensuring funding is in place to support the transition of children into adult social care
- (1.4) More efficient ways of delivering care
- (1.5) Joining up support with the NHS
- (1.6) Expanding the range of social care support available
- (1.7) Review of building-based care
- (1.8) Meeting our core responsibilities
- (1.9) Review of care provided by Vivo, our Council-owned care company
- (1.10) A new model for carer services
- (1.11) Review of community support.

Those completing the questionnaire were asked the extent to which they agree or disagree with these proposals. Chart 2 below shows that 69% of respondents strongly agree or agree. Just over 1 in 10 (13%) say they disagree or strongly disagree.

**Chart 2: Agreement with the budget proposals for support to adults**



Base for graph: 100

## Views on specific budget proposals on support to adults

Below is a summary of the key points raised through the questionnaire.

- **Mental health services should be a priority (proposal 1.1)**
  - Mental health should be a priority, and early intervention is key in order to save money and resources.
  - The impact of COVID-19 will add further pressure on mental health services, and support should be increased in light of this.
- **Mixed views on learning disability services (proposal 1.2)**
  - Some complaints about the perceived lack of funds to support learning and concerns about reduced services.
  - Some views that Direct Payments can be transformative for both the person and their carer.
- **Mixed opinions on 'More efficient ways of delivering care' (proposal 1.4)**
  - Some agree that reform is needed, and suggest that reducing two carers to one, which could allow for the care worker to spend more time with the person receiving care, is a good idea. However, risk assessments are needed for the carer and the person receiving care.
  - Comments not in favour suggest that there will be an increase in pressure and stress on staff if only one care worker attends a home. There are also concerns that it could lead to both the care worker and the person receiving care being open to accusations of inappropriate actions, which could lead to a reduction in the quality of service.
- **Support for increased, joined-up support with the NHS (proposal 1.5)**
  - Suggestions that there is some service duplication, and money could be saved if this is removed.
  - There are some concerns about the costs of 'extra bureaucracy' this may create.
- **Expanding the range of social care support available (proposal 1.6)**
  - There are concerns with providing Direct Payments to elderly people in need of care, with some stating that there is a risk of exploitation of individuals or difficulty in managing the employment of paid carers.
  - There is some support for the Shared Lives service.
- **Mixed opinions with review of building-based care (proposal 1.7)**
  - Some support for the review to save money.
  - View there is a continuing need for building-based services, especially for socially isolated individuals.
- **Review of care provided by Vivo (proposal 1.9)**
  - General agreement with the proposal to review care provided by Vivo, and for the Council to work with Vivo to provide services and reduce costs. This could include more frequent oversight and reviews.

- **Review of community support (proposal 1.11)**
  - Some support for the review in terms of using technology to make savings and to reducing duplication, though acknowledge that technology cannot replace all face-to-face contact, and that in-person care is still essential.
  - Some highlight the importance of community support services and stress the need for them to be retained.

## Views from groups and organisations on the budget proposals for supporting adults

A range of partners, organisations and groups also responded directly to the consultation and commented on the budget proposals for supporting adults. These responses are detailed in the [Responses from partners and local groups](#). The key themes from these responses included:

### (1.1) **Review of mental health services** (mentioned by 6 groups):

- Increasing need for mental health support, and as the COVID-19 crisis continues, there is an expectation that demand will increase even more. There is a need for rapid access to appropriate mental health services and support within different environments, such as schools.

### (1.4) **More efficient ways of delivering care** (mentioned by 3 groups):

- Support for this proposal as long as it does not result in a reduction in service quality.
- Concerns with equipment being used in order for care to be delivered by one care worker instead of two, with suggestions that in reality, people tend to have complex needs and this approach may not meet local need.

### (1.5) **Joining up support with the NHS** (mentioned by 5 groups):

- Agreement with the proposal to work more closely with the NHS.
- Since COVID-19, joint working has increased and this needs to become the norm.
- Proactive engagement with stakeholders will be key to understanding where efficiencies can be made to support service improvement.

### (1.6) **Expanding the range of social care support available** (mentioned by 3 groups):

- Concerns about the number of personal assistants locally available to take on this additional work, and concerns about the geographic availability of PAs across West Cheshire.
- The Council should not seek to press complex arrangements onto individuals unable to manage them, especially in terms of employing personal assistants.
- Support for expanding the range of social care support facilities, especially if it reduces clients being placed outside of the Borough.

### (1.7) **Review of building-based care** (mentioned by 3 groups):

- There is value in accessing care services in buildings with other people, due to the social interactions and friendships that are built.
- Concern expressed that the review might involve the closure of Sutton Beeches Community Support Centre.

**(1.10) A new model for carer services** (mentioned by 4 groups):

- Significant concerns about the pressure on carers, which have been amplified by the COVID-19 crisis, with suggestions that support services are not being delivered.
- Concerns around the ambitions of the 'All Age Carers Strategy' and the proposals to save money in this area.

**(1.11) Review of community support** (mentioned by 6 groups):

- There are concerns with the reference to duplication in the provision of services, and views that this may not be the case - different organisations provide unique services, which offer dignity and choice to those accessing the services.
- Services provided by the community sector are vital to supporting some of the most marginalised in the community, they are low cost and plug the gaps in statutory services.
- Without community sector support, the public sector would face extreme strain in delivering services, and there should be increased funding to deliver early intervention in order to prevent more costly interventions at a later stage.

## Support for children, young people and families

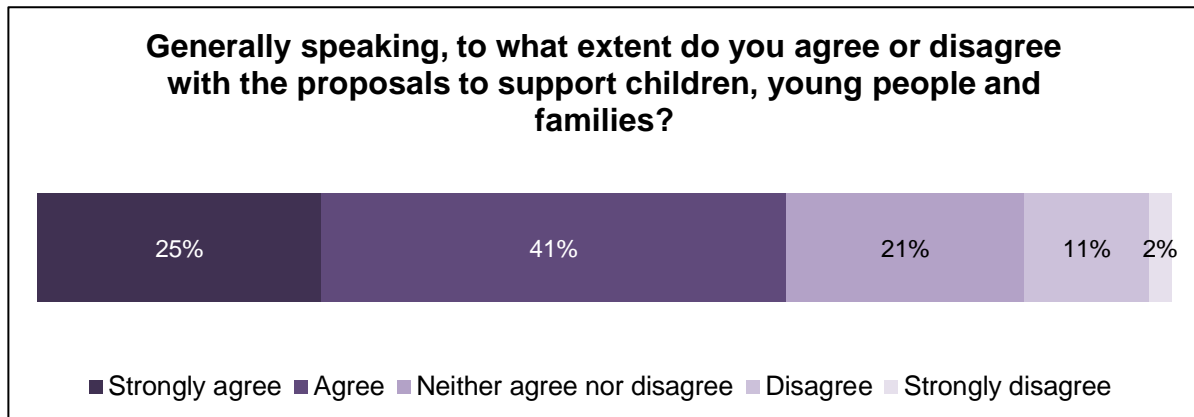
### Agreement with proposals for supporting children, young people and families

Respondents were asked to what extent they agree or disagree with the proposals for supporting children, young people and families.

- (1.12) Sharing the costs of support with schools
- (1.13) Home to school transport investment
- (1.14) Better targeting of youth services within our communities
- (1.15) Preventing the need for more costly support for children's social care
- (1.16) Additional in-house residential provision for children
- (1.17) Contract efficiencies in the 'leaving care' service
- (1.18) Strengthening our integrated approach across all children's services
- (1.19) Supporting our role as a 'corporate parent' to children in care.

Chart 3 shows that 66% of respondents strongly agree or agree with the budget proposals for supporting children, young people and families.

**Chart 3: Agreement with the budget proposals supporting children, young people and families**



Base for graph: 97

### Views on the budget proposals supporting children, young people and families

Below is a summary of the key points raised through the questionnaire.

- **Sharing the costs of support with schools (proposal 1.12)**
  - Concern that the Council may take funding away from schools, with many stating that schools are under financial pressures themselves.
- **Home to school transport investment (proposal 1.13)**
  - Some question the need for investment in school transport, with suggestions it should only be for pupils with additional needs, or that access to school transport should be means-tested.
  - Some have environmental concerns with increased transport and suggest walking and cycling to school should be encouraged.
- **Preventing the need for more costly support for children's social care (proposal 1.15)**
  - Some support for the planned expansion of intervention workers, and increased focus on preventing the need for children to go into care.
- **Integrated approach across all children's services (proposal 1.18)**
  - Some support for this proposal and early help, in particular with the view that it will improve outcomes for families, prevent escalation, and in the longer term, reduce costs.
  - There is agreement that a more integrated approach across children's services will benefit children in care, and that a reduction in duplication is welcome.

### Views from groups or organisations on the budget proposals supporting children, young people and families

A range of partners, organisations and groups also responded directly to the consultation and commented on the budget proposals for supporting children, young people and

families. These responses are detailed in [Responses from partners and local groups](#). The key themes from these responses included:

**(1.12) Sharing the costs of support with schools** (mentioned by 3 groups):

- There is general disagreement with this proposal. Views expressed are that...
  - there are additional pressures on schools due to COVID-19
  - a transfer of £570,000 of costs to schools is not tenable
  - schools have unequally shared the burden of funding cuts before.

**(1.14) Better targeting of youth services within our community** (mentioned by 3 groups):

- Youth services are insufficiently funded and in need of improvement, even more so due to COVID-19.
- Any reduction to Youth Services and Youth Centres is a cause for concern.
- While new, outside grants are welcome, any further reduction in funding for the service is extremely unwelcome.

**(1.15) Preventing the need for more costly support for children's social care**

(mentioned by 3 groups):

- This proposal should be presented alongside details of the reduced costs so far, and the reduced numbers of children in care.
- Mixed views about preventing children from entering care. Some comments that children shouldn't be encouraged to go into care, and that relationships between children and their families should be supported. Conversely, some feel that in some circumstances, going into care can be beneficial for the child and is necessary.
- Improving support for parents is suggested as an alternative way of achieving the aim of this proposal.

**(1.16) Additional in-house residential provision for children** (mentioned by 3 groups):

- Mixed views about this proposal, with some commenting it is important for children in care to be in a familiar environment and close to family and friends so that they have more support and contact. On the other hand, it is suggested that being moved to another place can sometimes be a good thing for a child in care.
- Suggestion that this proposed action has been cited for at least the last 6 years, and that proposals have been agreed and then not implemented.

**(1.19) Corporate parenting** (mentioned by 3 groups):

- Strong support for this proposal
- Some groups provided examples when children in care may not always feel they have the same opportunities as their peers, which can make them feel different and isolated: difficulties attend school trips because of the cost and admin associated with obtaining permission, not being able to go to friend's houses or sleepovers without going through lengthy approval processes, and not being able to see their families as often as they would like.

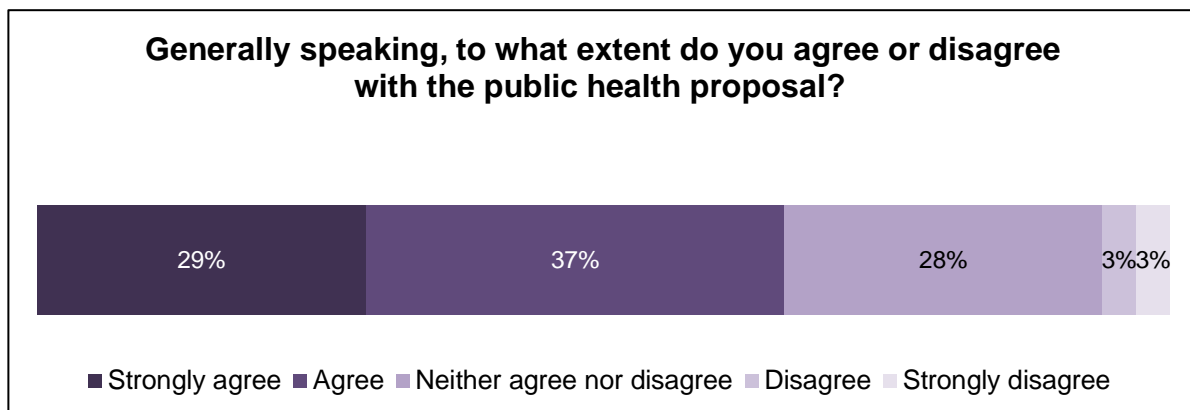
## Agreement with the public health proposal

Respondents were asked to what extent they agree or disagree with the public health proposal.

(1.20) Public health funding review

Chart 4 below shows that 66% of respondents strongly agree or agree with the public health budget proposal.

**Chart 4: Agreement with the budget public health proposal**



Base for graph: 96

## Views on the public health budget proposal

Below is a summary of the key points raised through the questionnaire.

- **Concerns with cuts to services funded by public health budget**
  - Concerns that any cuts to public health services could lead to a wider, negative impact, meaning that funding will need to be increased in future years.
- **Maintain and invest in funding to Brio and other leisure facilities**
  - Support for the commitment to sustain leisure and wellbeing services delivered by Brio, with sports and leisure facilities described as essential to public health and wellbeing.
- **Uncertainty about funding review, and requests for more detail**
  - Some concerns about the review and whether the saving can be achieved. Some views that this will essentially mean cuts to funding for public health services.
  - More information about the review is needed to be able to give an informed comment.



## Views from groups or organisations on the public health budget proposal

A range of partners, organisations and groups also responded directly to the consultation and commented on the public health budget proposal. These responses are detailed in the [Responses from partners and local groups](#) section. The key themes from these responses included:

### (1.20) Public health funding review (mentioned by 4 groups):

- There were mixed comments on this proposal, with some groups feeling that there wasn't enough detail to make a meaningful contribution, and others suggesting how the funding should be invested.
- Suggestions include targeted services that deliver real public health outcomes such as smoking cessation and obesity and respiratory services, which are essential to population health and recovery from COVID-19, plus international agendas such as 'healthy ageing' and the 'Age Friendly initiative'.

## Communities, environment and economy proposals



The Council provides a range of services that focus on communities, environment and economy. For example, maintaining roads, managing planning applications, licensing premises, collecting household waste, maintaining public spaces, supporting local economic growth and engaging with local communities.

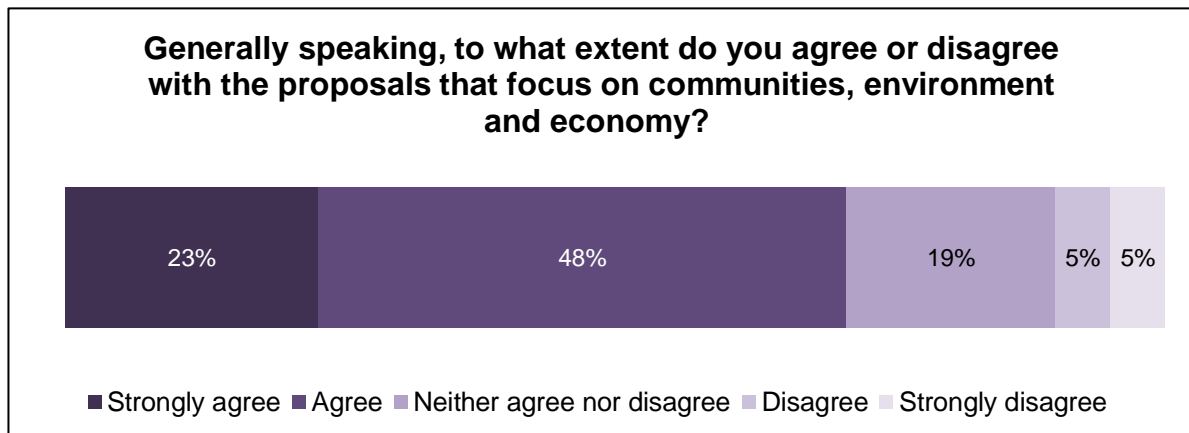
### Agreement with proposals that focus on communities, environment and economy

Respondents were asked to what extent they agree or disagree with the proposals that focus on communities, environment and economy.

- (2.1) New ways of dealing with waste
- (2.2) Efficiencies and income generation in highways and street cleaning services
- (2.3) A review of community buildings
- (2.4) Strengthening enforcement
- (2.5) Staffing restructures
- (2.6) Efficiencies with shared services
- (2.7) Concessionary fares
- (2.8) A joined-up approach to tackling unemployment, homelessness and support to individuals and families in poverty
- (2.9) Driving further rental income by building more supported housing.

Chart 5 shows that 71% of respondents strongly agree or agree with the budget proposals that focus on communities, environment and economy.

**Chart 5: Agreement with the budget proposals that focus on communities, environment and economy**



Base for graph: 80

## General views on communities, environment and economy

- **Social Media response**

There was a response on social media to budget consultation in relation to a local scheme on bus lanes.

- Disagreement with the new bus lanes in Chester.
- Views that money has been spent unnecessarily on the bus lanes, that there was a lack of consultation when planning and implementing them and that they cause congestion.

## Views on the budget proposals that focus on communities, environment and economy

Below is a summary of the key points raised through the questionnaire.

- **Mixed views about the waste service (proposal 2.1)**
  - Some respondents say that they do not want the frequency of their bin collections to be reduced.
  - Support for changes to waste collections that benefit the climate emergency.
  - Requests for the waste collection service to be improved.
- **Most comments were about improving services (proposal 2.2)**
  - Requests for street maintenance and road infrastructure to be improved.
  - Support for wildflower planting on grass verges and more planting of trees across the Borough.
- **Concerns with reducing community buildings (proposal 2.3)**
  - Some concern with reviewing community buildings, which are considered to be a vital space for community groups.

- **General support for strengthening enforcement (proposal 2.4)**
  - Agreement with the proposal and suggestions that enforcement should be publicised to act as a deterrent.
  - A small number of respondents had reservations about the proposal, including concerns that increased enforcement doesn't necessarily lead to a change in behaviour and that it should be fair and proportionate.
  - Requests for fly tipping to be enforced were also mentioned.
- **Disagreement with staff restructures (proposal 2.5)**
  - Concerns that if staff numbers are reduced this could result in a decline in service standards.
  - Concerns that reducing staff will add to rising unemployment.
- **Disagreement with concessionary fares proposal (proposal 2.7)**
  - Concern that COVID-19 had not been considered before proposing reductions to concessionary fares.
  - Suggestions that use of public transport should be encouraged by providing more reliable transport at more convenient times rather than reducing concessions.
- **Support building more housing (proposal 2.9)**
  - Support for the proposal to more build affordable houses, especially for young people and those in need of supported living.

## Views from groups or organisations on the budget proposals that focus on communities, environment and economy

A range of partners, organisations and groups also responded directly to the consultation and commented on the budget proposals that focus on communities, environment and economy. These responses are detailed in the [Responses from partners and local groups](#) section. The key themes from these responses included:

### (2.2) Efficiencies and income generation in highways and street cleaning services

(mentioned by 2 groups):

- Concerns about securing the safety and wellbeing of pedestrians regarding highways traffic, speeding in residential areas and poorly managed pavement cycling.
- Support for planting more trees and planting wildflowers.
- Concerns with any potential future reduction in street care funding.

### (2.3) A review of community buildings (mentioned by 4 groups):

- View that there is an immediate need for additional space for many services due to COVID-19. Suggestion that a strategic plan needs to be developed before any assets of community value are disposed of.
- Concern that for some, accessing services in buildings with other people has value in the social interactions.

**(2.4) Strengthening enforcement** (mentioned by 2 groups):

- Support for the proposal, although West Cheshire TUC expressed doubt over the level of saving stated.

**(2.7) Concessionary fares** (mentioned by 3 groups):

- Concern that reducing concessionary fares disproportionately impacts on older people and those living in rural areas.

## Council-wide proposals



Council-wide services include areas such as human resources, finance, ICT, legal, transformation and data gathering, and engaging with residents.

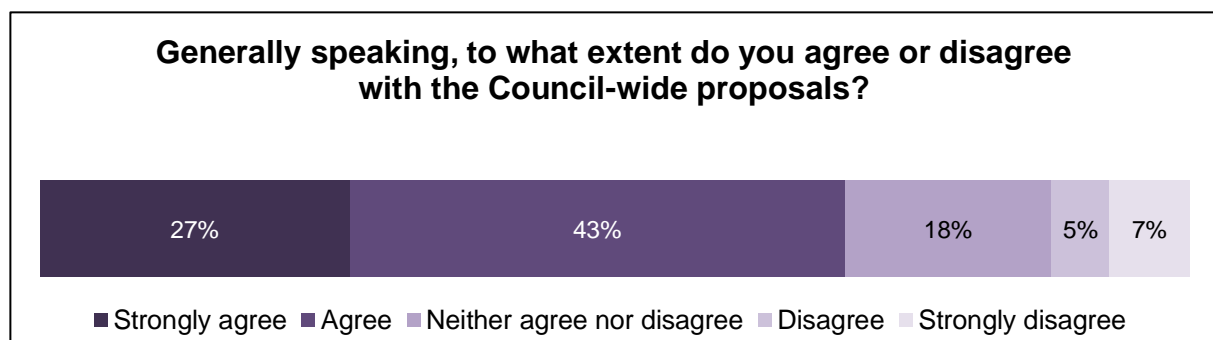
### Agreement with Council-wide budget proposals

Respondents were asked to what extent they agree or disagree with the Council-wide budget proposals.

- (3.1) Redesigning our support services
- (3.2) Reviewing our office accommodation as more staff work from a range of locations
- (3.3) Reviewing support to the voluntary and community sector
- (3.4) Getting the best value from our contracts
- (3.5) Review of income
- (3.6) Council-wide priorities
- (3.7) Digital transformation.

Chart 6 below shows that 70% of respondents strongly agree or agree with the Council-wide budget proposals.

**Chart 6: Agreement with the Council-wide budget proposals**



Base for graph: 61

## Views on the Council-wide budget proposals

Below is a summary of the key points raised through the questionnaire.

- **Agreement with proposal to keep staff working from home (proposal 3.2)**
  - Agreement with staff continuing to work from home to reduce office accommodation costs.
- **Reviewing support to the voluntary and community sector (proposal 3.3)**
  - Disagreement with the proposal - views that the sector now needs more support than ever.
  - Better use of community resources to help the Council, and views that early intervention and preventative services are crucial to the wellbeing of society.
- **Mixed opinions on digital transformation (proposal 3.7)**
  - Some agreement with the proposal, but with concerns that digital services and communication are not accessible to all.

## Views from groups or organisations on the Council-wide budget proposals

A range of partners, organisations and groups also responded directly to the consultation and commented on the Council-wide budget proposals. These responses are detailed in [Responses from partners and local groups](#) section. The key themes from these responses included:

**(3.3) Reviewing support to the voluntary and community sector** (mentioned by 4 groups):

- General disagreement with the proposal. Views that the community sector employs a significant amount of people in West Cheshire and attracts additional funding into to Borough.
- There is insufficient detail to understand this proposal or comment on it.

**(3.4) Getting the best value from our contracts** (mentioned by 3 groups):

- Would like more detail on this proposal.

**(3.7) Digital transformation** (mentioned by 5 groups):

- Concerns that digital transformation has a direct impact on several groups who are digitally excluded, including older people, those who cannot afford to access online services and those who require information in accessible formats.

## Ideas and suggestions about further savings

Below is a summary of the key points raised through the questionnaire.

### Agreement with:

- **Reducing the number of Council- owned buildings**
  - Support for selling Council-owned buildings if they are not being used.
  - Some suggest that due to the ability of staff to work from home, reductions in office space is possible.
  - Some agree with the sale of buildings but not to a reduction in leisure facilities or libraries.
  - Some note that selling buildings is a short-term solution, and not a sustainable model, so longer term solutions are required.
- **Increased use of technology to deliver services**
  - There are a number of comments expressing support for further use of technology and online services in order to improve the efficiency of service delivery.
  - Some also say that increased technology will also drive savings in building costs, through hot desking/working from home.
  - A small number some suggest to not rely on technology too much, especially as some aren't tech savvy.
- **Staff continuing to work from home – use of technology and reduction in Council office accommodation**
  - There are a number of comments that suggest staff can work from home using the necessary technology, which could reduce the amount of office space required, and in turn reducing costs.
- **Increasing fees and charges (though note concerns about ability to pay)**
  - There is some support for increasing fees and charges above inflation, although some say it should depend on ability to pay.
  - Some suggest a cost for green garden waste bins, increased charges on fast food outlets to cover littering, increased penalties for fly-tipping and more speeding fines.
  - On the other hand, there are some (although fewer in numbers) who are not in favour of an increase in fees and charges above inflation.

### Disagreement with:

- **Reduction in service standards for highways and street care**
  - Strong disagreement with any reductions in service standards of highways and street cleaning.
  - Many suggest that the roads and streets currently have various issues (such as potholes, dirt, litter) and any reduction in service standards is not feasible.

- **Changes to Council Tax reduction schemes**
  - Disagreement with any potential change to the Council Tax reduction scheme that would mean people on low incomes pay more.
  - A small number suggest that those on higher incomes or in higher band houses could be asked to pay more.

## Next steps

This report is being shared widely with elected Members, senior managers and partners to help the Council shape its budget over the next four years.

The report is being formally presented to the Council's Overview and Scrutiny Committee on 8 February 2021, followed by Cabinet on 10 February 2021 and full Council on 25 February. The report is publicly available on the Council's website and a communications plan is currently being developed to ensure these findings are widely shared.

## Consultation methods and responses

### Multi-method consultation approach

The consultation followed a digital first, multi-method approach, to enable as many people as possible to take part (bearing in mind COVID-19). All the consultation, design work and communications were undertaken in-house.

The main consultation approaches are outlined below.

Consultation method	Description	Participation
Engagement booklets and questionnaire	A detailed consultation document, 'Unprecedented Times', set out all the relevant information about each of the proposals. There was also a questionnaire and an easy read version available of all the documents. All these were available online or in hardcopy on request.	172 questionnaires were completed.
Participate Now - digital engagement platform	<p>The Council's digital engagement platform called 'Participate Now' was used for 'Unprecedented Times'.</p> <p>Here, people could access all the information related to the consultation, including the document, videos from Cabinet Members and animations. There were a range of ways to get involved:</p> <ul style="list-style-type: none"> <li>• Filling in a survey</li> <li>• Posting ideas for saving money on online ideas boards</li> <li>• Posting a question for the online Cabinet Question Time event (please see below).</li> </ul> <p>People could choose to engage with all of the themes or just those that interested them the most.</p>	234 contributions on the 'Unprecedented Times' website.
Online Cabinet Question Time	A live webcast debate was held on 3 December enabling residents to submit questions to Cabinet members about the budget proposals.	<p>To date there have been 310 views of the event.</p> <p>Plus, 163 posts about the event on Twitter and 2,762 on Facebook (please note this includes a targeted Facebook post to promote the event with key groups).</p>

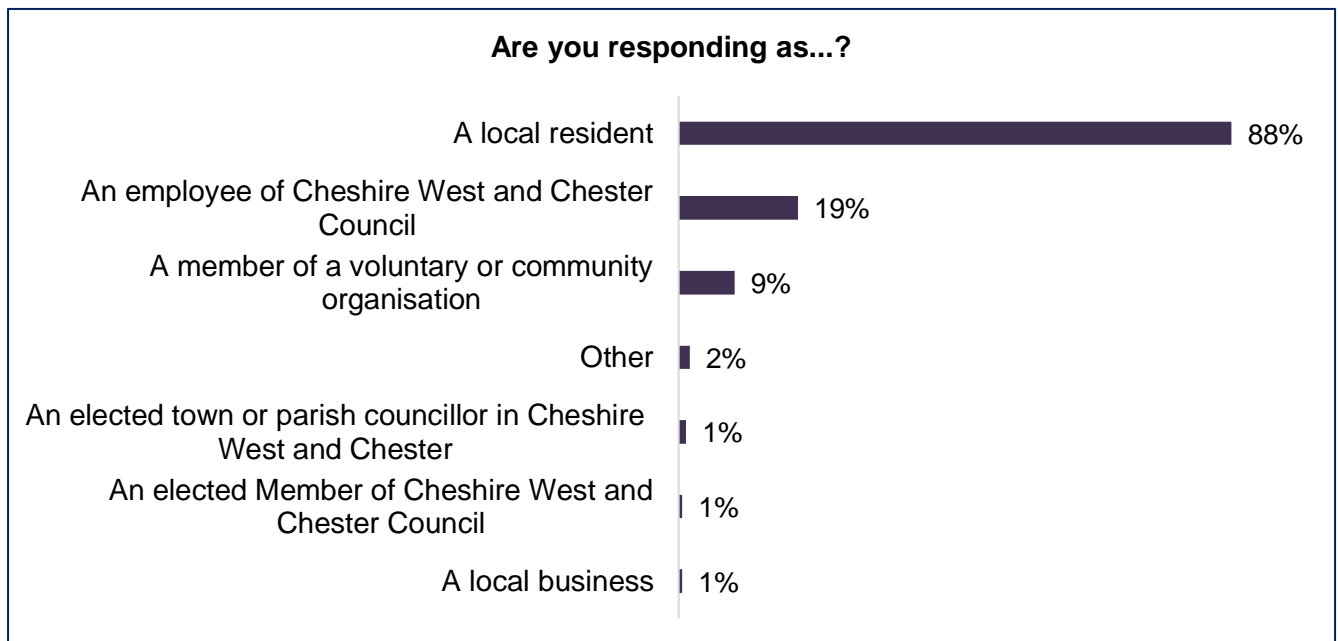


<p>'Unprecedented Times' Members Toolkit</p>	<p>The purpose of the toolkits was to help Members and officers promote the engagement exercise with the communities, groups and networks they are involved with.</p> <p>The toolkit consisted of:</p> <ul style="list-style-type: none"> <li>• An email footer</li> <li>• A digital poster</li> <li>• The 'Unprecedented Times' budget consultation document</li> <li>• Twitter and Facebook image</li> </ul>	<p>The toolkits were for promotion of the consultation only.</p>
<p>Social media and email</p>	<p>Twitter and Facebook were used to raise awareness of the consultation.</p> <p>A dedicated hashtag and email address were set up for people to send in their views.</p>	<p>539 engagements via Twitter.</p> <p>977 engagements via Facebook.</p> <p>18 emails received from individuals and organisations.</p>
<p>Distribution through existing networks</p>	<p>There was proactive promotion and distribution of the consultation with as many of our partners, local networks, groups and residents as possible.</p> <p>This included community and voluntary groups, carers' networks, partners, disability groups, faith groups, business networks, colleges, schools, Youth Senate, Health and Wellbeing Board, Adult Social Care Network, and local community meetings.</p>	<p>Wide reaching distribution across our key partners, networks and groups as detailed.</p>
<p>Youth Senate and Children in Care Council</p>	<p>Engagement activities were held with the Youth Senate on 24 November 2020 and two Children in Care Council meetings on 12 and 19 November.</p>	<p>These events were attended by over 15 young people.</p>
<p>Council Staff/Unions</p>	<p>'Unprecedented Times' has been promoted internally through a Members Briefing note, a 'Keeping you Informed' email, several 'Keeping in touch' messages and iWest. There were also discussions with trade unions, the Poverty Advisory Board and the People Panel.</p>	

## Who took part?

Chart 7 shows who took part using the Council's engagement platform 'Participate Now':

**Chart 7: Respondent profile**



Base for graph:168. Percentages do not equal 100 as people could choose more than one option.

A number of responses were received from partners, local groups and organisations as listed below. Those responses that we have permission to publish are detailed in the Responses from partners and local groups section.

- Age UK
- Cheshire West Voluntary Action
- DIAL West Chester
- Disability Positive
- Handbridge Residents Council (HaRC) and Chester Community Voice (CVV)
- Malpas Parish Council
- NHS Cheshire Clinical Commissioning Group
- OPAL – Older People Active Lives
- West Cheshire Trades Union Council

## Dedicated marketing campaign

An extensive internal and external communications campaign ran between 23 October and 3 December 2020 to promote 'Unprecedented Times' and encourage people to join the conversation. This included:

- Signposting from the Council website
- Targeted social media campaign - Facebook advertising, plus a series of regular posts on Facebook, LinkedIn and Twitter
- Press releases
- Item in Cheshire West and Chester E News delivered to 2,600 residents who have chosen to sign up
- Member Briefing notes
- Staff 'Keeping you informed' emails and 'Keep in touch' messages
- Signposting from iWest (intranet).

## Electronic and face-to-face distribution

The consultation was featured on the Council's website. Other partners also supported raising awareness of 'Unprecedented Times':

- The Council and partners sent links to the consultation via various distribution lists, which reached thousands of individuals, including schools, businesses and community and voluntary groups.
- Council staff and Members took information scheduled meetings to distribute to partners and groups. At these meetings, 'Unprecedented Times' was either included as a specific agenda item or a general discussion under 'Any other business'.

## Online Cabinet 'Question Time' event

The interactive 'Question Time' event was broadcast live on Thursday 3 December, giving the public a chance to question a panel of Cabinet Members about the budget proposals outlined in the consultation. The event was professionally hosted by the former BBC journalist, David Guest. Questions could be submitted in advance through a range of methods, including 'Participate Now' or during the event.

A total of 78 questions and comments were received in advance of the event and 21 questions and comments were received during the event.

Questions were divided into themes and covered the following topics:

### **Funding active travel and public transport**

- The funding allocated towards encouraging active travel.
- Money spent on Park and Ride.

### **Highways**

- The costs of certain highways projects, with the new bus lanes being mentioned most frequently.
- Other highways schemes including Grosvenor Bridge, active travel lanes, A51 works and the replacement of Council vehicles.
- Why certain roads have not been improved (e.g. the A41).

### **Help for local businesses**

- How the Council intends to help and support local businesses during the COVID-19 crisis, and how they will help with the recovery, post COVID-19.
- Business rates, and how the Council will deal with a loss in business rates income, due to key businesses closing down.

### **High street and retail**

- The funding and impact of the Northgate scheme/new retail quarter.
- Improving town centre retail in various parts of the Borough.

### **Financial questions**

- Private sector investment and the selling-off of assets for development.
- How the Council is finding new ways to raise income.
- Concerns about revenue from the Council's commercial estate.

### **Council-owned property**

- The closure and selling off of certain leisure centres, community buildings, parks, and other land and property.

### **Climate and environment**

- A perceived lack of investment in projects that could help tackle the climate emergency (infrastructure to improve active travel in particular).

## **Health and wellbeing and safety**

- The budget for health and wellbeing.
- Repair work to ensure safety for pedestrians.
- Leisure centre closures.
- Combatting COVID-19.

## Responses from partners and local groups

A range of partners, local groups and organisations responded directly to the consultation. The Council welcomes these responses and looks forward to working with partners to consider and address the points that have been raised. Those responses that we have permission to publish are shared here.

### Age UK Cheshire response

Age UK Cheshire recognises the multiple pressures on local authorities, never more so than during a global pandemic after many years of reductions in funding for vital services. In responding to the budget consultation, we are doing so in the role of critical friend and as an advocate for the people who we work with.

Age UK Cheshire is a local social enterprise and charity that is dedicated to later life. We co-produce excellent services, make opportunities, connect people meaningfully and influence positive change. We are responding to the consultation constructively as champion with, and for, people in later life.

For several of the proposals made in the consultation document, a broad outline is provided explaining how the reductions will be found through review processes and identifying efficiencies. For all the proposals there will be changes that will impact differently on different cohorts of the resident population. Without a greater level of detail being provided, or an accompanying Equality Impact Assessment, it is not possible to address the impact specifically on older people in West Cheshire, so our responses are necessarily speculative.

The following comments therefore highlight proposals that we have identified may result in disadvantage to older people.

#### 1.1) Review of mental health services (120k).

Mental health problems are just as likely to be experienced by older people as by younger people, with one in four older people living with a mental health issue. Depression is the most common mental health condition in older people, experienced by 22% of men and 28% of women over 65 (Health and Social Care Information Centre, 2007). Mental health issues are experienced by 40% of older people living in care homes, and 30% of older carers experience depression at some point (Joint Commissioning Panel for Mental Health, 2013).

Older people are a fifth as likely as younger people to have access to talking therapies, but six times more likely to be on tranquilisers or equivalent (Age UK and University of Exeter, 2015). The Royal College of Psychiatrists has estimated that 85% of older people with depression receive no help at all from the NHS (Royal College of Psychiatrists, 2018). Older people make up 18% of the population but only 7% of IAPT users are older. In 2011 the Government set a target to increase this to 11% but this has been repeatedly missed.

This proposal explains the ambition of the authority to reduce escalation to crisis situations but is light on the detail on exactly how this will be achieved at the same time as reducing investment in these services. This proposal is being made at a time when the negative impact of the pandemic on mental health has been highlighted at both a local and a national level.

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people and their access to mental health support, older people are already an under-served demographic, and are experiencing mental health challenges as a result of 'shielding', and social distancing.

## 1.2) Transforming learning disability services (£325k).

It is estimated that by 2030 there will be a 30% increase in the number of adults with learning disabilities aged 50+ using social care services. Confidential Inquiry into Premature Deaths of People with Learning Disabilities (CIPOLD) found that men with learning disabilities died on average 13 years sooner than men in the general population, and women died 20 years sooner. Forty two percent of the deaths reviewed were deemed to be premature. The most common reasons for deaths being assessed as premature were service failures (Heslop et al., 2014).

This proposal explains the ambition of the authority to reduce the number of (expensive) placements outside the borough by improving in-borough provision, a principle we support. We also support the exploration of innovative technologies, but would caution that a reduction in social contact as a result of technological interventions can result in feelings of loneliness and social isolation, and the consequential negative health impacts (Age UK, 2015).

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people with learning disabilities and their access to services, people who are already experiencing disadvantage which could be compounded.

## 1.4) More efficient ways of delivering care (£1.68M).

The care system before the Covid-19 pandemic was already a system under severe strain. 1.5 million people aged 65 or over have an unmet care need, a number that has grown since 2016. By 2030, this could grow to 2.1 million if nothing is done. The number of older people receiving local authority long-term care over the course of the year has decreased year-on-year – from 599,680 in 2014/15 to 548,435 in 2018/19. This is an 8.5 per cent reduction over the five-year period, at the same time as the over 65 population is expanding. There are more than 100,000 vacancies in the England care workforce (Age UK, 2020).

The proposal explains the ambition of exploring more efficient ways of delivering care, and efficiency is a principle we support if this does not result in a reduction in quality. The proposal is light on the detail of exactly how this will be achieved at the same time as reducing investment in these services.

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people, a demographic that is already accessing a system which is failing to meet their needs appropriately.

1.5) Joining up support with the NHS (£400k).

Please see response to proposal 1.4.

1.6) Expanding the range of social care support available (£600k).

The intention of direct payments to enable care to better reflect differences and goals, improving outcomes is a noble one. Recent research suggests that older people who use direct payments appreciate the control they confer, but it did not identify a significant difference in outcomes for individuals. The research highlights that personal budget payments often only cover the basics of personal care needs, are often of a lower value compared to younger people (Health and Social Care Information Centre, 2013), and do not stretch to social contact or leisure activities, which are crucial in tackling loneliness (Woolham et al., 2017).

We have a concern about the number of Personal Assistants locally available to take on this additional work, and we are also concerned about the patchy geographic availability of PAs across West Cheshire.

The proposal explains the ambition of increasing access to personal budgets but is light on the detail of exactly how the value of these will ensure quality, choice, and control, at the same time as proposing reducing overall investment in these activities. We are concerned that a reduction in funding in this area will have a disproportionate impact on older people, a demographic that is already accessing a system which is failing to meet their needs appropriately.

1.7) Review of building-based care (£1.188M).

Over 1 million older people say they always or often feel lonely (Age Concern and Help the Aged, 2009), loneliness can be as harmful as smoking 15 cigarettes a day (Holt-Lunstad et al., 2010) and 9% of older people feel trapped in their own home (Age UK, 2014). For some, accessing care services in buildings with other people has value in the social interactions, companionships and friendships that result and contribute to positive wellbeing.

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people accessing care services in buildings and may have a negative impact on feelings of loneliness, health, and wellbeing.

1.8) Meeting our core responsibilities (£1.722M).

Older people are disproportionately represented in the numbers of people who access adult social care, including those services that are statutory functions.

The proposal is light on the detail of exactly where the reducing investment will impact, which could include more restrictive eligibility criteria and withdrawal of support from some older people.



We are concerned that a reduction in funding in this area will have a disproportionate impact on older people accessing adult social care services, both in terms of charges and provision.

## 1.10) A new model for carer services (£90k).

There are 7.6 million people in the UK who work as unpaid family carers (Petrie and Kirkup, 2018), with an (under)estimated quarter of people aged 45-64 being carers (Centre for Ageing Better, 2019) and another quarter are 65+ (Petrie and Kirkup, 2018). Over 69% of carers between 60-94 years report that being a carer has had an adverse effect in their mental health, with 65% of the same people having long-term health problems or disabilities themselves (Carers Trust, 2015). This picture is reflected in Cheshire's population of older carers.

The proposal is light on the detail of exactly where the reducing investment will impact. We are concerned that a reduction in funding in this area will have a disproportionate impact on older carers.

## 1.11) Review of community support (£268k).

The services charities provide help to support and in places prop up the public sector. Without their support, the public sector would face extreme strain in delivering services. Local charities provide services to meet the needs of communities; many local authorities commission charities to carry out services. If these charities become insolvent, such services will either have to be delivered by the local authority or, more likely, withdrawn (NCVO, 2020).

Much of the work of the Community Sector in West Cheshire is focussed on connecting people to ensure that people and communities are resilient. Community Sector organisations are bolstered by thousands of hours of volunteer support from local people making a difference in their own communities. This has never been more evident than during the pandemic when the sector mobilised at pace and led on the community response.

The negative impacts of loneliness and social isolation have been made elsewhere in our response, as has a note of caution about the use of technology in this area of work. The proposal explains the ambition of reviewing community support but is light on the detail of where the perceived duplication of service is (and is silent on the corresponding evidence of excess capacity).

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people, as they are more likely to benefit from the diverse and context-specific support that the Community Sector provides.

## 1.20) Public health funding review (£550k - for re-investment).

The proposal is light on the detail of exactly what is currently funded, what is under review and where the reducing investment will impact, all of which may result in the withdrawal of support from some older people.

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people.

### 2.3) A review of community buildings (£201k).

Please see our response to 1.7 and the concerns raised.

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people accessing community buildings and may have a negative impact on feelings of loneliness, health, and wellbeing.

### 2.7) Concessionary fares (£170k).

Transport was the top concern of older people in Age UK Cheshire's Later Life Assembly. Local older people told us that services were poor, that rural areas were particularly poorly served and that this had a negative impact on later life. Many of these people will access the transport that they do using concessionary fares, supporting maintain health and wellbeing, and battling loneliness and social isolation.

We would support this saving being reinvested into local transport services to improve service, connectivity and explore innovative, green, sustainable transport solutions, ensuring that older people are able to travel conveniently across the borough.

### 3.3) Reviewing support to the voluntary and community sector (£149k).

Recent research by the Cheshire and Warrington LEP indicated that the Community Sector employs 3.1% of the workforce in the LEP area, creating a Gross Value Added of some £362.4M, with a further £100M being generated by volunteer labour. While this includes areas outside of Cheshire West and Chester, the number of people employed is a good indicator of the additional funding that the Community Sector attracts into the borough, over and above that invested by the Council. We would also draw attention to the proposals suggested in Kruger (2020), where the tremendous efforts of the community sector in the pandemic are recognised and the growth and strengthening of the sector as a key part of civic life are promoted.

Please see our response to 1.11.

The proposal explains the ambition of reviewing support to the voluntary and community sector but is light on the detail of how conclusions have been reached about appropriate targeting, not meeting local priorities and the perceived duplication of services (and is silent on the corresponding evidence of excess capacity).

We are concerned that a reduction in funding in this area will have a disproportionate impact on older people, as they are more likely to benefit from the diverse and context-specific support that the Community Sector provides.

### 3.4) Getting the best value from our contracts (£2.2M).

Please see our responses relating to care provision and our concerns.

### 3.7) Digital transformation

We as an organisation are also committed to digital transformation and we are supporting older people to get online and improve their digital skills. We would however caution that any digital innovation in services must also ensure that those people who are digitally excluded and are not further disadvantaged in accessing services. We would urge the Council to ensure that all digital service transformation is compliant with obligations under the Equality Act and is not discriminatory.

## **Chester Voluntary Action (CVA) group response**

### **Recognising the significant budget pressures**

As a sector and key partner in the local community, we fully appreciate the significant challenges being faced by Cheshire West and Chester Council, especially with the current and ongoing impact of COVID-19. However, having had to reduce budgets by £400 million over the past decade, we are at a point where many services are under substantial strain and already having to reduce their offer to the community.

Regarding the specific proposals in the consultation document, we recognise that the figures are tentative and subject to a range of variables. They are significant and pose a real threat to our communities unless a proper balance can be achieved. The actual scale of the impact will be more significant than set out in the Council's document due to the nature of "enabling investment". Many of the elements of funding identified are only part contributions from the Council to essential services provided by many local organisations, such as the community sector. As such, by removing the Council's part-contributions, they risk losing the full scale of the services and other external funding sources that the sector has successfully managed to secure. This is not acknowledged in the Council's consultation.

It is vital the Council liaises closely with the sector about each proposal so that you fully understand the financial and service implications involved in each decision. This is particularly essential as we found that many of the proposals are generalised and impossible to fully understand without greater detail being provided. Without the necessary detail, our views must be speculative and, hence, genuine and meaningful consultation is difficult. It is hard to comment on a consultation where there is a lot of talk of redesign, review and transformation, but there is no description of what this looks like in real terms. Consultations should be clear and concise, yet this document in places is a little ambiguous and, therefore, open to interpretation.

In the spirit of the joint work underway with the council we request a more detailed workshop with the local community sector organisations to explore your proposals in the true spirit of co-production, co-design and consultation. We would be delighted to organise and facilitate this session with our sector on your behalf. This event can also begin the more strategic and long-term discussions about how services can be delivered differently in the future.

We welcome the joint work underway with the Council to review and relaunch the local Compact with the Council and voluntary sector. This sets out core principles for the relationship between local bodies and their local voluntary sector and for the consultation

and co-design of services in a genuine partnership approach. These principles should be applied to your ongoing discussions regarding these proposals.

As the response to the Covid pandemic has demonstrated, local responses from neighbourhoods, community and voluntary groups has proved to be the most agile, responsive and effective. The case for greater devolution to the voluntary sector and local communities is stronger than ever and we encourage the Council to embrace this movement.

## Specific comments

In **1.1 (Review of mental health services)**, a reduction of £120,000 to mental health spending was identified. We, along with many others locally and nationally, are aware of the huge increase in the need for mental health support. Indeed, as the COVID-19 crisis continues, it must be assumed that this demand will increase. We link this to **1.20 (Public Health review)** and the reinvestment of Public Health expenditure. Public Health should be about systemic change. For older people, we would see this linked to the Age Friendly initiative, which is central to the World Health Organisation's decade of 'healthy ageing', and we would welcome greater direct and indirect support to deliver on the priorities outlined in the local Age Friendly borough programme. More generally, there is significant expertise and experience across the local voluntary membership that could play a key role in any newly designed mental health services and the SLG is very willing to co-ordinate the input from the sector into this much-needed Review.

In **1.5 (Joining up support with the NHS)**, savings of £400,000 are identified by joining services with the NHS. We say yes, but the rhetoric needs to be delivered. The COVID-19 crisis has seen closer working. However, this needs to be consolidated and become the norm. We have been talking about this approach for more than two decades. As an SLG, we have recently formally joined the Integrated Care Partnership and will have a key role shaping the future commissioning of services with the local community sector. We would welcome the Council's future commissioning becoming more integrated into this approach – if possible, with effect from next year.

In **1.10 (A new model for carer services)**, a streamlined carers service, in which we declare an interest, was identified, saving a modest but significant £90,000. We see no detail of this, however, and the strains and pressures on carers are huge, especially as many other support services aren't being delivered. Any adjustments must be very carefully planned, and the promises and ideas set out in the very recent All Age Carers Strategy need to be honored and realised. We aren't clear how both can be achieved at the same time and we seek further detail and reassurance on this. The pandemic has heightened pressure on live-in spousal Carers, and we can only see demand for external caring increasing. The proposal assumes demand reducing.

In **1.11 (Review of community support)**, savings of £268,000 to community support services are set down. We must declare an interest here too. The proposal lacks detail, though it makes significant assumptions about duplication. These would need to be fully understood, as would the nature of voluntary organisations as individually governed entities. Without this level of detail, it is hard to make any meaningful observation. Again, we would request further detail and reassurance on this matter. Thinking on both sides would emerge in the course of the workshop requested above.

Recent research by the Cheshire and Warrington LEP indicated that the Community Sector employs 3.1% of the workforce in the LEP area, creating a Gross Value Added of some £362.4m, with a further £100m being generated by volunteer labour. While this includes areas outside of Cheshire West and Chester, the number of people employed is a good indicator of the additional funding that the Community Sector attracts into the borough, over and above that invested by the Council. See Appendix 1 for a copy of the full LEP Report.

**Duplication** – this is often used as a stick with which to beat the community sector and, of course, nobody wants to be paying for things twice from the public purse, but there needs to be appreciation of what is being delivered, where and to who before it is deemed to be duplication. There also must be recognition of need – taking the example of Carers, above, there are many different types of care and a household could easily be in receipt of more than one type of care. This, seemingly, creates duplication yet the reality is somewhat different. There needs to be respect and recognition for the sector and individual services need to be respected and valued for their unique offer. There is a need to be mindful of dignity and choice for those accessing services. One size does not fit all needs. The Compact is working to address the need for all sectors to understand and respect difference in each, especially in terms of the community sector that has a myriad of different legal and governing structures.

In **1.14 (Better targeting of youth services within our communities)**, youth services are already arguably insufficient. If consideration is given to the National Youth Agency (NYA) report on sufficiency, it is completely lacking in some areas of the borough. The NYA report recommended that sufficiency will mean a full-time, professional youth worker and three part-time workers in each high school catchment area and a reach from eight to 25 years. Youth work should be a core offer to all young people and not a targeted activity done to the problem causers. Rather than more reductions, investment is desperately needed. This again, has been shown in the pandemic with the ONS loneliness survey (published 18<sup>th</sup> Nov 2020) showing that loneliness is twice as great in 16-29 year olds than it is in over 70's.

In **2.3 (A review of community buildings)**, this seems to fly in the face of national evidence. Services being available online does not equate to the reduction in need for community buildings. The protection and repurposing of community assets has been on the national agenda for a considerable time. One of the biggest impacts of COVID-19, beyond the health crisis, is the immediate need for additional space for many services. GPs, schools, community organisations and more all need more space just to deliver basic services. A real strategic plan needs to be developed before any more assets of community value are disposed of, and the sector remains committed to supporting the Council in a programme of community asset transfers to empower and support local neighbourhoods and community groups.

In **2.7 (Concessionary fares)**, savings of £170,000 are identified. This scheme disproportionately impacts on older people and, while there is an argument that we should all walk more, rural living and distances often mitigate against this. In turn, with services in rural areas already being depleted, increased isolation, disenfranchisement and loneliness may be the result for older people. We also question how this saving can be identified. The concessions are available to all of qualifying age and there is no control over how and where they use the national pass. Whilst this is a flaw in the system, projecting the

unachievable saving inadvertently says to the elderly “do your bit and don’t travel”. This may be the result of the pandemic publicity in any event. It would be better to treat this item as an underspend, if it arises, for the next 2 years and make an informed decision based on new travel patterns.

In **3.3 (Reviewing support to the voluntary and community sector)**, savings of £149,000 are identified. Again, there is insufficient detail to fully understand this or comment in a meaningful way on it. As part of the Council’s stated commitment to coproduction and a meaningful local Compact with the sector, we urgently request more dialogue on this proposal through the SLG. We also observe that, with open commissioning, the playing field is becoming increasingly level. If this proposal is to be continued, we request that the same financial imposition is made on contracts dealing with both private and public sector bodies.

In **3.4 (Getting the best value from our contracts)**, a reduction of £2.2 million was identified. Again, without the necessary detail, understanding is difficult, and we would challenge how this can be considered sufficient and meaningful consultation. Can the sector and the wider public be shared more detail on what contracts are being reduced and to what extent these are efficiency savings or services reductions? If the latter, the impact of cutting these services needs to be communicated and consulted on separately.

In **3.7 (Digital Transformation)**, savings of £317,000 was identified. While no doubt this is important and possible, the direct impact on older people must be recognised. As a sector that supports many elderly and socially isolated individuals to be able to ‘go online’, we understand that, to achieve true accessibility and avoid further exclusion, this needs significant investment and time. Furthermore, these services are only accessible if individuals can afford to access them on-line and that they are in a truly accessible format for all (BSL, easy-read formats for example). There is also a danger of double counting if this saving relates to IT procurement and IT contract procurement.

**For each of the key proposals outlined above, an Impact Assessment should be publicly available from the Council.**

### **The place of community sector groups**

We were heartened to read Councillor Louise Gittins’ introduction, recognising that the community has been at the forefront of the response to COVID-19. It is important that the impact of volunteers, their time, skills and efforts, which were all given freely, are fully appreciated and valued. Within the consultation document, there is a clear recognition that the community sector and Cheshire West and Chester Council are working more closely together. This is unquestionably the case. However, the changed approach needs to be supported and sustained. Put simply, recognition of the place of the sector is, in our opinion, vital as we together face the challenges ahead. Support for and the promotion of ‘healthier ageing’ will not be delivered by single agencies, nor by the culture of silo working, as we have for so long witnessed. It requires a community response, real partnership and real collaboration where we together focus on the outcome for individuals and communities. Organisations across the community sector are part of the solution. This requires a fundamental shift in thinking and attitudes.

The sector is not a threat to officers nor members. Neither is it immune from changes and new ways of working. It is an asset that will bring huge advantage to our communities and the individuals living in them. It will reinforce the place of local democracy and bring broader understanding to all.

To this end the borough has been part of a Cheshire and Warrington wide submission made to the LEP where we have submitted suggestions around a complementary scheme to supplement the Covid Recovery Fund operated by the LEP. Details of this submission can be provided as and when anything significant happens,

We would also draw your attention to the response submitted last year by the sector to your Play Your Part consultation (See Appendix 2). We set out 12 key areas that the local voluntary and community sector had proposals for improving local services working with the Council and other partners. We would still welcome the opportunity to progress any of these ideas.

## Our conclusions

- The community sector, as represented by the SLG, recognises and understands the budget pressures the Council is experiencing and anticipating.
- Detailed comments on many proposals is not possible because they are very generalised and don't provide the context in terms of baseline figures that the savings are set against. If funding is reduced, the Council will need to identify which services and outcomes will similarly reduce and an Impact Assessment should be published.
- The place of the community sector needs to be embedded in all appropriate areas of work across the borough and, of course, the need to adequately fund and support it must be recognised.
- A dedicated workshop with organisations in the community sector is needed to fully understand, consult, coproduce and codesign these proposed changes to service delivery. This should be shaped by the principles of our Local Compact.
- The sector has set out a range of proposals for a different and more localised approach to the design and delivery of some of your core services and we would welcome the opportunity to further progress these discussions with the Council. Now is the time for letting go and enabling greater devolution and empowerment to your local neighbourhoods and local voluntary organisations.

## Additional Reply

In addition to our original response to the Unprecedented Times budget consultation we wish for the following comments to be taken into consideration.

In **3.3 (Reviewing support to the voluntary and community sector)**, it is stated that £3m of financial support is provided to the voluntary and community sector, of which, savings of £149k are proposed. The SLG sought clarity on these figures and were provided with 2 different responses. Moving forward, we would strongly recommend a more consistent and accurate approach to capturing the value of financial support to the voluntary and community sector.

We believe it is disingenuous to include *mandatory* business rate relief, which was in excess of £2m, as part of the overall £3m figure of financial support to the community sector. This therefore raises the question should such a figure be included when this is supported by national funding from central government? It should also be noted that there appears to be a substantial increase in rent relief, we would welcome clarification.

One further query relating to the £3m total is why would members budgets be included in this figure? Again, clarity regarding this would be appreciated.

As a final comment we would urge commissioners to read the following recent reports before making assumptions on how the community sector can be sustained and collaborated with:

[https://richmondgroupofcharities.org.uk/sites/default/files/aw\\_ncp\\_report\\_-\\_untapping\\_potential\\_summary\\_-\\_single\\_pages.pdf](https://richmondgroupofcharities.org.uk/sites/default/files/aw_ncp_report_-_untapping_potential_summary_-_single_pages.pdf)

<https://www.probonoeconomics.com/undervalued-and-overlooked-the-need-for-better-understanding-civil-societys-contribution-to-the-uk-economy>

## DIAL West Chester group response

### **Budget Consultation – Unprecedented Times – Dial West Cheshire Response**

In response to the Council's budget consultation please find below comments on behalf of Dial West Cheshire. This response, on 3 December, coincides with the International Day of Disabled People 2020 – which has the theme of Building Back Better: toward a disability-inclusive, accessible and sustainable post-COVID-19 world.

Dial is an organisation that supports disabled people, a client group disproportionately affected by the current COVID-19 crisis in many ways. This is evidenced starkly, for example, by Office for National Statistics findings that approximately 60% of deaths from COVID in England and Wales were disabled people. *Pre-existing inequalities* have been exacerbated and, in addition to being clinically vulnerable to COVID, isolation (both physically and digitally), difficulties obtaining food and medicines, low income and a lack of or withdrawal of services have contributed to disabled people being among the hardest hit. Whilst acknowledging the pressures on Cheshire West and Chester, particularly during the COVID-19 pandemic (which follow years of reductions in central government funding), we request that the local authority bear in mind that disabled people are already a disadvantaged cohort of the population. We hope the Council will work, together with partners, to ensure such disadvantages are not compounded in the coming years.

In general, the budget proposals lack sufficient detail to understand the true impact or respond with meaningful comment. Since Dial is represented together with other local community and voluntary organisations at local Sector Leadership Group (SLG) meetings, we hope the Council will take up the opportunity for a more detailed workshop as requested by the SLG.

Within the last few days, however, we have learned a little more detail with the proposal to reduce future Social Welfare Advice funding by 15%. Dial is currently a delivery partner of



this service, along with Cheshire West Citizens Advice and Age UK Cheshire. Ongoing welfare reforms, such as the transition from Disability Living Allowance (DLA) to Personal Independence Payment (PIP) and the roll out of Universal Credit, will continue to impact upon disabled people for the foreseeable future. Increasing numbers of unemployed people will only add to those who, without help and advice, are unable to navigate the complex welfare system and secure their full and correct financial entitlements. Dial West Cheshire secures approximately £2million of financial entitlements *each year* for our client group of disabled and older people. Not only is this a significant return on the Council's investment (i.e our share of the contract) but it also makes huge contributions to strategic aims such as combatting poverty, preventing homelessness and addressing mental health difficulties, eg anxiety and depression associated with debt and money worries.

Furthermore, on the topic of funding for Dial West Cheshire, whilst we welcome the financial support we receive from the Council this only makes a *contribution* towards the costs of the commissioned services. The Council funding provides a platform for us to secure additional money from other sources towards both the commissioned services and wider projects and activities that benefit disabled people and other local residents whilst also delivering huge social value. In some cases the funding also enables us to pay the rent on Council-owned property assets. Reductions in Council funding have the potential to disadvantage our disabled clients as well as destabilise our organisation, with knock on effects to our wider services and even the Council's property portfolio.

Whilst again recognising the pressures on the Council it is difficult to see how many of the budget proposals, even without the detail, can be achieved without having a disproportionate, negative effect on disabled people.

COVID-19 has triggered an economic and health crisis, but this extends to a mental health crisis. The proposal to reduce investment in mental health comes at a time of increasing demand and follows recent rhetoric of mental health being on a par with physical health. Indications that the Council intend to provide services for people with learning disabilities, including the increasing number of those transitioning from children's to adult's services, within the borough, rather than more costly out of area placements, will be welcomed by many individuals and their families/carers. Reports highlighting the premature deaths of people with learning disabilities, however, reinforce the need for high-quality services. The Council's decision to discontinue funding for Dial's Experts by Experience project (which aimed to improve services and involved people with a learning disability and/or autism and their families/carers) was disappointing. We hope the decision will be reviewed as suggested and the co-production project re-instated.

Proposals that involve less contact with buildings-based services, increased use of digital technology and a review of concessionary transport should be taken forward whilst considering the needs of disabled people; the proposals risk increasing loneliness and isolation among disabled people and older people.

Dial West Cheshire currently delivers Early Intervention and Prevention services as a partner within the Pathfinder Service funded by the Council. References to "duplication" to achieve proposed savings of £268,000 from community support services and £149,000 from support to the voluntary and community sector are without evidence and do not take account of the significant additional social value delivered by community sector organisations referred to earlier in this response. The report published this year by Danny

Kruger, Levelling Up Our Communities; Proposals for a New Social Covenant, makes the case for *greater* investment in Community Sector organisations. In addition, the reference within the budget consultation to “reviewing the £3million of financial support to our voluntary and community sector” appears to be flawed with the £3million figure unduly inflated.

In view of the above we request that the Council embraces the theme of ‘Building Back Better: toward a disability-inclusive, accessible and sustainable post-COVID-19 world’ and specifically:

- Takes up the opportunity for a more detailed discussion with the SLG
- Assesses the impact of proposals upon disabled people
- Considers the impact of proposals upon Community Sector organisations such as Dial West Cheshire in light of the wider value we offer.

## Disability Positive group response

### About us

- We are Disability Positive.
- Disability Positive is the new name for Cheshire Centre for Independent Living (CCIL)
- We are a charity based in Cheshire and work mostly in the North West.
- We provide services, opportunities and a voice to people living with disability or long-term health conditions and their families.
- We have services to help people with everyday life, being part of their local community and looking after their own wellbeing.
- We can offer advice, help with practical tasks and advocate for people in lots of different situations.
- We listen and share people’s experiences to influence positive change in government policy.
- We know it matters because we live with disability and long-term health conditions too.

### Consultation Response

We welcome the opportunity to respond to the proposals in this consultation and will focus on those most likely to affect our clients and members.

#### 1.1 Review of mental health services a reduction of £120,000 to mental health spending

This proposal lacks detail. We hear consistently from our clients, service users and from people living with disability and long term conditions across the country, that their mental health has worsened since Covid crisis began. There is a clear need for rapid access to appropriate mental health services and support. Mental health must also be part of public health spending that forms part of the council’s response to the pandemic.

**1.5 Joining up support with the NHS. Savings of £400,000 are identified by joining services with the NHS.**

Again, this proposal lacks detail. We support improved integration of services with the NHS, however this does already happen but is the exception rather than the norm. It is important that services are truly integrated rather than just jointly commissioned, as otherwise it means that there are two sets of requirements to meet as opposed to one collective approach.

There are also issues around information sharing and consistency that need to be overcome before this can be truly successful.

It is important to recognise that for the person receiving the care or support, they do not need to know or understand 'where' the financial support has come from.

For example, if somebody needs support with having a shower, it does not matter to them whether the shower is funded from health or from social care.

We would support the model of a one stop shop for health and social care to achieve real integration.

**1.10 A new model for carer services, a streamlined carers service saving £90,000.**

Again there is limited detail provided of this, but we have significant concerns about the pressure on carers, which have been amplified by the Covid crisis,

when many other support services that they have previously relied on, have been stopped. Any changes must be communicated clearly to those affected. We would also question how this fits in with the council's recent All Age Carers Strategy.

**1.11 (Review of community support), savings of £268,000 to community support services are set down.**

The proposal lacks detail, though it makes assumptions about duplication of support. It would be helpful to see further details and what specific duplication is being referred to, as without this is it difficult to comment fully.

We would also ask the council to be mindful of the need to offer choice, especially to people living with disability and long-term conditions before something is assumed to be duplication. There is value in different services being offered which are suited to different needs.

**3.7 (Digital Transformation), savings of £317,000 was identified.**

We have some concerns about this. There are many people living with disability and long term conditions that are digitally excluded.

This may be because they lack the skills, or need support to access a device, but may also be more complex. Due to low incomes, many people do not have the means to afford a device or internet connection, or may only own a smart phone with limited data.

We welcome that the council has acknowledged that digital cannot be the only option, and would encourage the council to consider how to ensure the alternatives are clearly communicated, or that there a wider programme to address issues of digital exclusion.

**3.4 (Getting the best value from our contracts)**, a reduction of £2.2 million is identified. There is not enough detail provided here, and it is therefore difficult to comment in a meaningful way. We would welcome seeing more detail of what is proposed.

### Consultation process

We have concerns that this consultation lacks detail and is therefore difficult to comment on in meaningful way, both for us and the wider public. The consultation questionnaire uses questions such as 'to what extent do you agree with this?'. We think that a better structure for asking questions in consultation is 'How would this affect you?'. This would provide the council with more meaningful information about how its proposals would impact on residents.

## West Cheshire Trades Union Council group response

West Cheshire Trades Union Council (TUC) feels that it has largely commented on the strategic approach of the Council's Budget in its consultation response to CWAC's Stronger Futures document. **I attach that consultation response for reference.** It clearly addresses many of these budget issues. However, we would also like to comment on some of the specific proposals set out in the current budget consultation. These points are set out below using the number of your proposals.

Council Companies:

- **Creating a group structure that provides cost effective back office support to the wholly owned Council Companies and enhances the link between the Council, its companies and residents' expectations.**

The Council appears to have an ambivalent approach to its companies and their "independence" as economic entities, increasingly wanting to control them directly. We support the notion of combined efficiencies to back office functions. However, the obvious logic is that these back-office functions should be provided by the Council. (The Trades Council was disappointed when West Cheshire Recycling outsourced its payroll / HR function, rather than using the in-house council service.) The alternative is that the staff employed may well be employed on terms that don't reflect the Council's standards.

- **Reviewing their facilities and services offered to ensure they meet the needs of local people.**

The Council's decision to re-contract services to Avenues Services and Vivo, at the start of this year, with little or no consideration of the detail of the contracts involved (all left to officers) doesn't sit well with this aspiration.

- **Ensuring their employment offer is in line with the values of the Council, is fair, and is sustainable.**

The Trades Council welcomed the belated decision of the Council to ensure staff employed by council companies were paid at least the Local Living Wage. The losses to low paid

Edsential staff prior to this decision (probably around £1m) were unacceptable. The decision not to allow the majority of staff at West Cheshire Recycling to join the LGPS again doesn't sit well with this aspiration. Nor does the delay in ensuring the LLW was paid and the maintenance of widely differing terms of employment within that company. This is not sustainable. The situation can and should be resolved by harmonising staff onto CWAC NJC terms. That is the only FAIR response and the only one not open to Equal Pay challenge. The logic of this aspiration is that all staff in council companies should be on CWAC terms and conditions. (In the case of Edsential they may need to be harmonised up to the better terms applied by Wirral Council.) The previous administration set up these companies basically to allow savings from cutting staff pay, terms and conditions. If the Council doesn't share that previous administration's aspiration to achieve this, there can be little logic in maintaining these companies outside the council structure - where they are poorly monitored and where policy change can only be brought about via the Board of the Company; a significant hinderance to the level of control the Council clearly want.

## **Support to Adults:**

### **(1.6) Expanding the range of social care support available:**

We support the expanding of the range of social care support facilities, especially if it reduces clients being placed outside of the Borough where they live. While Direct Payments are suitable for and welcomed by some clients the Council should not seek to press complex arrangements, especially involving them employing Personal Assistants, onto clients unable to manage such arrangements.

### **(1.7) Review of building-based care.**

The Trades Council is concerned at suggestions that this review might involve the closure of Sutton Beeches Community Support Centre. This seems to be contrary to the previous point which talked about expanding the range of facilities for respite care. Building based activities can be a centre of social life for some clients and these facilities have been cut significantly already.

### **(1.9) Review of care provided by Vivo, our Council-owned care company:**

The Council should not have taken the decision to award a 5 year contract to Vivo, with little or no written specification - other than the financial envelope, if it feels it is not getting value for money and now looks to other providers. There is no good reason why Vivo should not be returned to an in-house service from the date of the new contract in April. Then the Council has full control of this situation and can ensure value for money.

## **Support to children, young people and families**

### **(1.12) Sharing the costs of support with schools:**

The proposed transfer of £570k of costs to schools seems untenable. The past result of selling some of these services to schools has been that schools seeking alternative provision, with the loss of many jobs.

**(1.14) Better targeting of youth services within our communities:**

The demise of Youth Services and Youth Centres is a cause of widespread concern amongst the public. While new outside grants are welcome any further reduction in funding for the service is extremely unwelcome - even under the banner of "increased targeting". It should be remembered that a substantial element of Youth Service funding was transferred to Avenue Services, to fund the service in Blacon. This always seemed an illogical and unwelcome move, which reduced flexibility of the Borough-wide provision. If Youth Service funding is to be reduced the service in Blacon should not be unfairly ring-fenced.

**(1.15) Preventing the need for more costly support for children's social care:**

This targeted intervention has long been cited as making big saving. In this latest proposal the sum is around £1m. Such proposals need to be presented alongside details of the reduced costs so far achieved and the reduced numbers of children in Council care.

**(1.16) Additional in-house residential provision for children:**

This proposed action has been cited for at least the last 6 years. Proposals have been agreed and then not implemented e.g. the expansion at Darnhall. In reality CWAC has closed many such facilities since its inception, without replacing provision, despite significant capital receipts. It is time for the Council to deliver on this policy, or to stop repeating it.

**Environment:****(2.1) New ways of dealing with waste:**

Projected costings of the new waste service are far from transparent. The notion that "new ways of dealing with waste" can deliver nearly £1m savings seems highly optimistic in a volatile market. Harmonisation of staff terms and conditions should be a priority call on increased income. The most flexible response to this fast-evolving area would be provided by the Waste company being brought fully in-house. The Trades Council would welcome a review of the provision of Waste Recycling Centres that saw this service returned to the ambit of direct Council control. There has been on-going concern about customer service at the Ellesmere Port WRC. Contracting and sub-contracting these services does not allow the Council to quickly respond to developing issues in this field or have close oversight.

**(2.2) Efficiencies and income generation in highways and street cleaning services:**

The Trades Council is extremely concerned at any potential future reduction in streetcare funding. The £671k quoted could amount to more than 20 jobs. In our view the service is currently understaffed and inadequate. Matters such as gully sweeping don't seem to take place on any regular sort of basis, or to be in anyway tracked by management. Litter picking outside of town centres / tourist spots is non-existent except in response to complaints. We are surprised that you refer to the existence of some sort of street-lighting inspection regime. Does this even exist? We welcome moves to a more sustainable system of grass cutting and verge management. We are surprised that there has been little action on this front since the declaration of a climate emergency. We believe that all areas of grass

cutting should be reviewed to better manage them - with some areas being regularly cut, some cut less regularly (to increase plant diversity), and some perhaps not cut at all. Such actions do however require alternative management, such as the removal of grass cuttings if wild flowers are to be grown. Communities need to be involved in developing local open-space management plans. Any resultant savings should be spent on improving the service - especially litter picking.

### **(2.3) A review of community buildings:**

A review was undertaken in Ellesmere Port & Neston at least a couple of years ago, but no results were ever produced.

### **(2.4) Strengthening enforcement:**

The notion that this could save £238k seems pie in the sky. The Council's parking enforcement has struggled to break-even. The increased staff resources need to beef-up enforcement in other areas seems likely to far outweigh any resultant income.

### **(2.5) Staffing restructures:**

Endless staffing restructures - in this case aimed at saving £1m - seem only to deliver low staff morale, and higher stress levels (and thus absence) from remaining staff. They do of course maintain the jobs of those constantly restructuring others out of jobs, and writing reports about how much can be saved. We have seen in areas like Planning that work is having to be contracted out because there are inadequate staffing levels and declining service. We urge councillors to be dubious of such non-specific cuts, citing "duplication" when in reality they simply further reduce service quality. It is disingenuous to say otherwise. The Council should look at the vast amounts being spent on poor value consultants due to the lack of in-house staff. Almost every service review or project is now under-taken by consultants, who arrive knowing nothing about the local situation, deliver their results, get paid and disappear before anyone knows if their proposals have any merit.

## **Council-wide Proposals**

### **(3.1) Redesigning our support services:**

We await the detail of any support service restructure. However, the Trades Council is concerned that constant reduction in support staff adversely affects customer service and efficiency. They are an easy target. The result is the public can never get to talk to anyone and professional staff have their time diverted to administration.

### **(3.2) Reviewing our office accommodation as more staff work from a range of locations:**

Flexible working and home working has advantages and disadvantages. Many teams need a base where they can inter-act, discuss with colleagues, learn and mentor. Isolating staff with their workload can be negative on many fronts. Home workers need to be effectively managed and supported. There should not be a situation where work costs - provision of phones, laptops, broadband, heating, are pushed onto staff. Nor should there be a situation where staff are expected to travel to various locations in their own time and at their own

expense. All staff should have a clear contractual base from which travel costs are compensated, and relocation occurs only after consultation and with additional costs met by compensation from the employer.

### **(3.5) Review of income:**

"We have reviewed all our fees and charges across the organisation to ensure we are recovering our costs in line with current policy." But parking charges were introduced in Northwich at such a low rate they were projected to only break even in revenue terms - and presumably don't cover any capital costs. With the pandemic they are likely to have operated at a loss. Why introduce charges that make no income?

#### **• changing our Council tax reduction scheme**

Given the declaration of a Poverty Emergency the idea of increasing the contribution the poorest residents have to make to their Council Tax would, in our view, be entirely unacceptable. And probably counter-productive. The Trades Council has argued that this contribution - which was historically raised to 25% of the full council tax, was one of the highest in the country, and should be cut. It should not be increased.

### **Malpas Parish Council group response**

Malpas Parish Council wishes to contribute to Cheshire West and Chester Borough Council's current budget consultation because any changes are almost certain to lead to a diminution of the quality or extent of its services.

However, until there are specific proposals, and impact assessments which will allow the implications to be understood, Councillors have been unable to make a meaningful contribution.

Accordingly, it has decided to endorse the considered response from OPAL (attached), given that it deals with many of the issues that will impact upon the most vulnerable people in our local community.

Malpas Parish Council



# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Debbie Hall, Director of Finance
<b>Cabinet Member:</b>	Councillor Carol Gahan, Cabinet Member for Legal and Finance
<b>Title:</b>	Treasury Management Strategy 2021-22

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### Is this a Key Decision\*?

**No**

\*One that affects finances over £1m or significantly affects two or more wards  
If this is a key decision then the item must be on the current forward plan of key decisions.

### 1 What is the report about?

- 1.1 The purpose of this report is to update Members with insight into the contents of the Council's treasury management strategy for the year 2021-22
- 1.2 Audit and Governance Committee received the Council's treasury management strategy for the year 2021-22 at their meeting on Tuesday 26th January 2021. The observations of Audit and Governance Committee will be reported at the meeting.
- 1.3 Since the meeting of Audit and Governance Committee the Reserves Strategy and Capital Programme within the Budget Report 2021-22 have been finalised. The attached strategy has been updated to reflect these changes.

### 2 Recommendation

- 2.1 Cabinet are asked to
  - i. note the contents of the Council's treasury management strategy for the forthcoming financial year 2021-22
  - ii. offer to full Council any comments or observations they may have on the treasury management strategy for the year 2021-22

### 3 Reasons for the Recommendation

- 3.1 To enable Cabinet to review and offer any comments or observations on the strategy, supporting the Council to ensure it meets the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

3.2 Having a strategy in place will support the operation of the Council as both a well-managed authority with appropriate governance arrangements in place.

#### **4 Report Details**

4.1 Prior to the start of each financial year the Council has to prepare a treasury management strategy (TMS) that sets out how the Council's treasury management activities will be managed during the forthcoming year.

4.2 The Council has a sizeable portfolio of long term loans, some longer term investments and some short term investments. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The Council's treasury management strategy seeks to identify, monitor and control these risks to ensure that the Council's financial affairs are managed in a prudent fashion.

4.3 The Council's TMS for the year 2021-22 is attached as Appendix 1 to this report.

4.4 The TMS for the year 2021-22 is little changed from that for the year 2020-21.

4.5 The main features of the TMS for the year 2021-22 are

- The UK base rate (as set by the Bank of England) is forecast to remain unchanged at 0.10% throughout the whole of 2021-22 and the two following years.
- There is the possibility that the UK base rate could turn negative for the first time in its history during the year 2021-22.
- There is an even greater likelihood that the actual rates prevailing in the short term money markets will be negative during the year 2021-22. Prior to Christmas if a council lent money to HM Treasury it earned a negative interest rate for the period the monies were invested.
- Long term interest rates (for periods of up to 10 years) are forecast to rise by around 0.20% during the course of the year 2021-22.
- Long term interest rates (for periods of 20 years or longer) are forecast to rise by around 0.05% during the course of the year 2021-22. Long term interest rates are currently close to their historical lows.
- A need to raise up to £63 million of new long term loans, for periods of up to 15 years, on behalf of the General Fund
- A need to raise up to £13 million of new long term loans, for periods of up to 16 years, on behalf of the HRA
- To continue to use existing cash balances to temporarily fund capital expenditure payments when possible
- To deposit monies on an instant access basis or with a short notice period

- To only deposit monies with organisations which have a high credit standing (ie a credit rating of at least A-)
- To deposit up to £10 million with any one financial organisation at any one time with the exception of Lloyds Bank where the limit will be £12.5 million
- To continue to hold longer term investments in a property fund and an equity fund and to allow the Council to be able to increase these holdings, or diversify into different funds, in accordance with advice from the Council's treasury management advisers.
- To set prudential indicators that ensure any borrowing undertaken by the Council is prudent, affordable and sustainable
- Audit and Governance Committee to monitor the Council's treasury management activity during the year 2021-22.

## **5 How does the decision contribute to the Council's Plan?**

- 5.1 The report provides evidence of the Council being a well-managed authority, having appropriate governance arrangements in place and that it is satisfying the requirements of both the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

## **6 How does the decision contribute to Closer Working with Partners?**

- 6.1 Not applicable.

## **7 What will it cost?**

- 7.1 The costs and income associated with the Council's treasury management activities are all provided for within the Council's capital financing budget for the year 2021-22.

## **8 What are the legal aspects?**

- 8.1 There are no direct legal implications arising from the strategy.

## **9 What risks are there and how can they be reduced?**

- 9.1 The key theme underlying the Council's treasury management strategy remains one of managing the risk associated with the Council's treasury management activities applicable down to an acceptable level. The primary aim of such a strategy is security of the amounts invested / deposited.

## **10 What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

- 10.1 Not applicable.

**11 What are the implications of the decision on Climate Change?**

11.1 Not applicable.

**12 Are there any other options?**

12.1 To not approve a treasury management strategy for the year 2021-22 would lead to a breach of statutory regulations.

**For further information:**

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## Treasury Management Strategy Statement 2021-22

### Cheshire West and Chester Council

#### Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has a sizeable portfolio of long term loans, some longer term investments and some short term investments. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

#### Economic Background

The impact on the UK from coronavirus, lockdown measures, the roll out of vaccines as well as the new trading arrangements with the European Union (EU), will remain major influences on the Council's treasury management strategy for 2021-22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates.

Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021. The BoE also forecasts the economy will now take until early 2022 to reach its pre-pandemic level.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021. The BoE is forecasting unemployment will peak at 7.75% in mid 2021. In October, the annual growth rate in wages was 2.8% for regular pay. In real terms, after adjusting for inflation, this represented an increase of 2.1%.

GDP growth rose by 16% in the third quarter of 2020 having fallen by 19.8% in the second quarter. The rise in GDP was reflected across the whole of the economy eg construction, services and production.

### **Financial Markets**

Uncertainty around COVID-19 related loan defaults lead to banks providing for billions for potential losses in the first half of 2020. This drastically reduced reported profits. Bank profitability in 2020 is likely to be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to UK Government bonds (gilts). Changes in credit ratings for banks have tended to be relatively benign, despite the impact of the pandemic.

The potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk. The advice from the Council's treasury management adviser (Arlingclose) therefore remains one of taking a cautious approach to bank deposits during 2021-22.

### **Interest Rate Forecast**

The Council's treasury management adviser is forecasting that the UK Base Rate will remain at its current level of 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside (ie the actual base rate is more likely to be below 0.1% than above) as the BoE and UK government continue to react to the coronavirus pandemic and the Brexit transition period ends.

The BoE extended its asset purchase programme (quantitative easing) to £895 billion in November while keeping Base Rate unchanged at 0.1%. However reductions in the Base Rate to zero, or possibly negative, cannot yet be ruled out. This is however not part of the treasury management advisers interest rate forecast.

Gilt yields (ie long term interest rates) are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve.

The forecast is for 10 year and 20 year interest rates to rise slightly to around 1.40% and 1.70% respectively over the next three years. The risks to this forecast are judged to be to the downside as the Bank of England and the UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. In addition there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast is attached at Annex A.

### Local Context

On 31<sup>st</sup> December 2020, the Council held £306 million of borrowing and £151 million of treasury investments. An analysis of the borrowing and investments is set out in Annex B.

The Council's underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. The forecast movements in these amounts are shown in the table below.

*Table 1: Balance sheet forecast*

	<b>31.3.21 Estimate £m</b>	<b>31.3.22 Estimate £m</b>	<b>31.3.23 Forecast £m</b>	<b>31.3.24 Forecast £m</b>	<b>31.3.25 Forecast £m</b>
General Fund Mainstream Programme	276	300	331	336	335
Self Financing Schemes	4	3	3	2	2
Winsford Cross	22	22	22	22	22
Northgate	69	87	85	83	81
Barons Quay	67	66	64	63	61
Housing Revenue Account	90	85	78	74	70
<b>Total CFR</b>	<b>528</b>	<b>563</b>	<b>583</b>	<b>580</b>	<b>571</b>
Less					
Existing outstanding long term loans					
General Fund Mainstream Programme	-134	-129	-129	-129	-129
Northgate	-22	-7	0	0	0
Barons Quay	-45	-42	-40	-38	-36
Winsford Cross	0	0	0	0	0
Housing Revenue Account	-84	-60	-58	-56	-54

<b>Total external borrowing requirement before the use of existing cash balances</b>	<b>243</b>	<b>325</b>	<b>356</b>	<b>357</b>	<b>352</b>
Usable Reserves - General Fund	-196	-132	-122	-112	-107
Usable Reserves - HRA	-16	-12	-3	-2	-1
Working Capital	-105	-105	-105	-105	-105
<b>Total external borrowing requirement after the use of existing cash balances</b>	<b>-74</b>	<b>76</b>	<b>126</b>	<b>138</b>	<b>139</b>
Split					
General Fund (including Winsford Cross, Northgate and Barons Quay)	-64	63	109	122	124
HRA	-10	13	17	16	15

\*

The Council is forecast to have an increasing CFR due to the planned capital expenditure programme. As a result the Council will need to borrow up to £139 million over the forecast 5 year period.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2021-22 and in each of the following years.

To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £30 million at each year-end to maintain sufficient liquidity but minimise credit risk. A graph of the actual borrowing compared to the Total CFR and the liability benchmark is shown in Annex C.

The liability benchmark graph for the HRA shows that at 31<sup>st</sup> March 2021 the HRA has no need to raise any new long term loans over and above those already in place. During the next four years the HRA has a fairly large but manageable need to raise new long term loans. This borrowing requirement arises in the main from the scheduled repayment of the HRA's £18 million variable rate loan from the PWLB in late March 2022. This need to raise loans continues through until March 2037.



Likewise the liability benchmark graph for the General Fund shows that at 31<sup>st</sup> March 2021 the General Fund has no need to raise any new long term loans over those already in place. Thereafter the General Fund has a significant need to raise new long term loans that continues until around March 2036. This borrowing requirement results from the Council's planned capital expenditure programme and the planned reduction in Council reserves.

### **Borrowing Strategy**

The Council currently (at December 2020) holds £281 million of loans, an increase of £17 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council expects to borrow up to a further £76 million between now and the end of March 2022. The Council may also take the opportunity to pre fund the amount of new loans required in the years up to 31<sup>st</sup> March 2025 should the terms on which such loans can be raised proved attractive.

In the case of the both the HRA and the General Fund the need to raise new loans peaks at a relatively early date (in the year 2022-23 for the HRA and in the year 2023-24 for the General Fund) before reducing gradually over the period to March 2037. This would suggest that the need to raise new long term loans can be best accommodated by raising a large proportion of the loans required in the form of short term loans (for periods of between 1 and 10 years).

**Objectives:** The Council's chief objective when borrowing money is to minimise the net costs of interest payable to the revenue account over the medium term. This is achieved by striking an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change remains a secondary objective.

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

The Council currently has a portfolio of long term loans that are predominantly at fixed rates of interest and which are scheduled to be repaid gradually over the next 30 or so years.

With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to repeatedly borrow on a short term basis rather than raising new long term loans for the whole of the period that the Council needs the loans. This tactic will also bring some diversification to the loans portfolio in

that it will comprise of some loans where the rate of interest is fixed for the long term and others where the rate of interest payable is much lower but is only fixed for a relatively short period of time.

By doing such the Council is able to reduce net borrowing costs (despite foregoing investment income) and reduce overall treasury risk although it will increase the element of re-financing risk within the loans portfolio. The benefits of short term borrowing will be monitored regularly against the potential for incurring additional costs by borrowing early in anticipation of a need to borrow in future years should long-term borrowing rates be forecast to rise markedly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021-22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised most of its long-term loans from the PWLB. Back in October 2019 the Government increased PWLB rates by 1% thereby making it a relatively expensive option. A HM Treasury consultation on lowering PWLB rates concluded in July 2020. The Government published its response in late November 2020. The most noticeable change in practice arising from the consultation response is that PWLB loans are no longer available to local authorities planning to purchase investment assets primarily for yield; This Council intends to ensure it operates within the updated restrictions in order to retain its continued access to PWLB loans. In the meantime, the Council will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Treasury Management Code.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Council may borrow on a short-term basis to cover unplanned cash flow shortages.

**Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Cheshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

**Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Audit and Governance Committee and Full Council.

**LOBOs:** The Council holds £7 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. £7 million of these LOBOs have options early in the financial year 2021-22. Although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to 10% of the Council's total loans portfolio.

**Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

## Treasury Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the past 12 months, the Council's treasury investment balance has ranged between £173 million and £40 million. The year 2020-21 saw Central Government provide additional grant funding to councils in order that they could distribute it to local businesses. Central Government also brought forward the payment of certain grants to earlier in the financial year while reprofiling payments made by councils to MHCLG until later in the year. This has led to cash balances being higher in 2020-21 than was expected and higher than usual. A more normal position is expected to prevail during 2021-22 with cash balances expected to be in the range £100 million to £30 million.

**Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

**Strategy:** During the year 2021-22 the Council will invest its surplus cash invested in short-term unsecured bank deposits, short term deposits with HM Treasury's Debt Management Office, instant access accounts with UK banks and money market funds. This will represent a continuation of the strategy adopted in 2020-21.

**Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 2 below, subject to the limits shown.

*Table 2: Treasury investment counterparties and limits*

Sector	Time limit	Counterparty limit
The UK Government	50 years	Unlimited
Local authorities & other government entities	5 years	£10 million
Secured investments *	5 years	£20 million
Banks (unsecured) *	13 months	£10 million
Building societies (unsecured) *	13 months	£10 million
Registered providers (unsecured) *	5 years	£10 million
Money market funds *	n/a	£10 million
Strategic pooled funds	n/a	£10 million
Real estate investment trusts	n/a	£10 million
Other investments *	5 years	£5 million

This table must be read in conjunction with the notes below

**\* Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

**Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Lloyds Banking Group:** It is operationally efficient for the Council, at times, to maintain up to £2.5 million in its main bank account with Lloyds overnight. To allow the Council to have the ability to be able to hold such balances with Lloyds without it impacting on its ability to invest with Lloyds on the same basis as any other bank the counterparty limit for Lloyds Banking Group (including the Bank of Scotland) is to be set at £12.5 million.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £250,000 per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £69 million on 31<sup>st</sup> March 2021. In order that no more than 15% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

*Table 3: Additional investment limits*

	<b>Cash limit</b>
Any group of pooled funds under the same management	£10 million per manager
Negotiable instruments held in a broker's nominee account	£25 million per broker
Foreign countries	nil

**Liquidity management:** The Council produces a cash flow forecast at the start of the year to determine the maximum period for which funds may prudently be lent out and /or to identify times at which amounts will need to be borrowed and how much will need to be borrowed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. The forecast is updated on a monthly basis. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.



## Treasury Management Indicators

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

**Liquidity:** The Council's choice of indicator of liquidity risk is the amount of cash available to meet unexpected payments within a rolling three month period. This indicator is set with a lower limit of £20 million. There is no upper limit.

Investments that will fall to be treated as being available within three months will include:

- Amounts held in instant access accounts
- Amounts held in money market funds
- Amounts held in notice accounts where the notice period is less than 95 days
- Fixed term money market deposits maturing in the next three months

Liquidity risk indicator	Target
Total cash available within 3 months	£20 million

**Interest Rate Risk:** The Council's choice of indicator of interest rate risk is a measure showing the impact on the Council's revenue budget of a 1% movement in interest rates.

Most of the Council's long term loans are fixed rate loans. Conversely all of the Council's investments earn interest at variable rates. Changes in interest rates therefore predominantly impact on the amount of interest earned by the Council on its investments.

An increase in interest rates will increase the amount of interest earned on the Council's investments but will leave the amount of interest paid on its long term loans largely unchanged. Conversely a reduction in interest rates will reduce the amount of interest earned on the Council's investments but again will leave the amount of interest paid on its long term loans largely unchanged.

Based on the Council's expected portfolio of investments and loans for the year 2021-22 the impact of a 1% change in interest rates is estimated at £414,000. This comprises an increase of £164,000 in the amount of net interest payable and an increase of £578,000 in the amount of interest earned on investments.

Interest Rate Risk	2021-22 Target
Maximum impact of a 1% change in interest rates	£414,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

**Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

### General Fund

Maturity structure of fixed rate borrowing	2020-21 %	Lower Limit for 2021-22 %	Upper Limit for 2021-22 %
under 12 months	10	0	40
12 months and within 24 months	5	0	50
24 months and within 5 years	5	0	55
5 years and within 10 years	14	0	60
10 years and within 20 years	32	0	70
20 years and within 30 years	18	0	65
30 years and within 40 years	16	0	60
40 years and within 50 years	0	0	50

## HRA

Maturity structure of fixed rate borrowing	2020-21 %	Lower Limit for 2021-22 %	Upper Limit for 2021-22 %
under 12 months	28	0	65
12 months and within 24 months	2	0	35
24 months and within 5 years	8	0	40
5 years and within 10 years	13	0	45
10 years and within 20 years	36	0	65
20 years and within 30 years	13	0	45
30 years and within 40 years	0	0	35
40 years and within 50 years	0	0	35

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2021-22	2022-23	2023-24
Limit on principal invested beyond year end	£40 million	£ 40 million	£40 million

#### Authorised Limit and Operational Boundary:

The Authorised Limit sets the maximum amount of external debt that the Council may have outstanding at any point in time during the year 2021-22. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases and PFI arrangements.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

The Operational Boundary is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

The s151 officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities.

	2020-21 Estimate £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
<b><u>Authorised Limit</u></b>					
Long Term Loans	391	416	466	479	480
Other long term liabilities	33	42	44	46	48
<b>Total Authorised Limit</b>	<b>424</b>	<b>458</b>	<b>510</b>	<b>525</b>	<b>528</b>
<b><u>Operational Boundary</u></b>					
Long Term Loans	371	396	446	459	460
Other long term liabilities	33	42	44	46	48
<b>Total Operational Boundary</b>	<b>404</b>	<b>438</b>	<b>490</b>	<b>505</b>	<b>508</b>

### **Related Matters**

The CIPFA Code requires the Council to include the following in its treasury management strategy.

**Financial derivatives:** Councils have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for the credit risk faced by the Council as a result of entering into the derivative will be calculated and will count against the credit limit for the counterparty concerned.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**Housing Revenue Account:** On 1<sup>st</sup> April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.

**Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers (including money market funds), allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management

activities, the Chief Operating Officer and the Director of Finance believe this to be the most appropriate status.

### **Financial Implications**

The General Fund budget for investment income in 2021-22 is £850,000 million, based on an average long term investment portfolio of £20 million at an interest rate of 4.25%. Given that short term interest rates during the year 2021-22 are forecast to be close to, if not, zero and potentially negative then no interest is being forecast to be earned on short term cash deposits. The General Fund budget for interest payable on long term loans in 2021-22 is £9.3 million. This is based on an average loans portfolio of £240 million at an average interest rate of 3.88%. The HRA budget for interest payable on long term loans in 2021-22 is £2.4 million. This is based on an average debt portfolio of £85 million at an average interest rate of 2.85%.

If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

### **Other Options Considered**

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Cabinet Member for Legal and Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower but not much lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will potentially be higher but not much	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## Annex A - Arlingclose Economic & Interest Rate Forecast - November 2020

### Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

### Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- The central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates.



	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>3-month money market r.</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>1yr money market rate</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
<b>5yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>10yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>20yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>50yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

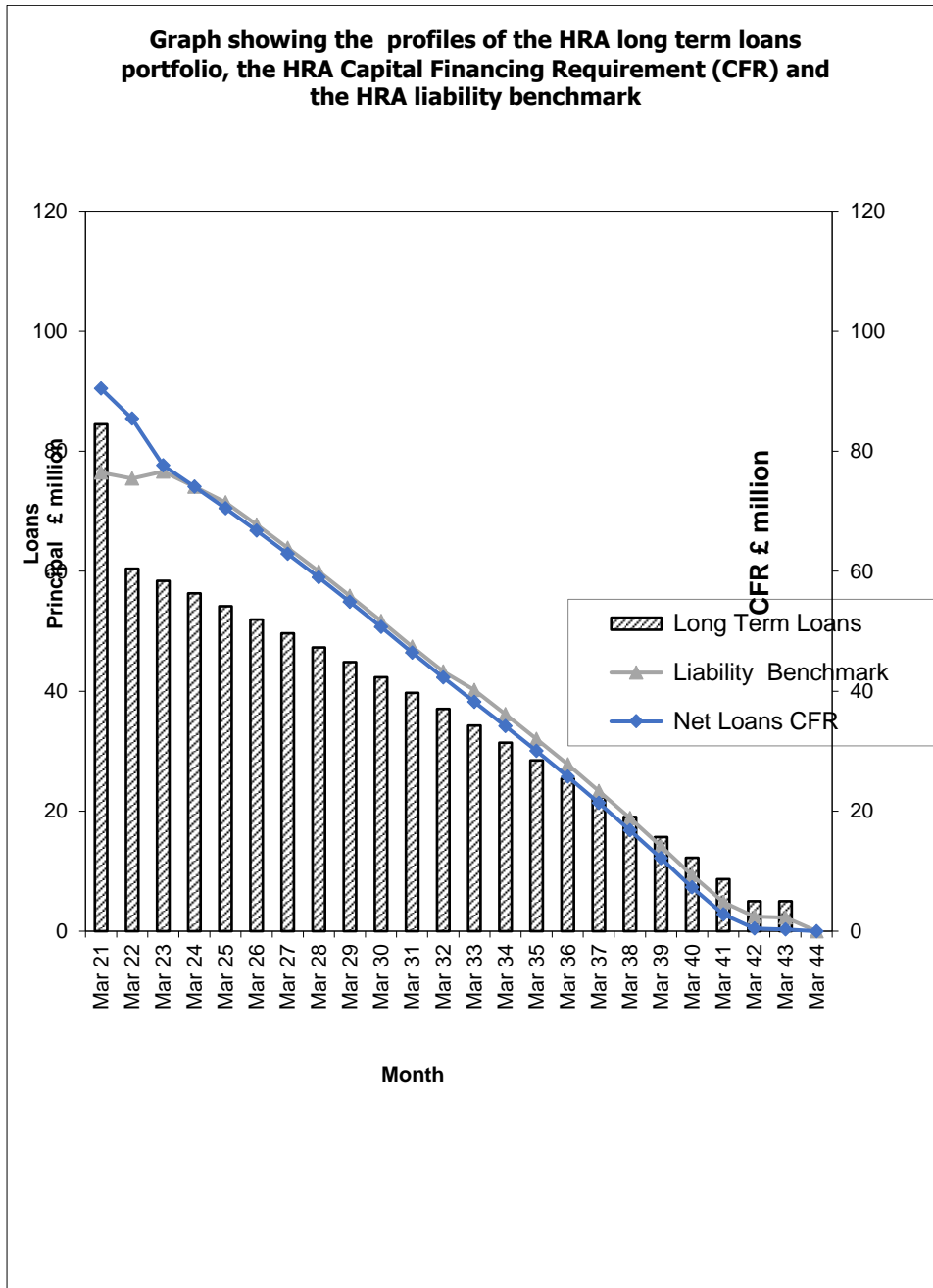
**PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%**

**PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%**

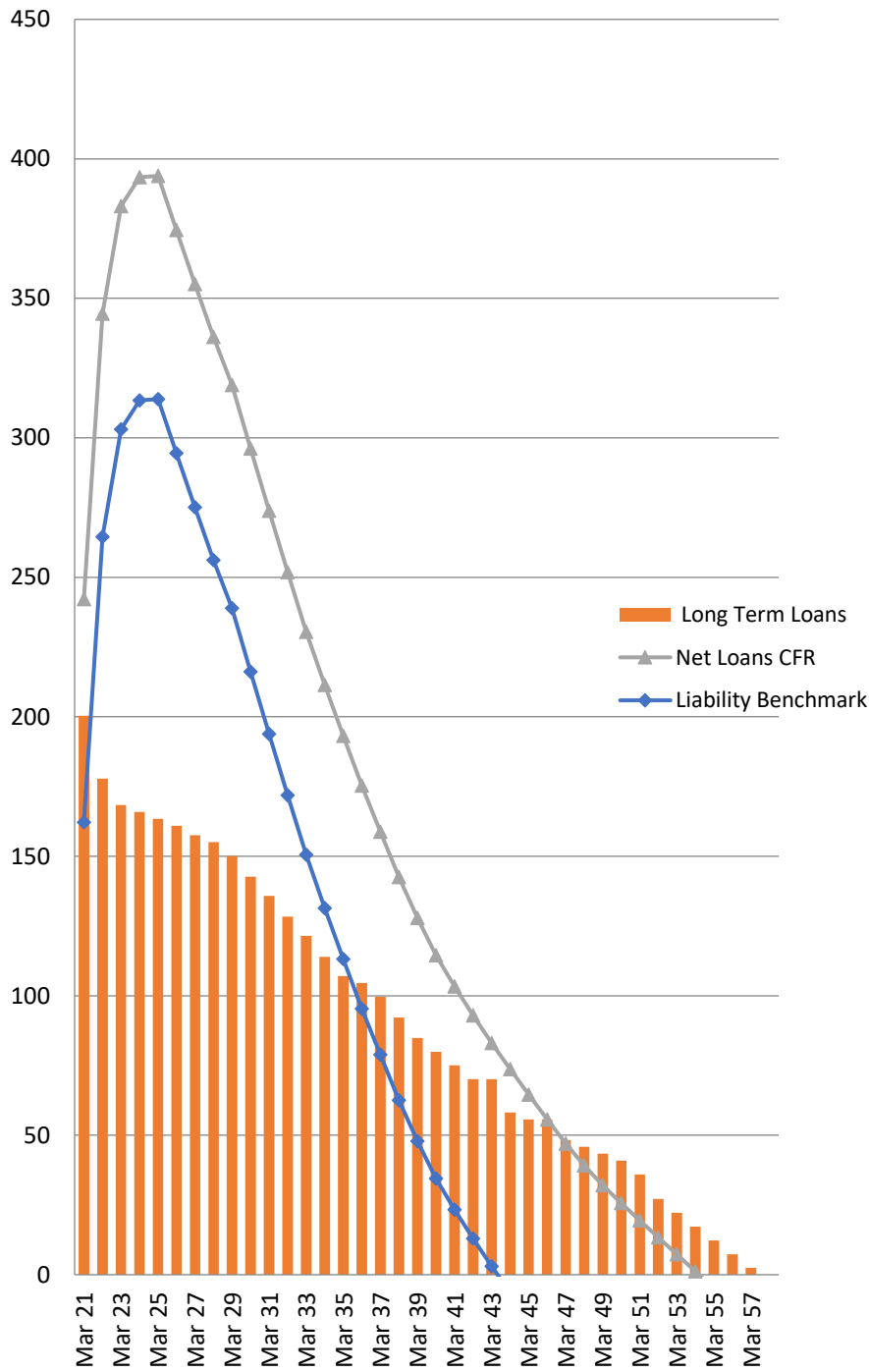
**Annex B Investment & Debt Portfolio Position (December 2020)**

<b>Cheshire West and Chester Council</b>			
	Actual	Actual	
Existing Loans and Investment Portfolio as at December 2020	Portfolio	Portfolio	
	£m	£m	
<b>External Loans - General Fund</b>			
Mainstream Programme			
PWLB - Fixed Rate	112		
Bank - Fixed Rate	10		
Bank - LOBO	7		
Local Councils - Fixed Rate	5		
Northgate			
Local Councils - Fixed Rate	17		
Barons Quay			
PWLB - Fixed Rate	45		
<b>Total - General Fund</b>		<b>196</b>	
<b>External Loans - HRA</b>			
PWLB - Fixed Rate	58		
PWLB - Variable Rate	18		
Bank - Fixed Rate	5		
Local Councils - Fixed Rate	4		
<b>Total - HRA</b>		<b>85</b>	
<b>Total External Loans - General Fund and HRA</b>		<b>281</b>	
Add			
Other Long Term Liabilities, PFI and Finance Lease	25	25	
<b>Total Gross External Debt - General Fund and HRA</b>		<b>306</b>	
<b>Investments</b>			
Short term Deposits		41	
Monies on Call		9	
Pooled Funds (Property and Equity)		8	
Money Market Funds		93	
<b>Total Investments</b>		<b>151</b>	
<b>Total Net External Debt - General Fund and HRA</b>		<b>155</b>	

**Annex C - Liability Benchmark for the HRA and the General Fund**



Graph showing the profiles of the General Fund long term loans portfolio, the General Fund Capital Financing Requirement (CFR) and the liability benchmark.



# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Director of Commercial Management & Delivery
<b>Cabinet Member:</b>	Cllr Carol Gahan, Cabinet Member for Legal and Finance
<b>Title:</b>	Farms – Shotwick Park - Disposal

---

**Is this a Key Decision\*?** **No**

### 1 What is the report about?

- 1.1 This item considers the disposal of approx. 502 acres of the Shotwick Park farms estate as identified on the Disposal Plan attached within Appendix 1.

### 2 Recommendation

2.1 That:

- i) Delegated authority be granted to the Director of Commercial Management & Delivery to dispose of the property identified in the plan within Appendix 1 (Disposal Plan) to Mr L Greensill or his nominee on terms outlined in the Heads Of Terms detailed in Appendix 3 -Table 1 including such conditions as deemed appropriate by the Director of Governance.
- (ii) That, in the light of the wider opportunities for the Council's farm estate to contribute to the Council's environmental, social, economic and financial plans, the Cabinet Member for Finance and Legal undertakes a review of the current policy and reports back to Cabinet, supported by a cross-party working group of members.

### 3 Reasons for the Recommendation

- 3.1 The plans submitted by the proposed purchaser would contribute towards the council's wider objectives to tackle the climate emergency and will have public health benefits. The disposal is broadly supported by the local community, is consistent with the current approved strategy for the farm estate assets and delivers the best reasonable price achievable.

### 4 Report Details

- 4.1 Decisions on farm disposals are made with reference to the council's wider policy objectives, to generate receipts to support re-investment in capital priorities. Implementing the strategy has included the disposal of property when vacant and to existing tenants when financially prudent.

- 4.2 In late 2019, the Council received an approach from Mr Lex Greensill, a resident of Saughall, who wished to explore the potential to acquire part of the estate including land contained within the tenancies. Mr Greensill was made aware of the Council's approach and expectations in dealing with sales and the relevance of such a sale in the local community and he maintained his interest in exploring the possibility. Mr Greensill also set out positive plans for the land, with enhanced environmental improvements and improvements to biodiversity. A commitment was made to support and enhance continued public access as is currently enjoyed.
- 4.3 Mr Greensill shared his proposals for the property with officers and after initial discussions, and in recognition of the significance within the local community, he sought the views of the Parish Council and local people including the Council's tenants through a public event. His proposal is set out in Appendix 2. The event was well attended, and it is understood that the practical outcomes of the proposals were overwhelmingly supported by those present, the Parish Council and by the local ward Councillor.
- 4.4 The Council sought professional advice on the value of the property, the amount that the Council should reasonably expect to achieve in the absence of such a proposal, including the time scale over which receipts could be expected, and how the Council should act to meet its statutory duties in considering such a proposal. Following on from that, there have been more detailed discussions to explore whether there was a viable proposal to consider.
- 4.5 The Estate Plan provided in Appendix 1 identifies the whole of the existing Shotwick Park estate, which when compared with the sale plan highlights what would remain if a sale is completed. Sales of farms are usually expected to occur when vacated at the end of tenancies or to tenants, although the policy also provides for sales to third parties. In this case the property is subject to a number of tenancies and any sale of the property would be subject to protecting the rights of occupation for the relevant tenants, to the extent that those rights exist at the date of transfer.
- 4.6 Consideration has been given to other Council uses and its potential future requirements. As a result, it is considered that sale of the land would not compromise, and could enhance, the Council's objectives.
- 4.7 Consideration has also been given to the possibility that the Council may be able to derive value from proposing a scheme of its own. The current local plan zones the land as farmland and it is unlikely that in the medium term the land will be able to be developed. However, government policy may change in the future, enabling landowners to derive value from tree planting and carbon capture. As these policies are not yet fully developed and a significant capital receipt is anticipated, it is considered prudent to proceed with the sale.
- 4.8 The public already enjoy access to the land via a number of paths across the property including paths that lead to the site of Shotwick Castle, a scheduled monument. All existing formally recognised public rights of way will remain available to the public. Mr Greensill's proposals, as published, incorporate enhancements to the local environment, include the planting of trees, protecting and enhancing public access and establishing education-based resources.

Discussions about the principles have concluded and the heads of terms for a viable proposal have been tabled with agreement on the main terms. As commercially sensitive information, the heads of terms are detailed in Appendix 3.

## **5 How does the decision contribute to the Council's Plan?**

- 5.1 The capital receipt from this sale will be important in the delivery of the Council's wider capital programme, which includes projects to improve transport connectivity, education facilities, children and adult social care settings, and schemes to improve town centres and local neighbourhoods. The proposal therefore aligns with the corporate priorities set out in the Council Plan.
- 5.2 The buyer's proposals are indicative of what he may do and they are not enforceable in a sale, however contractual terms include provision for a potential new cycling and walking access route from the Millennium Greenway. This has the potential to enhance the Council's options for linking a wide network of publicly accessible amenity assets by established cycle routes across the border in to North Wales, to the Burton Marshes, to Ellesmere Port via the canal tow path and into Chester and beyond along the Greenway and canal system. Accordingly, the proposals published by Mr Greensill are consistent with and could contribute positively towards the Council's wider environmental and carbon management objectives, as well providing health and wellbeing opportunities for residents, education opportunities and creating a free leisure activity for local families to enjoy.
- 5.3 More generally, the council's land assets provide a range of opportunities to contribute to the council's financial, environmental, social and economic objectives; as set out in the Council Plan. The sale of Shotwick Park is an example of where those objectives can best be secured by sale of the asset, and re-investment of the capital receipt into other capital priorities. There may be other examples where the Council's objectives are best met by retaining the asset. There are also significant changes in national policy, including as a result of Brexit, which may impact on the Council's policy towards its farm estate. It is therefore recommended that the Council bring forward further proposals to Cabinet as a result of a review. It is therefore proposed that the Cabinet Member for Finance and Legal be invited to bring forward proposals to a future Cabinet meeting; following engagement with a cross-party working group of councillors, and advice from lead officers and external advice as appropriate in Autumn 2021.

## **6 How does the decision contribute to Closer Working with Partners?**

- 6.1 We understand that the local Parish Council is fully supportive of this proposal.

## **7 What will it cost?**

- 7.1 The Council's financial duty in respect of the disposal of property is stipulated in the Local Government Finance Act requiring the authority to seek 'the best reasonable' price.

- 7.2 The sale of the property generates a capital receipt which, net of fees and costs in bringing the property to the market, contributes to the funding of the capital programme.
- 7.3 Correspondingly, the disposal of property impacts on the net income (revenue budget) generated by the estate also as detailed in Appendix 3.
- 7.4 Sales of property incur a corresponding reduction in revenue income. The impact of these transactions on the revenue budget has been considered as part of the annual budget setting process.
- 7.5 The sale of property incurs the fee costs associated with disposals including surveyors and conveyancing, which in part may be offset by fee contributions from buyers.

## **8 What are the legal aspects?**

- 8.1 Section 123 of the Local Government Act 1972 provides that the Council can only dispose of land for the best consideration reasonably obtainable unless the disposal is for a lease of less than seven years or the consent of the Secretary of State is obtained. It is envisaged that the disposal will exceed the assessed market valuation and is therefore consistent with the fiduciary duties of the Council.

## **9 What risks are there and how can they be reduced?**

- 9.1 The risks associated with delivering disposals generally relate to achieving the appropriate price; finding and retaining a buyer, providing and having clarity about the terms upon which a disposal can be agreed and the potential for losing purchasers whilst contract processes take their course. To mitigate the risk associated with securing the appropriate price, valuations to professional standards are commissioned in advance of conditionally agreeing terms in principle.
- 9.2 Whilst subject to approval, it is anticipated that the receipt could be achieved in spring / summer 2021, the risk of slippage cannot be ruled out. The potential for slippage is reduced by effective management of negotiations and clear and unambiguous conveyancing instructions.
- 9.3 Working closely with colleagues in Legal Services to provide advance notice and clear instructions facilitate programming the resourcing required to deal with the associated property transactions and minimise contract processing time.
- 9.4 There is no guarantee that a purchaser will deliver the proposals e.g. to plant trees and the other environmental benefits set out in a proposal, underlining the Council's need to consider the proposal based on the financial consideration.
- 9.5 Future council policy may identify the land as appropriate for development although there are no current or planned proposals for this. In the event that planning approval is obtained in the future, the heads of terms make provision for 'overage', an established mechanism whereby the council would benefit financially from such a scenario. It should be stressed that this is included only



as a means of protecting the Council's financial position and in no way promotes or envisages development being a likely scenario.

**10 What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

10.1 Should the proposal as set out by Mr Greensill be delivered, it will provide significant benefits for the local community and create a network of enhanced footpaths that will be accessible to local people. The planting of trees will contribute toward the Council's aims to improve air quality and address the challenges of climate change. The Council has also reserved the right to connect the proposed greenway through the land which would have a positive impact on health inequalities.

**11 What are the implications of the decision on Climate Change?**

11.1 It is considered that the buyers' proposals would contribute positively to the Council's ambitions for the wider local community for the management of carbon.

**12 Are there any other options?**

12.1 Progress towards the policy objective of service cessation and the realisation of the capital receipts would otherwise be achieved/generated on receipt of vacant possession at the end of the relevant tenancies, or potentially including sales to existing tenants although this would not be in a similar timescale and the disposal price incorporates the premium values achievable only through the delivery of planning gain.

**For further information:**

**Cabinet Member:** Councillor Carol Gahan

**Officer:** David Job

**Tel No:** 01244 972569 (Mob 07889 185977)

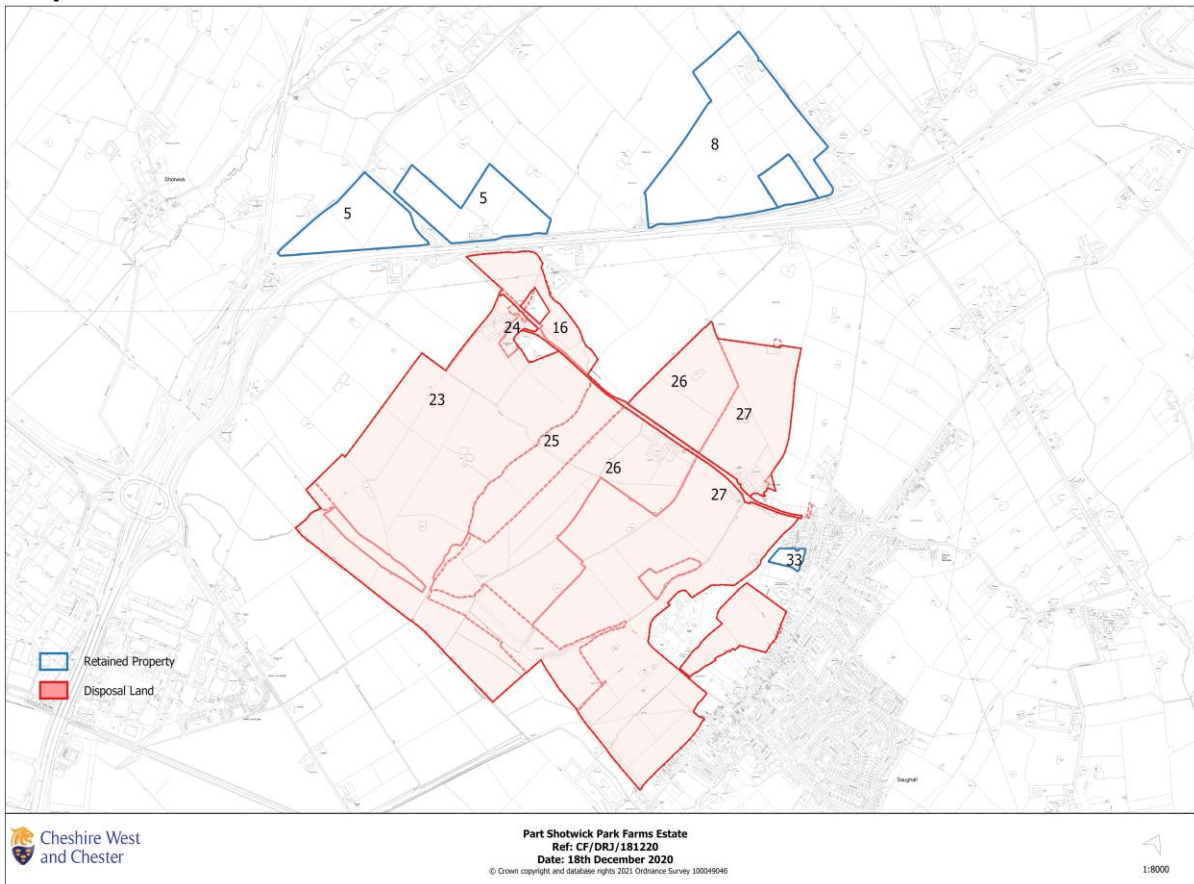
**Email:** [david.job@cheshirewestandchester.gov.uk](mailto:david.job@cheshirewestandchester.gov.uk)

**Background Documents:** Farms Policy

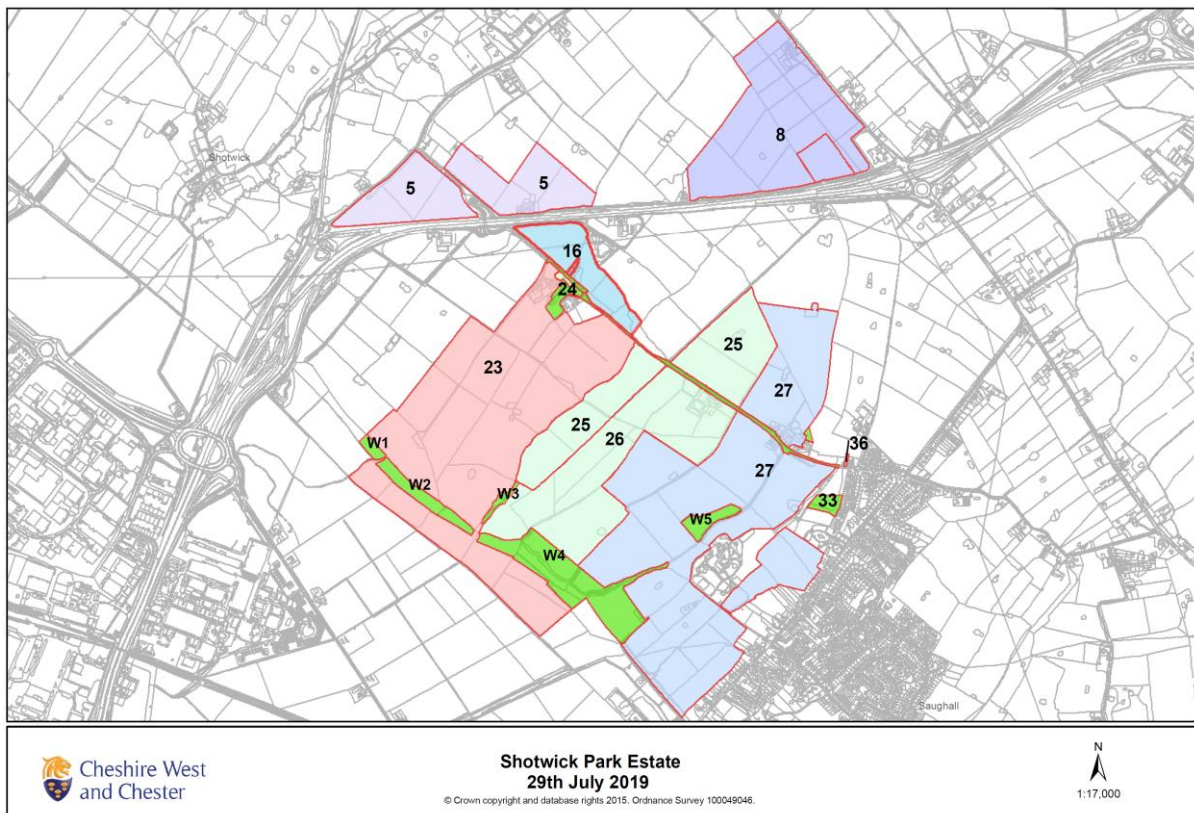
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### Disposal Plan



### Estate Plan



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**THE  
SHOTWICK  
PARK  
PROJECT**

A proposal for Cheshire West  
and Chester Council



# THE SHOTWICK PARK PROJECT



**OUR VISION IS TO CREATE A NATURAL SANCTUARY FOR SHOTWICK PARK TO ADDRESS THE GROWING THREATS OF WILDLIFE DECLINE AND CLIMATE CHANGE. THE PROJECT WILL OFFER A WIDE RANGE OF COMMUNITY BENEFITS INCLUDING ACCESS, EDUCATION AND A PLACE OF RESEARCH — A LOCAL SCHEME FOR A GLOBAL ISSUE.**



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**“THIS IS A ONCE IN A LIFETIME OPPORTUNITY. NEVER AGAIN WILL WE GET THE CHANCE TO PROTECT THE VILLAGE WHILST HELPING TO ADDRESS SO MANY VITAL PROBLEMS”**



## INTRODUCTION

I had the privilege of growing up in a rural location. My brothers and I enjoyed the freedom to explore and learn about the natural world around us, something that we took for granted in our youth.

As time has progressed, our natural world has come to face many threats including climate change, wildlife decline and the loss of natural habitats through development. Many eco-systems have been damaged and the quality of our soil, our air and our water have deteriorated. Living in Saughall, we look out onto a very real opportunity to address some of these challenges. The Shotwick Park project is my dream to make a small impact on these very important issues. At the same time, the project will provide opportunities for our children to learn about the countryside and experience the natural world around them as it should be.

I strongly believe that our proposal will address a multitude of opportunities and objectives at a personal, local, county, and global level. I, therefore request your support for this unique and wonderful environmental venture.

**Lex Greensill**



## CURRENT SITUATION

### FARMLAND

The proposed acquisition currently forms part of the farm holdings owned by Cheshire West and Chester Council. The three main holdings are Parkgate House Farm, Castle Farm and Shotwick Lodge Farm. The farms are occupied under a variety of tenancies with three local farmers.

The land and property is considered in detail within a separate Report and Valuation, carried out by Fisher German, a national firm who are regulated by The Royal Institution of Chartered Surveyors.

In general terms, the land is of reasonable quality and its management is commensurate with similar agricultural holdings of this size within the area. The built property comprises a wide range of traditional and modern farm buildings, some of which are in poor condition and in urgent need of investment.

### CHESHIRE WEST AND CHESTER COUNCIL

A Task Group was set up in 2010 to consider and report on the future of Council owned farms. In 2011, the Council approved the recommendations of this Task Group, which agreed future policy to withdraw from the provision of opportunities to farm. Specific recommendations included that:



**“The property assets be sold over a period of time to secure the maximum value with a preference for achieving sales at full vacant possession but recognising that a contribution to an effective and well managed exit strategy will potentially encompass sales to sitting tenants and third party investors.”**

## FARMERS IN THE UNITED KINGDOM ARE IN A PRECARIOUS SITUATION AT PRESENT. AGRICULTURE IS CURRENTLY FACING MAJOR CHALLENGES TO ITS OPERATION:

### CLIMATE CHANGE

In 2019 the British Government declared an environment and climate emergency. Commitments have been made to reduce the amount of carbon produced across the UK. This will have a direct impact on industries that produce carbon, with particular attention paid to agriculture. Livestock farming has been identified as a major contributor of greenhouse gas emissions. This has added to the meat free debate and may put pressure on the viability of smaller livestock units.

### DETERIORATION OF WILDLIFE

The State of Nature 2019 report identified that 15% of 8,431 UK wildlife species assessed have been classified with the threat of extinction. This worrying decline in wildlife flora and fauna has now been recognised and modern agricultural practices have been identified as one of the major causes.

### NET ZERO

The British Government has committed to reduce all greenhouse gas emissions to net zero by 2050. This will require a massive reduction in production of damaging gases, but also an increase in the sequestration of carbon within the land around us.

### BREXIT

The current EU subsidy support system plays an important part in most agricultural businesses. How UK farms will cope with the separated markets after Brexit is not clear.

The recently launched Agriculture Bill sets out the new way farmers and land managers will be rewarded for improvements to “public goods”, which may be hard to balance with traditional farming practices. These include biodiversity, public access and both air and water quality.

Former Environment Secretary Theresa Villiers commented: **“Our landmark Agriculture Bill will transform British farming”**

**“TAKING THESE MATTERS INTO ACCOUNT, SMALL FARMS IN THE UK WILL HAVE TO ADAPT TO SURVIVE FUTURE ENVIRONMENTAL AND ECONOMIC CHANGES. MANY COMMENTATORS FEAR THAT INEFFICIENT OR SMALLER BUSINESSES WILL SIMPLY NOT BE ABLE TO CONTINUE WITHIN THESE CHANGING CIRCUMSTANCES”**

## THE SHOTWICK PARK PROJECT

The Shotwick Park Project is an ambitious and imaginative idea to create a thriving environment of wildlife habitats and natural features within the old Shotwick Park Estate. This will be achieved by enacting a programme of restoration to specific features such as ancient hedgerows and watercourses.

Land management practices will be implemented to restore soil quality and improve carbon sequestration. New broadleaf woodlands will be planted, and traditional meadows will be created containing a botanically complex mix of wild flowers and native grasses.

The project has been designed with the benefit of the local community in mind. The layout of new features and establishment of forage plants will follow access routes, and a community orchard will be planted. An all-abilities path will also be installed to enable proper access for people of all capabilities and ages.

**“The project will increase carbon storage capacity through tree planting and improved land management practices. This will directly assist the Council in its efforts to combat climate change.”**



This plan shows possible land management interventions and environmental opportunities that could be realised if this proposal is agreed.

A particular effort will be made to improve the capacity of the land to store carbon. This will be achieved through the planting of trees and improved soil management practices.

The establishment of a tree nursery is also planned. This will propagate nursery stock with local provenance, which other likeminded projects could utilize, in the growing struggle to combat the effects of climate change.

The project will support partnerships with educational institutions in order to further our understanding of the climate emergency and to educate local communities and children about the environment around them.

Following purchase, a comprehensive programme of restoration and improvement will be implemented. The programme will be made up of works and projects divided between the four themes of:

- ✓ **NATURAL ENVIRONMENT AND WILDLIFE**
- ✓ **COMMUNITY AND SOCIAL BENEFIT**
- ✓ **LAND MANAGEMENT IN A CHANGING CLIMATE**
- ✓ **ACCESS AND EDUCATION**



## NATURAL ENVIRONMENT AND WILDLIFE

An opportunity to create a habitat mosaic, which can restore a more naturally functioning ecosystem to Shotwick Park.

**DEVELOP** existing key habitats: hedgerows, field margins, mixed native woodland and parkland. Woodland creation will comprise of over 100,000 new trees.

**RESTORE** and **IMPROVE** the ecosystem services provided through features such as ponds, watercourses and low-lying meadows.

**ESTABLISH** grasslands rich in flowers and herbs, providing wildlife corridors and super-highways for pollinating insects.

Fences will be removed and traditional boundary hedgerows restored.

## COMMUNITY AND SOCIAL BENEFIT

Landscape benefits will be significantly enhanced with the visual impact of wild-flower meadows and woodland creation, whilst protecting iconic viewpoints of the Welsh Hills.

**CREATE** a community orchard leading to an edible ecosystem pathway.

**INCREASE** employment opportunities through environmental, educational and agricultural enterprises.

**RESTORE** more natural function to our countryside, allowing our flora and fauna to flourish.

## LAND MANAGEMENT IN A CHANGING CLIMATE

Creating new woodlands not only absorbs carbon, but also improves biodiversity and can connect fragmented habitats.

**IMPROVE** soil health by creating a stable structure, building levels of organic matter and reducing both erosion and compaction.

**PLANT** native woodland with the tree mix carefully considered, accounting for both habitat provision and the ability to mitigate climate change.

**RESEARCH** climate change mitigation via the delivery, valuation and financing of carbon sequestration.

## ACCESS AND EDUCATION

An opportunity to encourage more members of our local community to enjoy the recreational, health and wellbeing benefits derived from the natural environment.

**ENHANCE** access by maintaining the network of public rights of way and creating an all-ability path to benefit all members of the community.

**PROVIDE** infrastructure for an increase in visitor numbers, by considering the requirements for signage, car parking and accessible toilets.

**ESTABLISH** educational opportunities for all members of our community from toddler groups to academic institutions. The project will provide weekend conservation and outdoor education classes for local children.

**THE PROPOSED PLANTINGS WILL ESTABLISH MORE THAN 100,000 TREES WITHIN SHOTWICK PARK.**

**“THE SHOTWICK PARK PROJECT  
CLEARLY OFFERS ADVANTAGES  
FOR COLLABORATIVE WORKING  
AND OPPORTUNITIES FOR  
CHILDREN AND YOUNG PEOPLE  
TO LEARN”**

- Mr Greensill is keen that children are heavily involved with the project and can enjoy access to nature and a healthy environment.
- Provision for local forest school education will be funded through the project.
- The project will result in a net increase in employment.
- Buildings will continue to be used for agriculture or for educational purposes.

## CHESHIRE WEST AND CHESTER CONDITIONS

### INITIAL DISCUSSIONS WITH CHESHIRE WEST AND CHESTER COUNCIL IDENTIFIED THREE CONDITIONS THAT WOULD NEED TO BE SATISFIED IN ORDER TO ENABLE THE PROPOSED PURCHASE TO PROGRESS.

#### **1 The proposal must be supported by the local community, including the existing farm tenants.**

The project has been well publicised, and a full programme of community engagement carried out throughout the winter 2019/2020. Numerous informal discussions have taken place with farmers, a wide range of members of the local community, Saughall and Shotwick Park Parish Council as well as professionals and environmental groups with an interest in the proposal.

The engagement project included a public meeting held on 16th December at a packed Vernon Institute. Owing to the large number of attendees, a further meeting was held the following evening.

Meetings have been held with the three farm tenants, all of whom have given their agreement in principle to the proposal.

Support for the project has been overwhelming. The local community see the proposal as a great opportunity for all the various reasons explained previously. Attendees commented that the proposal was “a fantastic opportunity to create a legacy for the village;” was “innovative and creative” and “a no-brainer to decide whether to support!”

At the January meeting of the Saughall and Shotwick Park Parish Council, it was confirmed that there had been a positive response not only at the meeting, but also via encouraging subsequent feedback.

Saughall and Shotwick Park Parish Council have commented: “At these very well attended meetings local people received an outline of the Greensill proposals and showed enormous enthusiasm for them to come to fruition. There was a very positive response and no negative comments were received at all.”

#### **2 The price paid for the land must include an additional premium over and above that of the market value.**

Fisher German, a national firm of chartered surveyors have produced a Red Book valuation report of the farmland. This provides an opinion of the value of the farms, considering existing tenancies and the condition of the properties. The total value is [REDACTED] – the proposed purchase price.

In addition to the purchase price, Mr Lex Greensill will pay a premium of [REDACTED] to the Vernon Institute and to Saughall and Shotwick Park Parish Council. This sum is to be held and managed by the Parish Council for the benefit of the Parish. Projects to be invested in will be subject to approval by Mr Greensill.

### **3 The proposal must offer a social benefit to the local community.**

Cheshire West and Chester Council Plan “Helping the Borough Thrive” identified clear priorities and strategic objectives within its vision for the Borough. The Shotwick Park Project will help to achieve that vision by aligning it with several of the priorities, targets and ways of working detailed within the plan.

#### **THRIVING RESIDENTS**

The project will provide access to, and education about, the area, especially for children and for older and more vulnerable members of the community.

#### **THRIVING ECONOMY**

The project will create jobs and provide a great place to do business.

#### **THRIVING COMMUNITIES**

The project will improve the management of resources and will directly reflect priorities of residents. The project will encourage a vibrant and healthy community, offering inclusive leisure, heritage and cultural amenities.

#### **HEALTH AND WELLBEING**

Closely related is the Cheshire West and Chester Council Health and Wellbeing Strategy, which recognised that our health and wellbeing is “fundamentally affected by conditions outside of the healthcare setting, including the social, economic and environmental conditions in which we work, live and play.”

The strategy aims to improve health and wellbeing of people in the borough by working with communities to improve opportunities. The successful provision of the Shotwick Park Project will offer an improved environment, which will include better water, air and soil qualities, which impact on our immediate health.

The project will also enable better access to the area via its existing rights of way network, but also through the creation of a new all-ability path. This will enable access for older and more vulnerable members of the community. Physical leisure and access to a natural sanctuary will offer great benefits for health and wellbeing to all members of the community.

#### **PLAY YOUR PART**

Cheshire West and Chester Council ran its Play your Part engagement exercise at the end of last year. The purpose of the consultation was to gather views but also to encourage communities and other groups to work with the Council to address the current challenges of several topics including climate change, local economic growth and support for children and young people.

The Play your Part exercise put emphasis on the climate emergency and identified the need for local efforts to be made to support the work of governments and international bodies. The Shotwick Park Project clearly offers advantages for collaborative working and opportunities for children and young people to learn. However, it will also increase the carbon storage capacity of the farmland through its tree planting and improved land management practices. This will directly assist the Council in its efforts to combat climate change. The Shotwick Park Project will help to offer solutions for a wide range of social challenges.

The environmental and community aspects of the scheme will directly respond to several policy targets that Cheshire West and Chester are attempting to achieve.



## CONCLUSION

We currently face major challenges at local and international levels. Climate change is now regarded as an emergency and has been declared so by UK Government as well as by Cheshire West and Chester Council, who have noted that “Climate Change presents a threat to our way of life” and that they “must play a part by evidencing leadership on this issue.”

At the same time, British Agriculture faces huge threats. Changing attitudes towards food production and the protection of the natural environment and of our wildlife, will alter the ability of many farmers to continue in their current ways of working. The requirement to protect our soil, air and water is a communal issue, which will require action from society at large.

There are various community issues within our local authority. These include the provision of safe and healthy access to leisure and exercise; accessible education regarding the world about us; care of the elderly and more vulnerable members of our communities. There is no question that these challenges traverse a wide range of differing issues and affect many people.

The Shotwick Park Project is imaginative, ambitious and offers huge benefits for a wide range of people. The project will provide a local example of improved land management

**“OUR VISION IS TO CREATE A NATURAL SANCTUARY FOR SHOTWICK PARK TO ADDRESS THE GROWING THREATS OF WILDLIFE DECLINE AND CLIMATE CHANGE. THE PROJECT WILL OFFER A WIDE RANGE OF COMMUNITY BENEFITS INCLUDING ACCESS, EDUCATION AND A PLACE OF RESEARCH — A LOCAL SCHEME FOR A GLOBAL ISSUE”**

interventions, which will: increase the amount of stored carbon; improve numerous habitats for flora and fauna, which are currently facing huge pressures; provide safe and improved access to the countryside; create an all-abilities access route for those who currently find access difficult; offer a place for educational institutions to research and study climate change; provide employment; provide full time teachers for the area.

Cheshire West and Chester have various policy targets and objectives. The successful initiation of this project will directly provide solutions to help achieve these targets. This is a once in a generation opportunity to enable a capable sponsor to create a venture that will offer numerous benefits. Every effort should be made to ensure that this unique opportunity is accomplished. We are positive that the wide ranging benefits of the project will be recognised and will receive full council support.

**CWAC TASK FORCE RECOMMENDATION —  
“THE PROPERTY ASSETS BE SOLD OVER A  
PERIOD OF TIME TO SECURE THE MAXIMUM  
VALUE WITH A PREFERENCE FOR ACHIEVING  
SALES AT FULL VACANT POSSESSION BUT  
RECOGNISING THAT A CONTRIBUTION TO  
AN EFFECTIVE AND WELL MANAGED EXIT  
STRATEGY WILL POTENTIALLY ENCOMPASS  
SALES TO SITTING TENANTS AND THIRD  
PARTY INVESTORS.”**



## SUPPORT

**IT IS GREAT TO SEE THAT PEOPLE ARE AT THE HEART OF THE SCHEME WHICH WILL BE OF LOCAL BIODIVERSITY BENEFIT AND SHOULD PROVIDE A MODEL FOR FUTURE PROJECTS IN OTHER AREAS, WHERE THE ECOSYSTEM SERVICES BENEFITS ARE MAXIMISED. I WOULD LIKE TO ADD MY SUPPORT ON BEHALF OF THE RSPB.**

**Jeremy Sutton, Senior Conservation Officer, NW England, RSPB**



I was delighted to hear about this new project at Shotwick Park. It's fantastic that this initiative is looking to convert 500 acres of farmland into a diverse, species-rich oasis. This is the way forward if we are to conserve our amazing wildlife for future generations

**Iolo Williams, Springwatch Presenter, BBC Television.**

I think the project is good because I love playing there and we can plant lots of trees to help climate change and then we could introduce more wildlife.

**Esther Fennel, Year 4 Student, Saughall All Saints Primary School.**

I praise the ambition and scope of this project, with its clear benefits for the area's community and wildlife. Crucially, this project will become an essential tool in tackling the effects and sources of climate change, by encouraging healthy, natural systems – such as the proposed wetlands – to store carbon, prevent flooding, and clean our air and water.

**Dr Christian Dunn, Wetland scientist and senior lecturer, Bangor University.**



**CHESHIRE WILDLIFE TRUST IS FULLY SUPPORTIVE OF THE SHOTWICK PARK PROJECT. AT A TIME WHEN NATURE IS IN CRISIS ACROSS THE UK, THIS IS THE KIND OF BOLD VENTURE WE NEED TO HELP BRING ABOUT ITS RECOVERY**

**Martin Varley, Director of Operations, Cheshire Wildlife Trust.**

## SUPPORT

I WOULD LIKE TO GIVE MY SUPPORT TO THE OUTLINED SCHEME WHICH ENTAILS THE RECREATION OF NUTRIENT-POOR MESOTROPHIC GRASSLANDS. THE RECREATION OF THIS NATIONALLY RARE HABITAT WOULD NOT ONLY PROVIDE NET BIODIVERSITY GAINS BUT WOULD ALSO PROVIDE OPPORTUNITIES TO REINTRODUCE EXCEPTIONALLY RARE PLANTS TO THE AREA, INCLUDING GREEN-WINGED ORCHID (ANACAMPTIS MORIO) CURRENTLY EXTINCT IN CHESHIRE AND THE RED-LISTED DYER'S GREENWEED (GENISTA TINCTORIA).

**Joshua Styles, Project Coordinator, North-West Rare Plants Initiative.**

The vision and aims of the Shotwick Park Project are to be applauded. In my personal experience, such schemes can make a significant local contribution to Natural Capital and can provide numerous social and community benefits to the wider area. In work we recently completed for the Environment Agency, we identified that the delivery of a scheme of similar scale and ambition in the East Midlands would provide an environmental economic premium of over £2M in local benefits and public goods.

**Matt Clegg, CEnv, CSci. Environment Director, Black & Veatch Ltd (Chester).**

The Proposal for Shotwick Park, to encourage biodiversity and carbon sequestration, clearly addresses the pressing problems of endangered wildlife and climate change. Moreover, it will enable the local community to rekindle a connection to the outdoors, an integral part of our health and wellbeing which many, do not currently experience.

**Cerys Jones, Year 13, Bishops' Blue Coat High School, Chester.**



The aim of the Wirral Barn Owl Trust is to encourage a viable population of breeding wild barn owls in our area north of Chester. We strongly welcome the Shotwick Park Estate Project, which will increase the natural habitat of rough grassland, and protect suitable mature trees as nesting sites.

**Helen Holyoak, Wirral Barn Owl Trust Trustee.**

The Shotwick Park Project will be a valuable addition to the countryside, protecting some of CWaC's most at risk environments whilst also providing areas that the local community will be able to access for the good of their mental and physical wellbeing.

**Neil McMahon, Senior Project Officer, The Conservation Volunteers.**

THE  SHOTWICK  
PARK  
PROJECT

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# Cheshire West and Chester

## Report to Cabinet

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Director of Economy and Housing
<b>Cabinet Member:</b>	Councillor Karen Shore, Cabinet Member for Environment, Highways and Strategic Transport
<b>Title:</b>	Department for Transport Rural Mobility Fund Bid Application

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**Is this a Key Decision\*?** **Yes**

\*One that affects finances over £1m or significantly affects two or more wards  
If this is a key decision, then the item must be on the current forward plan of key decisions.

### 1 What is the report about?

- 1.1 The purpose of this report is to seek approval to submit a formal bid for funding of up to £1,075,000 to the Department for Transport Rural Mobility Fund.
- 1.2 The report sets out the reasons for the recommendation that Cabinet approve the bid for funding.
- 1.3 The report summarises the background and main objectives of the Rural Mobility Fund, how the Council came to be invited to make a formal application to the Rural Mobility Fund and, if the bid is successful, how the funding will be utilised by the Council.

### 2 Recommendation

Cabinet is asked to:

- (i) Note the content of this report and the intended outcomes if the funding bid is successful;
- (ii) Approve the submission of a bid for up to £1,075,000 from the Department for Transport Rural Mobility Fund;
- (iii) Approve acceptance of grant funding subject to legal advice on offered grant terms and conditions in accordance with F4 of the Finance and Contract Procedure Rules if the bid is successful;
- (iv) Approve expenditure of grant funding in delivery of the project;

- (v) To delegate to the Director of Economy and Housing and the Director of Governance in consultation with the Director of Finance to enter into all necessary grant agreements and contracts to deliver the programme; and
- (vi) The Director of Economy and Housing will provide regular reports to the Cabinet Member for Environment, Highways and Strategic Transport on the key outcomes and achievements to ensure affordability and ongoing relevance to corporate objectives in accordance with G4.3 of the Finance and Contract Procedure Rules.

### **3 Reasons for the Recommendation**

- 3.1 Submission of a bid to the Rural Mobility Fund is an important opportunity to introduce innovative public transport services, which supports a number of themes of the ongoing Scrutiny Bus Review Task Group. The funding will also support post-Covid-19 economic recovery, encourage social inclusion, increase connectivity in rural areas and provide scope for wider access to rail services.
- 3.2 The trial scheme provided by the initiative will be monitored and evaluated, providing an important insight on the feasibility of demand-responsive transport services elsewhere in the borough.

### **4 Report Details**

- 4.1 The Council has been notified that it has been successful in the first stage of the Rural Mobility Fund process and has received an invitation from the Department for Transport to make a formal business case submission in the second stage of the process. If successful in securing a share of the national £20m initiative, the funding will primarily be used for an innovative pilot of a demand responsive public transport service. The first stage submission from Cheshire West and Chester Council is one of 17 (out of 56) selected nationally to apply for an allocation of the Rural Mobility Fund.
- 4.2 The main objectives of the Rural Mobility Fund are:
  - To improve understanding of whether demand responsive public transport can fill a gap in current public transport provision, or work with existing fixed route bus services to create an improved public transport package in rural and/or suburban areas.
  - To better understand the specific barriers unique to demand responsive public transport and any potential solutions that may establish it as a viable and sustainable alternative.
- 4.3 Demand responsive public transport has the potential to transform the local transport offer in areas where demand is more dispersed and the distances involved make it more challenging to maintain or provide services which meet residents' varying needs, or in mixed used or residential areas at the outer fringe of urban areas where links to existing transport hubs are often less developed.



- 4.4 The Rural Mobility Fund bid builds upon a strong and ambitious expression of interest submitted by Cheshire West and Chester Council. The expression of interest recognised that the potential funding available would not enable the proposed demand responsive transport service to be trialled across the whole borough. It is therefore based on the under-served connectivity needs of a geographical area representing a strong cross-section of issues and opportunities, and one that meets the specific eligibility criteria set out by the Department for Transport.
- 4.5 The area for the initial trial is based on the communities of Helsby, Frodsham and the surrounding rural communities bounded by (and including) Kingsley, Crowton, Acton Bridge, Norley, Flaxmere, Commonside, Delamere, Manley, Mouldsworth, Alvanley, Hapsford, Ince and Elton. The trial includes links to the surrounding urban areas of Ellesmere Port, Chester, Runcorn, Warrington and beyond. Details of the trial area may be varied based upon funding availability, future engagement with communities and stakeholders. The initial trial area for the demand-responsive transport service has a population of approximately 27,000 (per the 2011 Census).
- 4.6 As opposed to being purely demand-responsive, the proposed service will feature specific journeys that passengers will pre-book on to. An important characteristic of this "crowd driven" approach is to provide journeys that meet realistic needs and can therefore be expected to be used. The objective is to concentrate more passengers and revenue on each vehicle trip to help make the service sustainable. Ward members will make important contributions to the design of these journeys through their extensive knowledge of local needs. This engagement will subsequently be maintained and built upon to monitor and adapt the service during the trial period.
- This will be aligned to social distancing impacts of the current pandemic. In the future, scope to consider feasibility of fares that reduce if more people travel will be considered, working towards greater "crowd funding" of a sustainable model - a "live network" bringing together day to day needs to increase service efficiencies.
- 4.7 An innovative electronic platform such as a mobile application / website (and non-electronic alternatives) will receive journey requests, allocate passenger journeys to vehicles, provide real time tracking and give some performance management data. Further work will evaluate each of these processes to assess the most cost-effective way forward. Journeys that could reasonably be made by a timetabled bus (or train) service will not be duplicated.
- 4.8 Engagement will assess the feasibility of introducing a wheel-chair accessible car to enhance the community car scheme, particularly for people with limited mobility and who may need help at their destination.
- 4.9 The proposal includes provision of staff time to have a "local champion" to meet and support local members / people / groups to take up use of this service. For many, it involves behavioural change in terms of confidence building to take up new opportunities as well as adapting to a new form of public transport. Cost provision will include electric vehicle charging infrastructure, to help incentivise use of such vehicles in this trial.

## **5 How does the decision contribute to the Council's Plan?**

5.1 The proposals set out in this report have positive direct impacts on a number of Council Plan priorities. In particular:

- A well connected and accessible borough;
- A great place to do business; and
- Tackling the Climate Emergency

## **6 How does the decision contribute to Closer Working with Partners?**

6.1 If funding is secured, service proposals will be developed through collaborative working with key stakeholders including those representing communities, public health and transport providers to ensure that services are driven by an understanding of needs and opportunities and that the community and partners are fully involved in the trial project to maximise its impact and success.

## **7 What will it cost?**

7.1 The funding bid is for £1,075,000 for a three-year trial period, based upon information provided within the Rural Mobility Fund expression of interest submitted by Cheshire West and Chester Council. This bid is not conditional upon the Council providing any new funding.

7.2 The Department for Transport approved making an additional payment of £5,000 to support preparation of the funding bid. A specialist consultant was appointed for this purpose at a total cost of £6,600, with the balance contained within service budget.

## **8 What are the legal aspects?**

8.1 Bidding for and accepting grants with a total value in excess of £500k requires Cabinet approval in accordance with F3 of the Finance and Contract Procedure Rules.

8.2 Detailed terms and conditions attached to the funding grant must be reviewed from a legal and financial perspective prior to final acceptance of any funding offer to assess the risk to the Council including grant clawback, reporting requirements and UK subsidy control regime implications.

8.3 Legal and Financial advice will be sought on any project delivery plans to ensure that necessary resources are secured to manage the project in accordance with the grant terms and conditions including financial management, grant compliance, reporting, mirroring terms with partners, entering into any partnership agreements and managing risk through adequate grant compliance monitoring.

8.4 Capital spend to deliver the project will be in accordance with the Public Contract Regulations 2015. Legal advice will be sought on appropriate procurement routes and contractual terms.

8.5 Any partnership agreements required to deliver the programme will be in writing in accordance with G.2 of the Finance and Contract Procedure Rules and advice will be sought from legal services.

## **9 What risks are there and how can they be reduced?**

9.1 There is a risk that the Rural Mobility Fund submission will be unsuccessful. This is mitigated by the submission being closely aligned to the assessment criteria to be used by the Department for Transport.

9.2 If the submission is successful, there are risks of the trial service not being used. This risk is reduced by the role of a "local champion", as described within paragraph 4.9 and of the "crowd driven" approach to only provide journeys that meet realistic needs and can therefore be expected to be used.

## **10 What is the impact of the decision on Health Inequalities and Equality and Diversity issues?**

10.1 The trial service proposals relate positively to all of these issues, as securing the funding would help investment in demand led services that enable inclusive and active lifestyles, improve access for all to opportunities and services as well as supporting a modal-shift from reliance upon private car travel.

## **11 What are the implications of the decision on Climate Change?**

11.1 The funding bid proposals relate positively to the Climate Change declaration as the resulting actions would help secure investment in improved public transport services, use of vehicles meeting current emission standards, encourage use of zero emission vehicles and support a modal-shift from private car travel.

## **12 Are there any other options?**

12.1 Yes. Cabinet could decide not to approve a formal bid for funding of up to £1,075,000 to the Department for Transport Rural Mobility Fund. Following success of the expression of interest submitted by Cheshire West and Chester Council, withdrawal from phase two of the Rural Mobility Fund would remove the opportunities identified by this initiative and no alternative sources of funding have been identified.

### **For further information:**

**Cabinet Member:** Councillor Karen Shore, Deputy Leader and Cabinet Member for Environment, Highways & Strategic Transport

**Officer:** Sean Traynor, Senior Manager – Highways and Transport

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**Background Documents:** None

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## Cheshire West and Chester

### Report to Cabinet - Part A

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<b>Date of Meeting:</b>	10 February 2021
<b>Report of:</b>	Maria Byrne, Director of Environment & Communities
<b>Cabinet Member:</b>	Councillor Karen Shore, Deputy Leader of the Council
<b>Title:</b>	Review of Highways Delivery Model

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**Is this a Key Decision\*?** **Yes**

\*One that affects finances over £1m or significantly affects two or more wards. If this is a key decision, then the item must be on the current forward plan of key decisions.

#### 1. What is the report about?

- 1.1. The Council's highways term-maintenance contract, with Ringway Infrastructure Services Limited (RIS), expires on 5 October 2022. It is therefore necessary for the Council to put in place new arrangements, which would begin at the end of the current term contract. This report presents the findings of a review of the model options for future highways service delivery and recommends a preferred option for decision by Cabinet.
- 1.2. It should be read in conjunction with Part B of the Cabinet agenda, which contains further related information that is not to be published on commercially sensitive grounds.

#### 2. Recommendations

Noting:

- (a) the contents of the Report (comprising Part A and Part B, and any documents referred to therein); and
- (b) the outcomes from the Council's formal engagement with the public, members, staff, suppliers and other local authorities,

that Cabinet:

- (i) agree the preferred service delivery model, being a Technical Partner Term Maintenance Contract Hybrid model (to support in-house functions), and effective from 6 October 2022;
- (ii) agree the transfer of the gardening operations (primarily grass cutting) from the existing RIS contract to Streetcare from the 1st of April 2021;
- (iii) delegates authority to the Deputy Chief Executive (Communities, Environment & Economy) in consultation with the Director of Finance, the Director of

Governance, Cabinet Member for Environment, Highways and Strategic Transport and Cabinet Member for Legal and Finance to:

- agree the new future model implementation and mobilisation plan;
- agree the procurement route, commence the procurement process and award the contract to the successful technical partner bidder;
- agree the terms of the maintenance contract to be entered into with the preferred supplier, and finalise any other necessary documentation as required.

(iv) delegates to the Director of Governance authority to conclude all necessary legal documentation to implement the decision.

### **3. Reasons for the recommendations**

- 3.1. To ensure that the Council can maintain continuity for delivery of its statutory function as a Highway Authority.
- 3.2. To ensure that the Council has in place a Highways Service that allows the Council to have greater influence over the prioritisation and performance of outcomes
- 3.3. To ensure communities receive affordable and efficient highway services that provide best value to the Council and minimises future risks.
- 3.4. To enable the Council, where appropriate, to positively address the consultation responses received from communities, highways service staff, members and the service providers/supply chain via the new delivery model.
- 3.5. To maximise opportunities for Social Value and positive contributions to the Council's Climate Emergency Action Plan.
- 3.6. To minimise disruption and provide business continuity by ensuring that a Cabinet decision is made in sufficient time for effective delivery of the new Highways Service model from 6 October 2022.

### **4. Report details**

#### **Current Situation**

- 4.1. The Council, in its role as the local Highway Authority, has a statutory duty under the Highways Act 1980 relating to highways maintainable at public expense. The Council maintains approximately 2,300 kilometres of public highway together with a significant array of associated assets.
- 4.2. In October 2012, Cheshire West and Chester Borough Council entered into a Highways Term Maintenance Contract with Ringway Infrastructure Services Limited to carry out maintenance operations on the highways network. This contract was let for an initial term of 6 years with options (latterly) to extend for up to 4 years. The final extension was agreed in July 2020 and will expire on 5 October 2022.
- 4.3. The Council delivers all of its highway maintenance and improvement activities (not exceeding an individual work package value of £150k) via the contract. It is one of

the largest contracts procured by the Council, having an annual value of around £19m to £20m. Highways maintenance and improvement funding is primarily received through central government capital block annual settlements (Capital Maintenance Block and Integrated Transport Block), together with Council's own revenue and capital allocations.

- 4.4. Under the current contractual arrangements, the Council retains a strong client role; whereby all work undertaken by Ringway Infrastructure Services through the contract is designed, ordered, managed and paid for by the Council. Currently, the Council and Ringway are working collaboratively to achieve successful outcomes.
- 4.5. The current contract delivers an integrated maintenance and improvement service for highways, including capital and revenue footway and carriageway works, drainage, bridge works, delivery of the winter service, street lighting, traffic signals, grounds maintenance for high speed roads and maintenance of vehicles and equipment. The contract also has the facility to be flexible allowing for change, with potential for the addition of further service areas.
- 4.6. Since contract commencement, operational performance has remained stable. Current performance credit points exceed the benchmark that was jointly agreed by the Council and Ringway Infrastructure Services Limited in 2017 when the contract was extended for two years until 5 October 2020. During the first two monitoring periods in 2020/21, 55 performance credit points have been achieved on average against the benchmark of 44.
- 4.7. The National Highways and Transport Public Satisfaction Survey collects the public's views on different aspects of highway and transport delivery in local authority areas. It asks the public to rate how important they regard key aspects and how satisfied they are with each one. In 2020, the Cheshire West public placed most importance on 'The condition of roads' and were least satisfied with this aspect at 33%. 'Speed of repair to damaged roads' also received the lowest satisfaction score at 29%. Of the 23 key highway maintenance benchmark indicators, 20 are below the national average by at least 3% and the overall satisfaction level is now 4% lower than the national average.
- 4.8. The current service provider is performing well against the requirements and conditions of contract (as mentioned in section 4.6 above); however, the National Highways and Transport Public Satisfaction Survey results for 2020 is a key consideration in the highways model review. These results endorse the feedback received from the public, elected members, staff and stakeholders in response to the engagement activity undertaken during the Summer of 2020, as set out in paragraphs 4.20 to 4.31 below.
- 4.9. As the Council's existing highways term maintenance contract with Ringway Infrastructure Services Limited draws to a close, there has been the opportunity to holistically review the highways delivery model in order to provide a future service that affordable, provides value for money and secures the required outcomes for residents, communities and businesses.

## **Future Highways Delivery Model**

- 4.10. It is recognised that the highways market has evolved over the last decade, with aspects such as technology innovation, environmental and social value considerations, continued public sector restrictions on finance, increased customer expectations and increased focus on improved asset management from the Department for Transport. The prioritisation, selection and investment decisions are a constant challenge for the Highways Service in terms of local justification and therefore a simple but well managed delivery model, with good systems and processes is essential to optimise limited funding and manage the demand pressures.
- 4.11. Future delivery of the Highways Service needs to identify and consider how strategic objectives can be accommodated within the service outcomes, in order to meet the changing market and react positively to the financial pressures affecting the service, but ultimately deliver services as efficiently and effectively as possible. There are several key strategic drivers such as increasing demand, deteriorating assets, funding challenges, etc. that will continue and others that are forecast to emerge in the future, all of which will influence future delivery of the service.
- 4.12. The vision for the Council's Highways Service is aligned to the Council Plan "Play Your Part" especially making our neighbourhood even a better place to call home. In understanding what the future requirements are, it is important to align the Highways Service to the current corporate objectives of the Council as referenced below:
- Tackling the climate emergency by reducing CO2 emissions, moving to low emissions fleet, sustainable and active travel, reuse and recycling, reducing congestion and contributing to the national clear air strategy
  - Securing social value by helping to realise the benefits of apprenticeship funding, career progression for staff, transition into employment, supporting local businesses and encouraging good jobs with fair wages. These will help to positively contribute to the Council objectives for:
    - Growing our local economy and deliver good jobs with fair wages for our residents;
    - Supporting children and young people to make the best start in life and achieve their full potential; and
    - Enabling more adults to live longer, healthier and happier lives
  - Becoming an efficient and an empowering Council by embedding innovation and technology including digital technology, process automation, data and intelligence, customer interface and asset management
  - Delivering a value for money service through direct undertaking of works, use of competitive local supply chains or cost sharing where possible, ensuring transparency and accountability, benchmarking and learning from best practice
- 4.13. A holistic strategic review of the Highways Service has been undertaken to ensure that these priorities are met, taking into consideration the Council's and public's local needs, as well as constraints such as budgets and national policy.



## **Options Appraisal Approach**

- 4.14. To promote transparency and ensure a high level of inclusivity, stakeholders, public, residents, members, staff, other local authorities and suppliers were engaged throughout the process (see section 4.20 to 4.31 for a summary of feedback received and a Detailed Consultation Report is provided at Appendix 1).
- 4.15. An options appraisal process was also conducted by a group of multi-disciplinary Council officers, supported by an external advisor. Objective appraisal criteria were developed, which assessed both the qualitative and financial aspects of each of the service delivery options. The criteria were then used to assess each option, and ultimately to determine the recommended delivery model for the Highways Service.
- 4.16. The review utilised the Highways Maintenance Efficiency Programme (HMEP) methodology. The HMEP is a toolkit that was designed to support Local Highway Authorities on their journey to transform highways services and has since been applied extensively across the industry nationally. It is used to provide a strategic, consistent, fair structure to the development and assessment of options to meet the outcomes of highway services. The methodology and the review approach adopted was presented to the Communities & Environment Scrutiny Committee on 25 January 2021, with positive outcomes in response. The stages of the review have considered:
- Scope of the review
  - Long list of options and assessment
  - Public consultation
  - Member engagement
  - Engagement with other Local Authorities
  - Market engagement
  - Shortlist of options and assessment
  - Recommended option

## **Scope of the Review**

- 4.17. The recommended option will determine the overall scope for future delivery. Table 1.0 below demonstrates the current arrangement and thus the review scope:

<b>Council</b>	<b>Ringway Infrastructure Services Limited</b>	<b>Other Contracts</b>
<ul style="list-style-type: none"><li>• 97 FTE's</li><li>• 3 depots (Guilden Sutton / Phoenix House / Davenham)</li><li>• £4.17m annual revenue costs</li><li>• Asset management</li><li>• Network management</li><li>• Highway maintenance and improvement schemes,</li><li>• Flood risk management</li><li>• Road safety</li><li>• Customer interface (general public and elected members)</li></ul>	<ul style="list-style-type: none"><li>• Circa 122 FTE's</li><li>• £20m annual capital / revenue delivery</li><li>• Reactive maintenance</li><li>• Planned maintenance and improvements</li><li>• Winter maintenance</li><li>• Street lighting maintenance</li><li>• Traffic signal maintenance</li><li>• Bridge and structure maintenance</li><li>• Gully and drainage cleansing</li></ul>	<ul style="list-style-type: none"><li>• Supply of winter gritting materials (salt)</li><li>• Weather forecasts and weather station data</li><li>• Asset condition surveys</li></ul>

<ul style="list-style-type: none"> <li>• Procurement and management of the contract and other third-party contracts</li> <li>• Claims management</li> <li>• Highway statutory records</li> <li>• Public rights of way management</li> <li>• Fleet management</li> </ul>	<ul style="list-style-type: none"> <li>• Cyclical maintenance</li> <li>• Schemes to a value of £150k plus options to deliver larger schemes at the Council's discretion.</li> <li>• Fleet maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Professional services for highways</li> </ul>
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Table 1: scope of the review

### Long list of options and assessment

- 4.18. Utilising the HMEP toolkit, a long list of options was identified (see Table 2.0 below) to enable an assessment of a variety of delivery options against the strategic fit criteria aligned to the Council's priorities. For clarity the Technical Partner (TMC) reflects the current arrangement.

<b>Technical Partner (Integrated)</b>	Most services transferred to a private sector partner via a single contract. Council retain reduced client functions to manage the contract.
<b>Technical Partner (TMC)</b>	Similar to above but Council retains a wider range of functions.
<b>Technical Partner (Hybrid)</b>	Similar to above but Council retains a wider range of functions. A Technical Partner Term Maintenance Contract to support the in-house functions (Hybrid model)
<b>Joint Venture (JV)</b>	This model exhibits attributes of an incorporated JV. Council and private sector form a legal JV company which then enters into contract with the Council. Usually a very small client function retained by the Council.
<b>Council Company</b>	Wholly owned Local Authority company. Can provide services for public bodies, and provided criteria met, exempt from EU procurement regulations.
<b>In-House + Technical Partner</b>	Allows for simple top-up arrangements to fill gaps in the client team and procures other elements of the service with external organisations via single or multiple providers.
<b>In House</b>	Internal provision of the highway services by the Council and staff remaining within the employment of the Council.
<b>Private Finance</b>	Model may not be available. Model is long in duration and passes asset and service responsibility to the Service Provider.
<b>Framework</b>	Assumes more than one provider with similar skill set to allow mini competitions to be held for the appointment against work packages. The Council enters into a series of framework contracts for the provision of services.
<b>Multiple Provider</b>	Council procures individual services from different providers. Council retains a team to manage the contract and strategy.

Table 2.0: Description of the longlist of options

- 4.19. A working group of officers, and the external advisor, carried out an initial assessment of the delivery models against the strategic criteria. A SWOT analysis and strategic fit assessment (aligned to the Council Plan) was undertaken to determine a shortlist for more detailed analysis. This was tested out and approved by the various internal governance groups including; the Programme Board, Commissioning Board, DMT, CLT and Places Scrutiny Committee.

- 4.20. The outcome of the long list options assessment shortlisted five potential models, which were further subject to a more detailed evaluation and analysis. These are:
- Technical Partner (Integrated/TMC/Hybrid)
  - Joint Venture
  - Council Company
  - In-House + Technical Partner
  - In House

**Member Engagement**

- 4.21. As part of the public consultation exercise, online interactive Members Q & A sessions were held in August 2020 with the purpose being to:
- a) provide a high-level progress update of the highways programme;
  - b) provide an opportunity to capture feedback; and
  - c) enable members to seek clarification or to raise any queries/questions in relation to the public consultation document and provide an opportunity to give views about the consultation themes.
- 4.21. Eleven sessions were successfully held with 25 members. Table 3.0 below provides a summary of the views expressed.

<b>General / Service Specification</b>	<b>Future Model Requirements</b>
<ul style="list-style-type: none"> <li>• Understanding the difference between the Council and Highways England remits</li> <li>• Distinction of functions between highways and streetcare especially “gardening”</li> <li>• Footpath maintenance and considerations for minor road resurfacing</li> <li>• Quality assurance of work to reduce repeat faults / unsatisfactory work</li> <li>• Visibility of all future works programmes</li> <li>• Visibility of assets inventory and conditions data</li> <li>• Proactive approach to weed growth management to improve access including disability access</li> </ul>	<ul style="list-style-type: none"> <li>• IT systems to link request from the customer directly to the service provider, with communication back as to when works are programmed and completed</li> <li>• Green fleet to be included in the future model</li> <li>• Efficiency savings and innovation to be ensured in the model analysis</li> <li>• New model affordability assessment to be completed</li> <li>• Carbon cost of materials (temporary/permanent repairs)</li> <li>• Grouping of work together on same road even if some work doesn’t meet the code of practise criteria (protect organisational reputation)</li> <li>• Partnership working with other Council’s</li> <li>• Increase control and accountability in the new model (separate community interest company owned by the Council)</li> <li>• Comfortable with single provider but with better communication and visibility of all programmes</li> </ul>

*Table 3.0: Summary of members engagement feedback*

**Staff Engagement**

- 4.22. Online sessions were held with staff of the Highways Service on 27 August and 11 November 2020, with over 110 staff in attendance. The purpose of the sessions were to; raise awareness of the review, provide an update on progress made and next steps, enable staff to raise any queries/questions in relation to the public

consultation document and any other matter, and capture views to help shape the future highways delivery model.

4.23. Two main questions were asked of the staff to facilitate engagement and gather their feedback:

- 1) Based on the public and member feedback, what could the new model do differently to support service improvement?
- 2) How would staff like to be engaged during the process up to and beyond Cabinet approval?

4.24. Table 4.0 below summarise the key themes of the outputs from the staff feedback:

<b>Outputs</b>	<ul style="list-style-type: none"> <li>• Effective and efficient contract management with regular contract performance review to ensure the right level of supervision</li> <li>• IT system, data &amp; information - the right software, hardware and data availability for staff to help achieve getting it right first time</li> <li>• Joint working, integration &amp; collaboration between the Highways Service and other relevant services such as Streetcare to maximise efficiency</li> <li>• Better communication between the service provider, customers and the Council to help reduce/manage the number of contacts</li> <li>• Improved level of control by the client and more accountability to the provider</li> <li>• Supervision, quality control and assurance - the future model should ensure quality assurance is easier, more simple and easier to audit. Quality control and assurance to be part of the new specification / contract</li> <li>• Work specialisation and good Value for Money – specialist services like streetlighting, traffic signals and fleet should be undertaken by specialist provider to ensure efficiency and good value for money</li> <li>• Support and engagement with the staff on the ground to understand the issues and concerns as well as providing staff with necessary support for enablement</li> </ul>
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*Table 4.0: Summary of staff engagement feedback*

4.25. As part of the process up to and beyond production of this report, staff within the highways service would wish to be continuously engaged through:

- Weekly updates to staff;
- Regular fortnightly or monthly update via email;
- Updates from senior managers; and
- Updates at team meetings

### **Public Consultation**

4.26. An 8-week consultation ran 6 July to 30 August 2020 via the Council's online engagement tool 'Participate Now'. The approach was adapted due to the COVID-19 situation to ensure residents and other key stakeholders could take part in a safe and manageable way. Consultation was promoted via key communications channels, including press and social media releases together with other targeted methods. Views were predominantly gathered via an online survey with alternative

formats (including printable copies) available on request. Stakeholders were also able to respond via email and in writing.

4.27. Table 5.0 below provides a summary of the representations received.

<b>Respondents</b>	<ul style="list-style-type: none"> <li>• A total of 694 responses were received; 691 via the Council's online engagement tool 'Participate Now' and 3 paper consultation questionnaires</li> <li>• The majority of respondents were male (63%) and two thirds (66%) were aged 55 and over</li> </ul>
<b>Customer contact and enquiries</b>	<ul style="list-style-type: none"> <li>• Most (82%) had contacted the service 'to report a problem' in the past 12 months, the majority of whom had done so via the Council website</li> <li>• Highest satisfaction was with the ease of contacting the service, lowest satisfaction with being kept informed about the progress of their enquiry and reporting back on actions taken</li> </ul>
<b>Repairs and Road Works</b>	<ul style="list-style-type: none"> <li>• Highest levels of dissatisfaction were with both the time taken to repair and the quality of repairs to roads and pavements.</li> <li>• Mixed views about experiences of roadworks locally; satisfaction was higher with how road works are publicised than efforts to reduce delays during roadworks and the time taken to complete them</li> </ul>
<b>Highways Service Priorities and core principles</b>	<ul style="list-style-type: none"> <li>• The majority (88%) identified 'Maintaining the condition of road surfaces' in the top 5 aspects respondents felt were most important for the service to focus on</li> <li>• Most (77%) agree with the core principles identified for the Highways Service</li> </ul>
<b>Delivering the service in the future (the delivery model)</b>	<ul style="list-style-type: none"> <li>• The majority agree that the key factors identified by the Council should be used to inform how the service is provided in the future (the delivery model)</li> <li>• 'Delivering value for money' was the factor with the highest priority score (8.7/10)</li> <li>• Of those who thought that some factors should be given more weight when making decisions about the delivery model, a large majority (85%) thought 'delivering value for money' should be given the most weight</li> </ul>
<b>Letters and Emails</b>	<ul style="list-style-type: none"> <li>• 1 letter/3 emails; from a local resident, Parish Council's and West Cheshire Trades Union Council</li> <li>• Feedback reflects themes raised by other respondents during the consultation, which included: the need for improved maintenance and more considerate repair of roads and pavements, issues of accessibility for pedestrians and wheelchair users, including parked cars impeding access, poor conditions of pavements, inconsiderate and dangerous parking, the need for improved communications with Parish Council's, concerns for pedestrian safety (busy roads), the need for improved maintenance of overgrown vegetation and drainage.</li> </ul>

*Table 5.0: Summary of Public consultation feedback*

### **Engagement with other Local Authorities**

4.28. Between August 2019 and August 2020, desktop research on 113 local authorities was undertaken using the contents of the highway's maintenance yearbook. In order to further understand the local authorities' rationale for their contracting model,

11 (identified below) were contacted directly via telephone/site visits to identify good practice, innovation, knowledge of recently commissioned models and lessons learned. The detailed report is attached at Appendix 3 for reference.

- Cheshire East Council
- Gloucestershire County Council
- Herefordshire County Council
- Highways England
- Knowsley Metropolitan Borough Council
- Liverpool City Council
- North Yorkshire County Council
- Surrey County Council
- Telford Council
- Warrington BC (lead for Warrington / Halton Joint Arrangements)
- Wirral Metropolitan Borough Council

4.29. Table 6.0 below provides a summary of the engagement outputs from local authorities.

<b>Outputs</b>	<ul style="list-style-type: none"> <li>• No 'one size fits all'. Each Local Authority has adopted their own individual solution to meet their own requirements in respect of political direction, cultural fit, affordability, type and quality of service delivery</li> <li>• The process followed by the 11 Local Authorities broadly follows a similar process conducted the Council, including; use of the HMEP toolkit to arrive at a long list of options, application of individual Council assessment criteria to arrive at a short list of options, market engagement to feed into the process, public consultation and member engagement to feed into the process, and finalising a preferred delivery model option using a business case methodology</li> <li>• The final options chosen by these Local Authorities include the full range of model delivery options available</li> <li>• Most of other Local Authorities arrangements include a facility for other public bodies to join or to use their contractual arrangements. However, in practice this is rarely used as the arrangements are bespoke and very much tailored to one individual authorities' specific requirements.</li> <li>• In addition, each Local Authority has its own separate recommissioning timeline and individual liabilities contained within their existing arrangements (i.e. depots, IT Infrastructure and connectivity to wider Council IT systems, equipment such as winter gritting fleet, and risk allocation). Consequently, this puts a constraint on the Local Authority having a joint delivery model for the future.</li> </ul>
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*Table 6.0: Summary of feedback from engagement with other LAs*

**Market Engagement**

4.30. Online market engagement was undertaken from June to August 2020, with 15 suppliers from both large and small suppliers in the supply chain. The questions asked were:

- What are the barriers to working with the Council direct or via the large suppliers?;

- What services/works can you provide and are of most interest to you?

4.31. Table 7.0 below provides a summary of the engagement outputs from suppliers.

<b>Outputs</b>	<ul style="list-style-type: none"> <li>• The Council's aspiration can be satisfied by the market subject to detailed analysis of the options to identify the preferred model</li> <li>• There is supplier interest in the contract across the range of model options</li> <li>• Cost based pricing model is currently favoured/commonplace</li> <li>• Duration of contract is a key consideration to secure investment and promote collaboration</li> <li>• Confidence in meeting social value agenda</li> <li>• Integration of professional services is commonplace and supported</li> <li>• Flexible approach to depot locations/facilities</li> <li>• Flexible approach to fleet operations</li> </ul>
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*Table 7.0: Summary of Market engagement feedback*

4.32. All of the consultation responses were split into themes and a service action plan was developed (see Appendix 2 for detail). This helped to inform the shortlist of options analysis process and the identification of the new future model. The service would further use this information to support the development of the service specification to design and implement the new model.

### **Shortlist of options and assessment**

4.33. Following the feedback from all consultations, below are the identified core principles that the new future model should adhere to:

- Clear service specification, performance management arrangements and reporting to ensure effective oversight and that Council outcomes are met
- Provides a cost-effective value for money service and improves service delivery to our customers, including improved communication and feedback
- Tackles the climate emergency and contributes to the Council's aim of becoming a carbon neutral Borough, and become a low carbon organisation
- Cooperation with other similar organisations to share best practice and explore opportunities for growth
- Provides opportunity for additional social value to support our local economy to grow
- Deliver good jobs with fair wages with a commitment to local employment and training
- Ensure innovation, flexibility and adaptability to change
- Certainty around cost and quality of service provision
- Control and visibility of works programmes
- Ensure future resilience, stability and sustainability
- Deliverability and mobilisation of services

4.34. A set of criteria was developed to assess the shortlisted options. These were developed following engagement with and feedback from; other local authorities, supplier engagement, member and public engagement together with professional advice from the external advisor. The assessment of options combined quantitative and qualitative assessments, with an inevitable degree of subjectivity based on knowledge and experience.

4.35. The applied criteria to assess the shortlisted options is summarised below:

- Achievability – October 2022 go live date
- Deliverability – capacity, capability and appetite of the Council and potential service providers
- Affordability – upfront / ongoing capital and revenue budgets
- Value for money – relative cost of each model
- Social value – contribution towards improving the social environment and economic wellbeing of the Borough
- Climate emergency, innovation & technology – efficiency, effectiveness and productivity

4.36. Using the assessment criteria, each model was evaluated, and the results documented in an Outline Business Case. Table 8.0 below is a summary of the key points, including projected advantages and disadvantages together with an overall ranking of the delivery model option.



Option	Advantages	Disadvantages	Financial	Rank
Technical Partner (Integrated)	<ul style="list-style-type: none"> <li>• Mature market with well-established models including infrastructure (i.e. ICT, health and safety, process/procedures, accreditations, etc).</li> <li>• Ability to integrate design and delivery. High level of flexibility and risk allocation to provider.</li> <li>• Procurement process is clearly defined by regulations and is well understood by the Council and the market. Significant experience of implementing similar arrangements. Low risk and complexity.</li> <li>• Partner likely to have well established apprenticeship and social value schemes.</li> <li>• Partner will be able to invest in green fleet / depots.</li> <li>• Model promotes circular economy and ability to co-ordinate works.</li> <li>• Access to market innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced client capacity to direct service and supervise delivery.</li> <li>• Would require some amendments to current delivery and potential TUPE resulting in some additional complexity.</li> <li>• Less control over supply chain, wages, etc.</li> <li>• Profits outside Borough</li> <li>• Less opportunity to influence partner's priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of set up are primarily procurement and mobilisation costs. Estimated at £0.740M – high level of certainty.</li> <li>• Risk of economy, effectiveness and efficiency with Technical Partner. Profit and overhead on majority of service. Contract management costs.</li> <li>• Estimated 10-year total costs: £216.615M</li> </ul>	2
Technical Partner – TMC	<ul style="list-style-type: none"> <li>• Mature market with well-established models including infrastructure (i.e. ICT, health and safety, process/procedures, accreditations, etc).</li> <li>• Client team retains capacity to direct service priorities and supervise delivery.</li> <li>• High levels of flexibility and risk transfer.</li> <li>• The procurement process is clearly defined by regulations and is well understood by the Council and market. Significant experience of implementing similar arrangements. Low risk and complexity. Model is broadly similar to current service.</li> <li>• Partner likely to have well established apprenticeship and social value schemes.</li> <li>• Partner will be able to invest in green fleet / depots.</li> <li>• Model promotes circular economy and ability to co-ordinate works.</li> <li>• Access to market innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Less control over supply chain, wages.</li> <li>• Profits outside Borough</li> <li>• Less opportunity to influence partner's priorities.</li> <li>• Feedback on current TMC operation presents challenges with this model option, with poor levels of satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of set up are primarily procurement and mobilisation costs. Estimated at £0.675M – high level of certainty.</li> <li>• Estimated 10-year total costs: £215.500M</li> </ul>	1
Technical Partner – (TMC Hybrid Model)	<ul style="list-style-type: none"> <li>• Mature market with well-established models including infrastructure (i.e. ICT, health and safety, process/procedures, accreditations, etc).</li> <li>• The procurement process for major works is clearly defined by regulations and is well understood by the Council and market. Significant experience of</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for reduced innovation from other contracts undertaken by partner.</li> <li>• Less opportunity to influence partner's priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of set up are primarily procurement, mobilisation and supply chain costs. Estimated at £0.840M high level of certainty.</li> <li>• Estimated 10-year total costs: £219.433M</li> </ul>	1+

	<p>implementing similar arrangements. Low risk and complexity.</p> <ul style="list-style-type: none"> <li>• Gives greater levels of prioritisation and control through the direct delivery of core high-volume service activities</li> <li>• Provides better customer satisfaction by completing minor repairs on a “right first time” basis (impacting upon the climate change agenda by reducing operational mileage) and improving communication due to the direct provision of core high volume service activities, with better information flows.</li> <li>• Gives greater opportunity to grow our local economy and deliver good jobs with fair wages for our residents’ through the securing of improved social value outcomes, having particular regard to the proposed transfer of some service activities in-house.</li> <li>• Is better able to gain benefit from efficiencies within specific workstreams by merging with existing client staff to deliver a more seamless reactive maintenance part of the service.</li> <li>• Is better able to directly address the challenges identified during the customer engagement sessions.</li> <li>• Access to market innovation for major works</li> </ul>	<ul style="list-style-type: none"> <li>• Less opportunity to gain benefit from partners supply chain.</li> <li>• Potential for less outside investment in assets such as depots</li> </ul>		
Joint Venture	<ul style="list-style-type: none"> <li>• Ability to combine Council and private sector expertise.</li> <li>• Private partner can bring established infrastructure.</li> <li>• Shared risk of delivery. Council retains some element of control influence over service.</li> <li>• Ability to use private sector experience of establishing companies and supply chain, including the procurement of a JV partner.</li> <li>• Ability to establish apprenticeships and links with communities.</li> <li>• Some control over supply chain and wages, promoting circular economy</li> <li>• Ability to embed Council priorities.</li> <li>• Ability to raise capital to invest in Green fleet and depots..</li> <li>• Ability to co-ordinate work.</li> <li>• Access to market innovation.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited flexibility – main source of income will be Council and potential for losses in event of budget changes and/or peer delivery which Council would bear proportion.</li> <li>• Some but very limited experience in the market (North Lanarkshire).</li> <li>• Need to establish legal JV company. Complexities to establish operation procedures / systems.</li> <li>• Contract between Council and JV company and procurement of supply chain will be subject to procurement regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs for establishing company and governance; TUPE &amp; recruitment; establishing operational procedures and systems. Estimated at £1.05M – low level of certainty.</li> <li>• Risk of economy, effectiveness, efficiency shared.</li> <li>• Profit and overhead on partial elements of service.</li> <li>• Governance and accounting costs.</li> <li>• Estimated 10-year total costs: £218.205M</li> </ul>	3

		<ul style="list-style-type: none"> <li>• Elements of profit outside Borough</li> </ul>		
Council Company	<ul style="list-style-type: none"> <li>• Council has control over service and ability to focus on Council priorities. Ability to trade (max 20%) externally is possible over time.</li> <li>• No procurement required. Council has experience from waste and other Council-owned companies</li> <li>• Ability to establish apprenticeships and links with communities. Ability to trade and generate income. Control over supply chain and wages. Profits retained.</li> <li>• Able to embed Council priorities. Promotes circular economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited operational experience within Council.</li> <li>• Relies on TUPE and recruitment.</li> <li>• Lack of established delivery infrastructure e.g. ICT.</li> <li>• Council takes risk of delivery including health and safety and liability risks. Limited flexibility and risk transfer.</li> <li>• Need to establish legal company. Complexities in establishing company; procuring resource and supply chain; establishing operating procedures / systems.</li> <li>• Limited access to market innovation.</li> <li>• May have reduced access to capital for investments.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs of establishing company and governance; TUPE &amp; recruitment; establishing operational procedures and systems. Estimated at £1.18M – low level of certainty.</li> <li>• Risk of economy, effectiveness, efficiency with Council.</li> <li>• Governance and accounting costs</li> <li>• Estimated 10-year total costs: £226.008M.</li> </ul>	4
In-House + Technical Partner	<ul style="list-style-type: none"> <li>• Ability to access additional resource and skills from market gives some flexibility.</li> <li>• Ability to control the service and focus on Council priorities.</li> <li>• Ability to establish apprenticeships and links with communities.</li> <li>• Control over supply chain / wages.</li> <li>• Embed Council priorities.</li> <li>• Access to market innovation in top-up areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited operational experience within the Council.</li> <li>• Relies on TUPE and recruitment.</li> <li>• Lack of established infrastructure e.g. ICT.</li> <li>• Council takes primary risk on delivery and health and safety</li> <li>• Complexity of bringing core services back in-house and establishing operating model is challenging. Limited experience.</li> <li>• Parallel procurement exercise required adds complexity and demand on resource.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs include TUPE &amp; recruitment; establishing operational procedures and systems; procurement of top-up. Estimated at £1.0M - medium level of certainty.</li> <li>• Risk of economy, effectiveness, efficiency shared.</li> <li>• Some elements of pension and profit/overhead.</li> <li>• Estimated 10-year total costs: £223.253M.</li> </ul>	5

		<ul style="list-style-type: none"> <li>• Some elements of profits not retained. Not able to trade.</li> <li>• May have reduced access to capital for investments.</li> </ul>		
In-House	<ul style="list-style-type: none"> <li>• Ability to control service and focus on Council priorities.</li> <li>• No procurement required</li> <li>• Ability to establish apprenticeships and links with communities.</li> <li>• Control over supply chain and wages.</li> <li>• Profits retained.</li> <li>• Embed Council priorities.</li> <li>• Promotes circular economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited operational experience within the Council. Relies on TUPE and recruitment.</li> <li>• Lack of established infrastructure e.g. ICT.</li> <li>• Council takes primary risk on delivery and H&amp;S. Model provides no flexibility or risk transfer.</li> <li>• Complexity of bringing services core services back in-house and establishing operating model is challenging. Limited experience.</li> <li>• Not able to trade.</li> <li>• Limited access to market innovation.</li> <li>• May have reduced access to capital for investments.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs include TUPE &amp; recruitment, establishing operational procedures and systems. Estimated at £1.0M - low level of certainty.</li> <li>• Risk of economy, effectiveness, efficiency with Council.</li> <li>• Pension costs.</li> <li>• Estimated 10-year total costs: £228.642M.</li> </ul>	6

Table 8.0: Overview of the result of short-listed options evaluation

### **Recommended option**

- 4.37. The Technical Partner Term Maintenance Contract (Hybrid Model) option has scored highest overall against the assessment criteria. The model helps to embed the identified core principles especially the improved level of control and flexibility retained by the Council through the direct delivery of core high-volume service activities, high levels of risk transfer for specialist activities (in terms of capacity, skills and infrastructure), the maturity of the market, the scope for maximising social value and positive environmental outcomes, and achieving affordability/value for money.
- 4.38. This option would also deliver enhanced customer satisfaction by completing minor repairs on a “right first-time basis” in a timely manner and improving communication due to the direct provision of core high volume service activities, with better information flows.
- 4.39. The detailed design (scope) of the retained Council functions, and conversely the scope of the future Technical Partner Term Maintenance Contract would be carried out during the development of the tender specifications and be subject to further engagement with key stakeholders. This process would be overseen by the established governance arrangements, which include the Programme Board, Commissioning Board, DMT and CLT.
- 4.40. Currently, Streetcare carry out grass cutting operations on non-highspeed roads and various other highway environmental functions on an ad hoc basis, with works being ordered by Highways staff. The responses from the public and elected members during the public and member consultation on the new delivery model, highlighted the need for the Council to better harmonise Streetcare and Highways Service functions to increase efficiency, and provide a more joined up service delivery.
- 4.41. It is therefore proposed to transfer what is commonly called “gardening operations” from the existing term services contract with Ringway Infrastructure Services to Streetcare from the 1st of April 2021, which is 18 months prior to the natural end of the existing term services contract. It is noted that there have been no TUPE implications identified in relation to this transfer given the nature of how Ringway Infrastructure Services commission this activity via their supply chain. This transfer would help to support the proposed transfer of some of the outsourced functions back in-house. All work associated with the “gardening operations” including responses to customers, carrying out the physical work (including traffic management) and booking the appropriate road space will also transfer. The functions to transfer to Streetcare include:
- All Highway grass cutting on high speed roads
  - All Highway hedge cutting
  - All Highway weed control (Footways, Carriageways and all places)
  - All Highway sweeping

### **Implementation of the new future model (next steps)**

- 4.42. This section of the report sets out how the recommended new future model will be delivered by October 2022. The work is programmed for an overall timeline of 17

to 19 months, with a six-month mobilisation period from May 2022 and a go live date of 6 October 2022.

- 4.43. Supported by a Programme manager from the Council's Change Team, the pre-existing Programme Board will continue to oversee the implementation of the programme of works for the new future model. This will include development of a detailed programme plan, the programme management and governance arrangements, risk management and contingencies.
- 4.44. At this stage, procurement is proposed via either restricted procedure or competitive procedures with negotiations. Key stages required in any of the procedures to be adopted for procurement would include:
- Prepare contract, specification and tender documents
  - Request for Expressions of Interest
  - Evaluate and produce shortlist (SQ process)
  - Tender period
  - Tender evaluation
  - Negotiation stage (if competitive procedure)
  - Approvals, standstill and award
  - Mobilisation period
- 4.45. Following Cabinet approval of the recommended option, the project team will work with the Programme Board to define and agree the procurement approach to be adopted.

## **5. How does the decision contribute to the Council's Plan?**

- 5.1 Having an efficient and effective Highways Service will make significant and direct contributions to the Council Plan priorities. It will help 'tackle the climate emergency' through more efficient use and maintenance of the highway assets, thereby reducing our carbon footprint.
- 5.2 The proposed new Highways Service delivery model will also help 'grow our local economy and deliver good jobs with fair wages for our residents' through the securing of improved social value outcomes, having particular regard to the proposed transfer of some service activities in-house.
- 5.3 The activities carried out by the Highways Service extend to all areas of the Borough and therefore the proposal set out within this report will play an important part to 'make our neighbourhoods even better places to call home' as well maintained highway infrastructure will improve the quality of life.
- 5.4 In striving to deliver the best possible value for money from the Highways Service, the proposal help be an efficient and empowering Council in line with the needs of local people and stakeholders, driving continuous improvement and prioritising our resources through more innovative ways of working.

## **6. How does the decision contribute to working with the Councils Partners?**

- 6.1 Ringway Infrastructure Services Limited are the Council's current delivery partner for the Highways Term Maintenance Contract. This report sets out proposals for how this contractual arrangement will be brought to a natural end, whilst ensuring that local people and stakeholders experience no detrimental change or disruption to the way that the current service is delivered and that all necessary steps are taken to ensure a seamless transition.
- 6.2 As part of the implementation of the new model, the Council will work in partnership to ensure the delivery of strategic objectives that include social value, value for money, efficiency, innovation and climate emergency.

## **7. What are the legal aspects?**

- 7.1. The Council must have arrangements in place to maintain and improve the highway network when the current Highways Term Maintenance Contract expires on 5 October 2022.
- 7.2. For any future procurement, the Council will comply with Public Contract Regulations 2015. The procurement of specialist legal advisors will be necessary to support the procurement process and prepare the contract documentation. It is essential that the Council continues to rigorously scrutinise all stages of the procurement to ensure compliance with the regulations and minimise risk of challenge.
- 7.3. This Part A should be read in conjunction with Part B, certain additional costing information therein contained not to be published on grounds of commercial sensitivity.

## **8. What risks are there and how can they be reduced?**

- 8.1. This report sets out the clear challenges that are being experienced with the current model having regard to elected member, public and staff feedback - thus there is a need and significant opportunity for improvement to be secured through a new Highways Service delivery model.
- 8.2. It is recognised that there are risks associated with all potential delivery model options for the Highways Service, and include:
- Extent of TUPE and availability of qualified and skilled operatives and staff
  - Procurement costs
  - Establishment of supply chain
  - IT connectivity
- 8.3. It is however evident that a robust approach, process and governance has been adopted to suitably identify the proposed preferred option.
- 8.4. The specific risks associated with the preferred option will need to be considered further and mitigated, as far as possible, through the detailed development of the tender specifications and contract documentation. This shall include that a fundamental review of the respective Council and Technical Partner roles be carried out, which considers risks & mitigations, potential opportunities such as social value, responding to climate emergency, communications, quality of repairs, control and accountability and financial stability.

## 9. What will it cost?

9.1. The Technical Partner TMC option provides the overall lowest cost option over a notional contract period of 10 years as illustrated in Table 9.0 below. However, the Technical Partner (Hybrid) model option has been recommended as this option:

- Gives greater levels of prioritisation and control through the direct delivery of core high-volume service activities;
- Provides better customer satisfaction by completing minor repairs on a “right first time” basis (impacting upon the climate change agenda by reducing operational mileage) and improving communication due to the direct provision of core high volume service activities, with better information flows;
- Gives greater opportunity to grow our local economy and deliver good jobs with fair wages for our residents’ through the securing of improved social value outcomes, having particular regard to the proposed transfer of some service activities in-house; and
- is better able to gain benefit from efficiencies within specific workstreams by merging with existing client staff to deliver a more seamless reactive maintenance part of the service

	Cost of each option						
	Technical Partner (Intergrated)	Technical Partner (TMC)	Technical Partner TMC (Hybrid)	Council Company	In House	In House plus Technical Partner	Joint Venture Company
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Set Up Costs	740	675	840	1,180	1,000	1,000	1,050
Running Costs	215,875	214,825	218,593	224,828	227,642	222,253	217,155
<b>Total Cost of Option</b>	<b>216,615</b>	<b>215,500</b>	<b>219,433</b>	<b>226,008</b>	<b>228,642</b>	<b>223,253</b>	<b>218,205</b>
<b>Note:</b>							
Assumption of 10 year period for options							
Contract payment / works ordered can be adjusted to fit budget envelope							

Table 9.0: Overview of cost modelling for each option

- 9.2. The current funding envelope is not sufficient to maintain a steady state and the asset is deteriorating rapidly – this situation is unlikely to change in the short term given national and local funding pressures.
- 9.3. A fully outsourced model would increase our exposure to the volatility of the current market, which is only likely to become more unpredictable during the retendering period (post Brexit and Covid recovery). It is also important to note that the costs associated with the outsourced model will ultimately be determined by the procurement process. The figures referred to in the report are by no means guaranteed, whereas the costs for internal delivery can be modelled with greater accuracy.
- 9.4. The Council will need to determine the budget envelope available for the Highways Service contract as part of its annual budget setting process, having regard to the proposed duration of the contract and the Council's prevailing overall financial position.



9.5. The hybrid model provides an opportunity to review and consolidate our internal functions. Removing duplication and streamlining processes thus, potential opportunity to reduce costs. There would be less scope to do this with an outsourced model.

9.6. The recommended model provides for improvements to the quality and prioritisation of reactive maintenance repairs, and improved customer satisfaction in communications with the public.

**10. What is the impact of the decision on health inequalities and equality and diversity issues?**

10.1. A full Equality and Impact Assessment (EIA) (attached as Appendix 4) has been maintained as part of the review and was presented to the Equalities and Diversity group in July 2020 with positive outcomes. As part of the new model development, the EIA will remain under review and be updated as appropriate.

**11. What are the implications of the decision on Climate Change?**

11.1 Part of the case for change is the Council's Climate Emergency Declaration. The highway network is the Council's largest physical asset and infrastructure plays a big part in the climate change agenda. The identified recommended future model presents the Council the following example opportunities in achieving its corporate priority for Climate Emergency:

- 'Right first time' repairs – will reduce operational mileage
- Greening the fleet/plant when purchasing or hiring new equipment
- Maximise recycle and reuse of materials i.e. foambase or similar material can produce circa 32% less CO2
- Innovation in highway materials and technology i.e. recycled plastic and graphene asphalt
- Modal shift – less use by vehicular traffic will prolong the life of the assets

**12. Are there any other options?**

12.1 This report and associated Highways Service Review process has robustly considered all options available to the Council and has concluded that the preferred option is to implement Technical partner TMC hybrid model.

**For further information:**

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**Background Documents:**

Ringway performance reports

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## Introduction

### Background

In October 2012, Cheshire West and Chester Council entered into a contract with Ringway Infrastructure Services to provide its highways services, with some aspects of the service's work remaining in-house. The contract was let on an initial term of six years with an option to extend the contract by up to four years.

As the Council's current highways contract is coming to the end in October 2022, the consultation sought views from local residents, Council Members, staff and other key stakeholders to help inform key decisions about how the Borough's Highways Service should be delivered in the future.

This report presents the key findings from the consultation, which captured views on the current Highways Service and how the service should be delivered in the future.

### Key messages from public consultation

- A total of 694 responses were received; 691 via the Council's online engagement tool, Participate Now, and three paper consultation questionnaires, which were available on request.
- The majority of respondents were male (63%) and two thirds (66%) were aged 55 and over.
- **Customer contact and enquiries**
  - Most (82%) had contacted the service 'to report a problem' in the past 12 months, the majority of whom had done so via the Council website.
  - Highest satisfaction was with the ease of contacting the service, lowest satisfaction was with being kept informed about the progress of their enquiry and reporting back on actions taken.
- **Repairs and road works**
  - Highest levels of dissatisfaction were with both the time taken to repair, and the quality of repairs to roads and pavements.
  - Mixed views about experiences of roadworks locally; satisfaction was higher with how road works are publicised than with efforts to reduce delays during roadworks and the time taken to complete them.
- **Highways Service Priorities and core principles**
  - The majority (88%) identified 'Maintaining the condition of road surfaces' in the top five aspects respondents felt were most important for the service to focus on.
  - Most (77%) agree with the core principles identified for the Highways Service.
- **Delivering the service in the future (the delivery model)**
  - The majority agree that the key factors identified by the Council should be used to inform how the service is provided in the future (the delivery model).
  - 'Delivering value for money' was the factor with the highest priority score (8.7 out of 10).

- Of those who thought that some factors should be given more weight when making decisions about the delivery model, a large majority (85%) thought 'delivering value for money' should be given the most weight.

## Letters and emails

- In total, one letter and three emails were received: from a local resident, Parish Councils (Great Budworth Parish Council and Lach Dennis Parish Council) and West Cheshire Trades Union Council.
- The feedback reflects themes raised by other respondents during the consultation, which included:
  - The need for improved maintenance and more considerate repair of roads and pavements.
  - Issues of accessibility for pedestrians and wheelchair users, including parked cars impeding access, and the poor conditions of pavements.
  - Inconsiderate and dangerous parking.
  - The need for improved communication with Parish Councils.
  - Concerns for pedestrian safety, particularly near busy roads.
  - The need for improved maintenance of overgrown vegetation and drainage.

## Consultation methodology and engagement approach

- The eight week consultation ran from 6 July to 30 August 2020 via the Council's online engagement tool Participate Now and received 694 responses.
- The approach was adapted in light of COVID-19 to ensure respondents could take part in a safe way; views were predominantly gathered via an online survey with alternative formats (including printable copies) available on request. Individuals and organisations were also able to respond via email, telephone and in writing.
- It is important to bear in mind that the majority of those responding to the consultation questionnaire (82%) had reported a problem to the Highways Service in the past 12 months, which may mean that they have more experience of the service compared to an average resident.
- The consultation was widely promoted via key communications channels, including press and social media releases and other targeted methods (such as direct emails to Highways Service customers that have previously contacted the Council through the Contact Centre and other key stakeholders).
- Interactive, online sessions were held with highways staff and Members during August, which are summarised below (please see Appendix 1 for a more detailed summary of feedback from the Members sessions compiled by the Highways Service).

Please note that percentages may not sum to 100% due to rounding.

## Next steps

This report will be used to help inform decisions about how the service will be delivered in the future (including the delivery model), which will be considered by the Council in early 2021.

## Key messages from other groups

### Members Engagement Session

As part of the public consultation, online interactive Members Q & A sessions were held in August. Overall, eleven sessions were held with 25 Members.

Key points raised by Members were:

- **More communication between the service and residents, Councillors and Parish Councils** – about timelines of future road works, progress on ongoing works, as well as news of when works have been completed.
- **More visibility of work programmes** – information on the programming of works activity (such as gully emptying) in each locality within a specific timeline. They believed this will showcase good work and reduce customer complaints.
- **More data to offer information intelligence** – they wanted an inventory of assets and more data on their condition, referencing data on gully assets in particular. Up-to-date intelligence should then help to target resources to the right location.
- **Improved technology for reporting** – would like technology and innovation for reporting to be included in decisions about how the service is delivered in the future (the delivery model).
- **Implement a quality and performance management of works** – quality assurance for all repairs and use of innovative, strong materials or products for durability. ‘Right first-time’ should also be included in the new delivery model.
- **Increase control of contracts and accountability** – members highlighted the importance of accountability and there was a general view that retaining control over the service would reduce risks to the Council.
- **Consideration of the impact of COVID-19 on social value & local employment** – Members said the COVID-19 pandemic and its impact on jobs, income, work-life balance, productivity, poverty and inequality should be considered as one of the evaluation factors when identifying the future preferred model.
- **Consideration of the climate emergency** – use of more environmentally-friendly vehicles/fleet, consideration of the carbon footprint of the materials used during works, and a Council-wide strategy that includes vehicle recycling and re-use, together with works coordination to reduce trips by work crews.
- **Integration with other services, especially Streetcare** – the need for a joint approach between the Highways Service and Streetcare to reduce disruption to residents and to ensure efficiency and productivity.
- **Consideration of joint working with neighbouring local authorities and utilities providers** – may provide opportunities for efficiencies, ensuring best practice and innovation. They also mentioned a partnership approach with utility providers, in order to share excavation costs.

## Highways Service staff engagement sessions

An online staff session was held on 27 August, which was attended by over 30 Highways Service staff. A PowerPoint presentation outlining the following key points was used at the session:

- A high-level progress update on the development of the future Highways Service Delivery Model following the final contract extension to Ringway Infrastructure Services (RIS) until October 2022
- Longlist of options and evaluation criteria for how the service could be delivered in the future, which will be applied to generate the agreed shortlist of options
- The proposed future model scope and the critical success factors that will be applied to the shortlist of options to identify the preferred delivery model
- The overall timeline to deliver the new service, including next steps.

The staff session helped to provide the highways staff with the opportunity to seek clarification or to raise any queries/questions in relation to the public consultation and any other matter, including questions on the options development process and potential efficiencies that could be achieved by working with the Council's Streetcare service. In addition, the session helped to:

- raise staff awareness of the progress so far and the next key steps for the Highways Service Delivery programme
- Clarified staff questions regarding the public consultation
- Understand staff concerns for the current highway service provision and captured their views to help shape the future highway service delivery model.

The feedback received from the session suggests the need for regular staff engagement sessions in the future. Therefore, another staff engagement is anticipated to be completed after the decisions have been made about how the service will be delivered in early 2021.

## Formal response from West Cheshire Trades Union Council (TUC)

The West Cheshire Trades Union Council submitted a formal response to the consultation, which can be found in Appendix 2. The key points raised in their response are:

- Would like the Council to investigate alternatives to the current, largely outsourced, contract model approach that the service currently has and to give consideration to an in-house alternative (for example a joint/shared venture).
- That the Council's social and environmental principles can be best delivered by using an in-house organisation that the Council has direct control over.
- That there is currently a disconnect between the Highways Service, the public and local Councillors.
- That flexibility and innovation is best achieved when the Council is not tied to fixed-term contracts, that this would be a key factor in addressing the climate emergency.
- That responsiveness can best be delivered in a directly controlled organisation, which provides direct quality control, avoids the need for expensive monitoring processes, and contract change negotiations.



- Raise concerns that the Council's skills base will be reduced if the level and range of professional work that is outsourced is increased.
- That an in-house work force would provide flexibility in responding to wider emergencies.

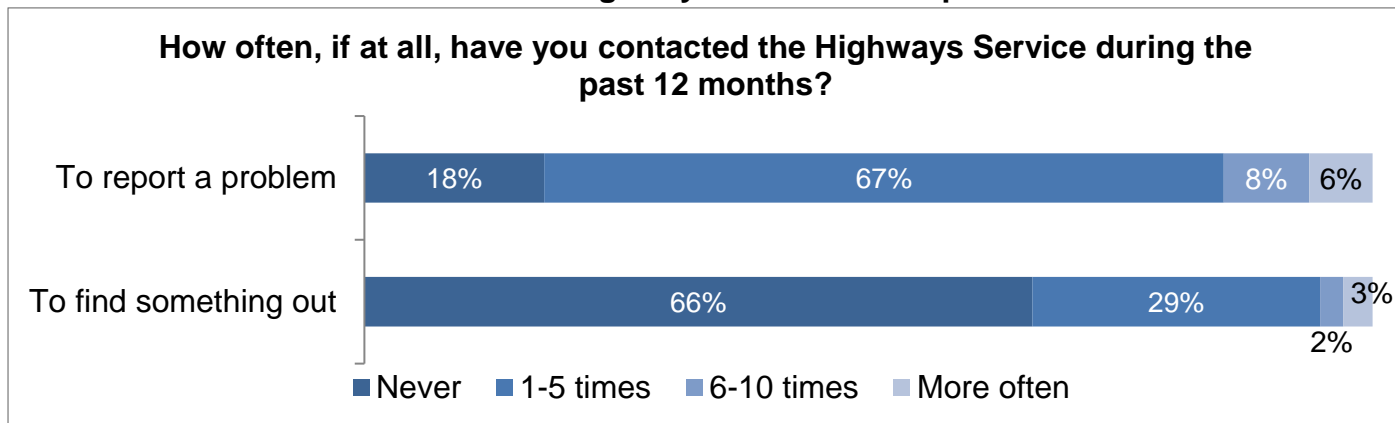
## Key findings

### Customer experience: customer contact

Respondents were asked how often they had contacted the Council's Highways Service in the last 12 months.

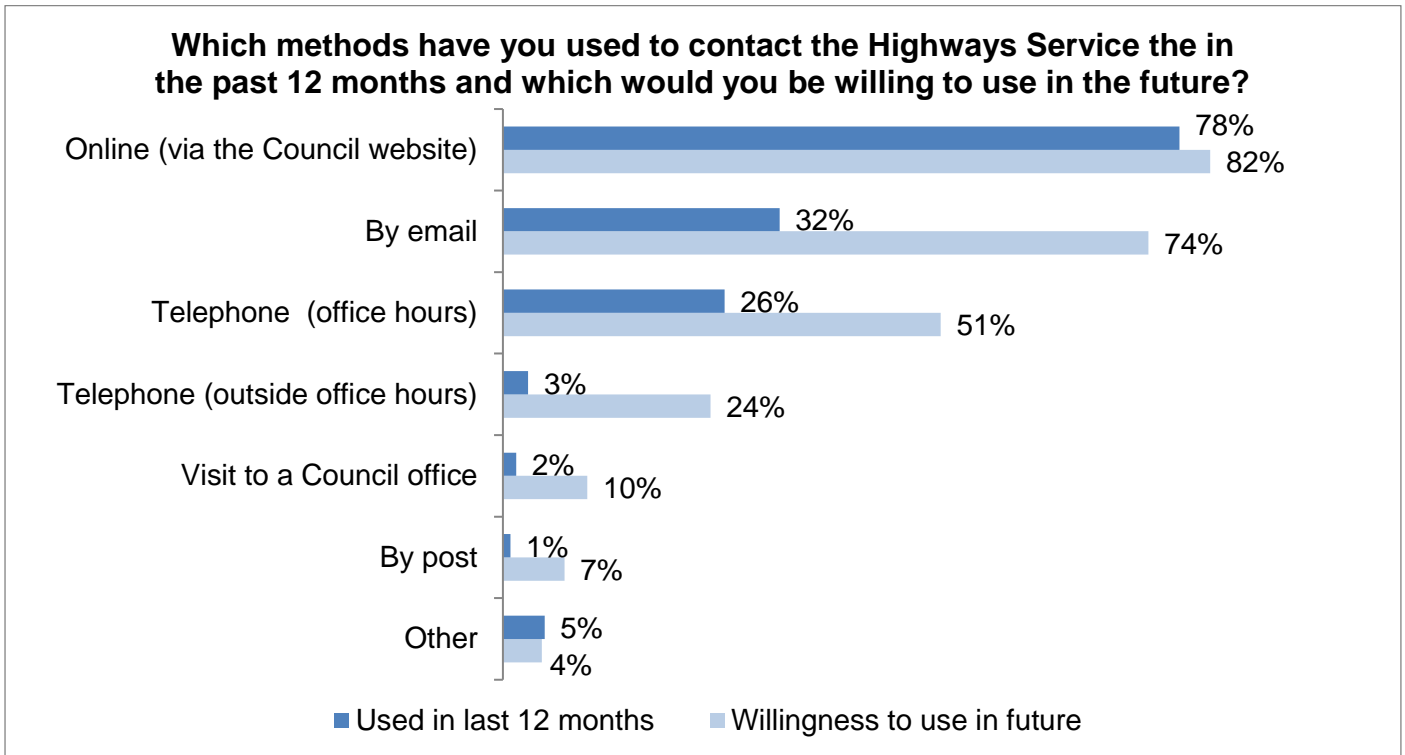
Chart 1 below shows that the majority (82%) had contacted the service 'to report a problem', and just over a third (34%) had contacted the service 'to find something out' at least once in the past year.

**Chart 1: Contact with Highways Service in the past 12 months**



Base: 480 - 684

**Chart 2: Method of contacting the service now and in the future**



**Base: 583 – 689**

Note: percentages do not sum to 100% as respondents could select more than one option.

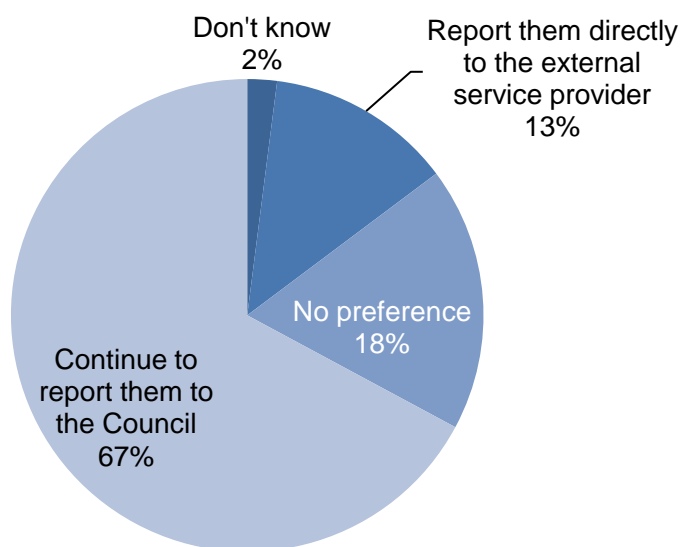
Chart 2 above shows that those who had contacted the Highways Service within the past 12 months were most likely to do so online via the Council website (over three quarters, 78%, had used this method). When asked, slightly more respondents (82%) said they were willing to use this method in the future.

Email and telephone (during office hours) were the next most frequent methods of contact (32% and 26% respectively). Almost three quarters (74%) were willing to email the service in the future and just over half (51%) said they would be willing to telephone during office hours, significantly more than those who use these methods currently.

15% said they had not contacted the service in the past 12 months.

**Chart 3: Approach to reporting issues in the future**

**If the service is to be provided by an external provider in the future, which approach to reporting highways defects, requests and enquiries would you prefer?**



**Base: 691**

Chart 3 above shows that two thirds of respondents (67%) would still want to contact the Council about highways issues, even if the service was managed by an external provider in the future. Just under a fifth (18%) said they had no preference.

### **Respondent comments**

Those who would prefer to **continue reporting issues directly to the Council**:

- were most likely to say that they felt this approach would mean the Council is aware of the number and type of issues and enquiries, contractors' performance can be monitored and would ultimately mean they are held to account, given that the Council is responsible for maintaining the borough's roads and highways
- Some also said that they only wanted to contact the Council and not a third party.

Respondents who said they would prefer to **report issues directly to an external provider**:

- thought it might be quicker, more efficient and a less bureaucratic process, which could mean that repairs are carried out more quickly.

Those who had **no preference**:

- were most likely to say they didn't mind who they contact as long as action is taken in a cost effective, timely manner.

## Customer experience: customer enquiries

Respondents who had contacted the Highways Service in the last 12 months were asked how satisfied or dissatisfied they were with a number of aspects relating to how their enquiry was dealt with. Results are outlined in the chart below.

**Chart 4: Satisfaction with aspects of how enquiries are handled**



**Base: 452-576 (excluding don't know responses)**

- Respondents were most satisfied with 'how easy it was to contact the service' (72%) and 'professionalism of staff' (61%).
- Over half (54%) said they were dissatisfied with 'reporting back to you about what had been done as a result of your enquiry' and just under half (48%) were dissatisfied with 'how you were kept informed of the progress of your enquiry'.

### Respondent comments

For those who said they were dissatisfied with aspects of how their enquiry was handled, the largest number of comments related to:

- Respondents feeling that they hadn't been kept updated with how their enquiry was being dealt with, and actions that had been taken as a result
- Faults or problems that had been reported to the service not always being rectified, with no explanation of why this may have happened.

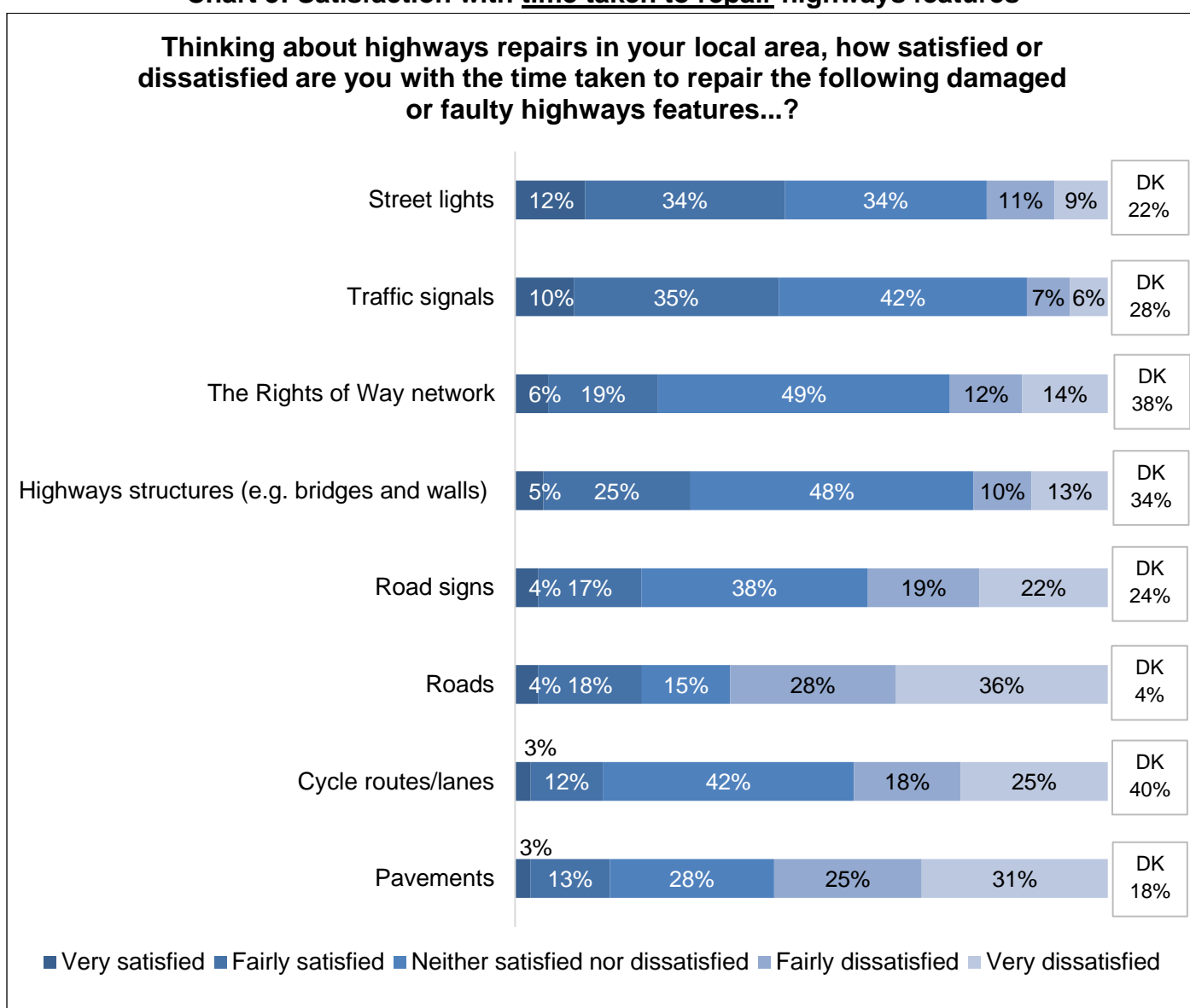
Other comments related to:

- Dissatisfaction with the response or the decision made by the service when a fault or issue has been reported, for example when an enquiry is not deemed to be an issue or that no action is required as a result
- Not being informed of the final outcome of an enquiry if action has been taken
- Poor quality of repairs, particularly in relation to potholes
- Delays between issues being reported and being rectified.

### Customer experience: repairs and road works

Respondents were asked how satisfied or dissatisfied they were with the time taken to repair a variety highways features in their local area, and the quality of those repairs.

**Chart 5: Satisfaction with time taken to repair highways features**

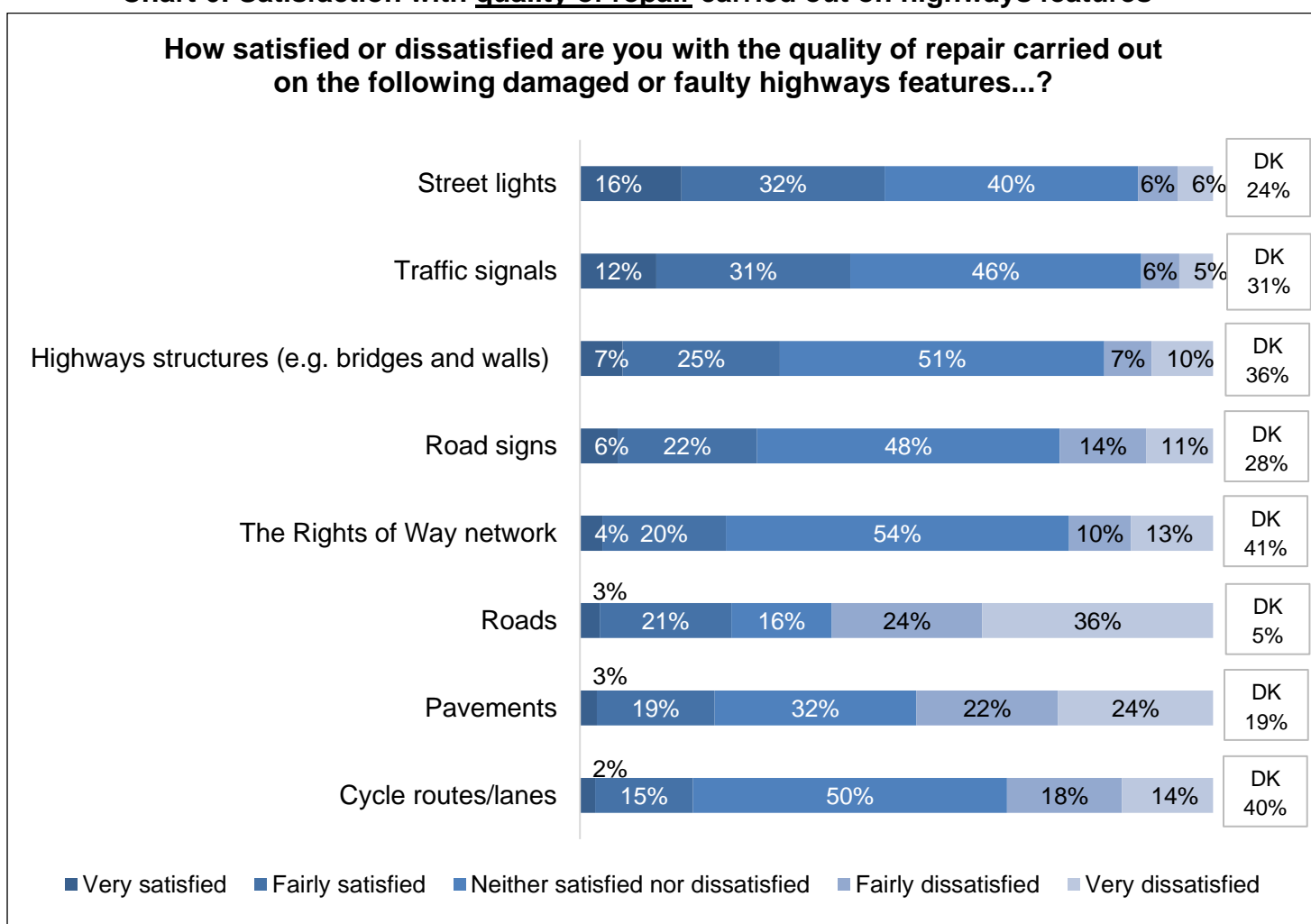


Base: 378 - 645 (excluding don't know responses)

As highlighted in the chart above:

- Respondents were most satisfied with the time taken to repair faulty or damaged street lights and traffic signals (46% and 45%, respectively).
- The highest levels of dissatisfaction were with time taken to repair roads (64%) and pavements (56%).
- Almost half of respondents said they were ‘neither satisfied nor dissatisfied’ with the time taken to repair the Rights of Way network (49%) and highways structures (48%); over 40% selected this answer for cycle lanes and traffic signals (42%) and over a third did so for road signs and street lights (38% and 34%, respectively).
- In addition, for some of the highways features there were high proportions of ‘don’t know’ responses, which may suggest that people didn’t feel they were able to give a view or did not have enough knowledge or experience of using these features.

**Chart 6: Satisfaction with quality of repair carried out on highways features**



**Base: 369 – 636 (excluding don't know responses)**

Chart 7 above also shows that:

- Respondents were most satisfied with the quality of repair carried out on faulty or damaged street lights and traffic signals (48% and 43%, respectively).
- The highest level of dissatisfaction was with the quality of repairs to roads (60%) and pavements (46%).

- Again, large proportions of respondents indicated that they were ‘neither satisfied nor dissatisfied’ with repairs to all highways features listed, except for roads and pavements, and high levels of ‘don’t know’ responses.

### Respondent comments

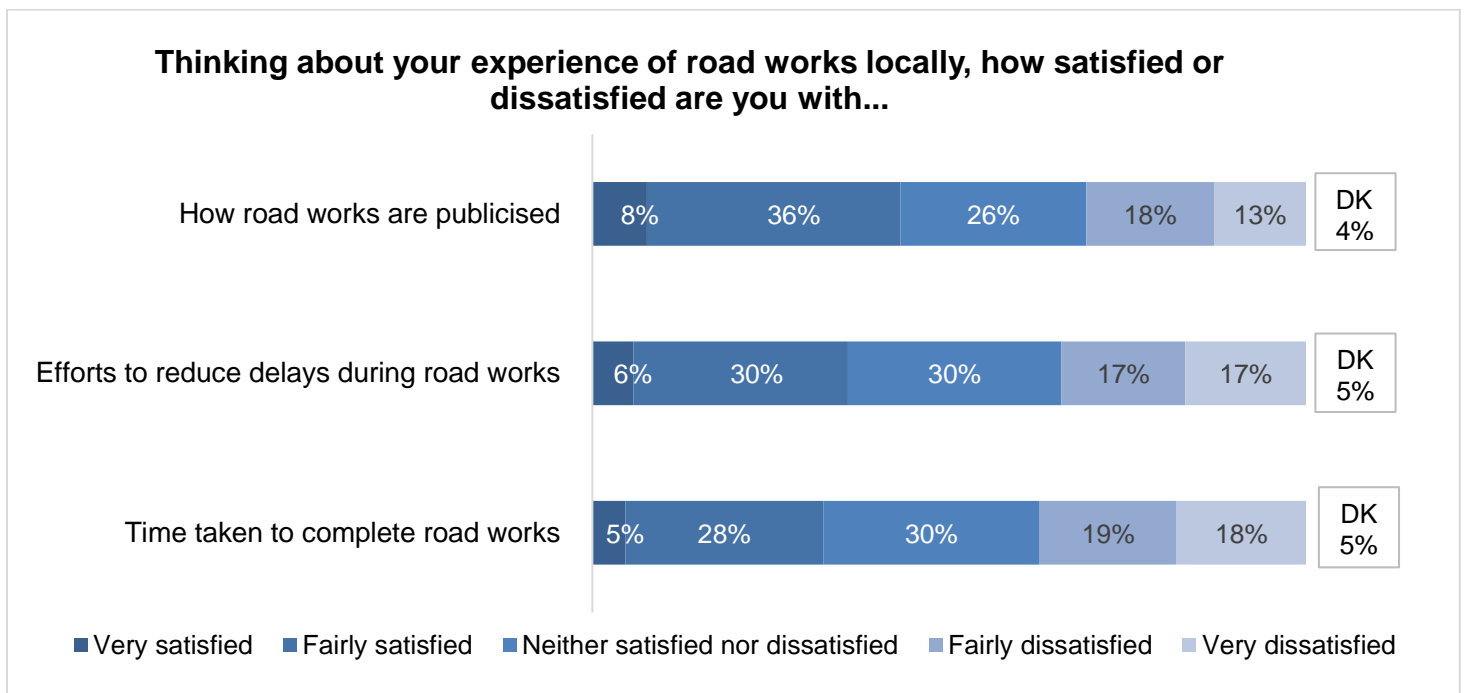
For those who said they were dissatisfied with repairs to highways features, the majority of comments related to:

- The quality of repair, particularly in relation to road and pavement surfaces (with potholes mentioned frequently by respondents)
- The length of time for action to be taken to carry out the repair
- Poor maintenance of signage (for example, dirty road signs that are difficult to read), and overgrown vegetation and hedges which obstruct footpaths/pavements and obscure road signs.

Other comments related to:

- Lack of feedback or response to fault reports
- Poor provision and maintenance of cycle routes
- Issues with excessive or poorly phased traffic signals
- Lack of maintenance of drainage assets.

**Chart 7: Satisfaction with road works factors**



**Base: 646 – 653 (excluding don’t know responses)**

As highlighted in chart 7 above, respondents had mixed views about their experience of roadworks locally.

- Although respondents were most satisfied with how road works are publicised (44%), just under a third (31%) indicated that they were dissatisfied.

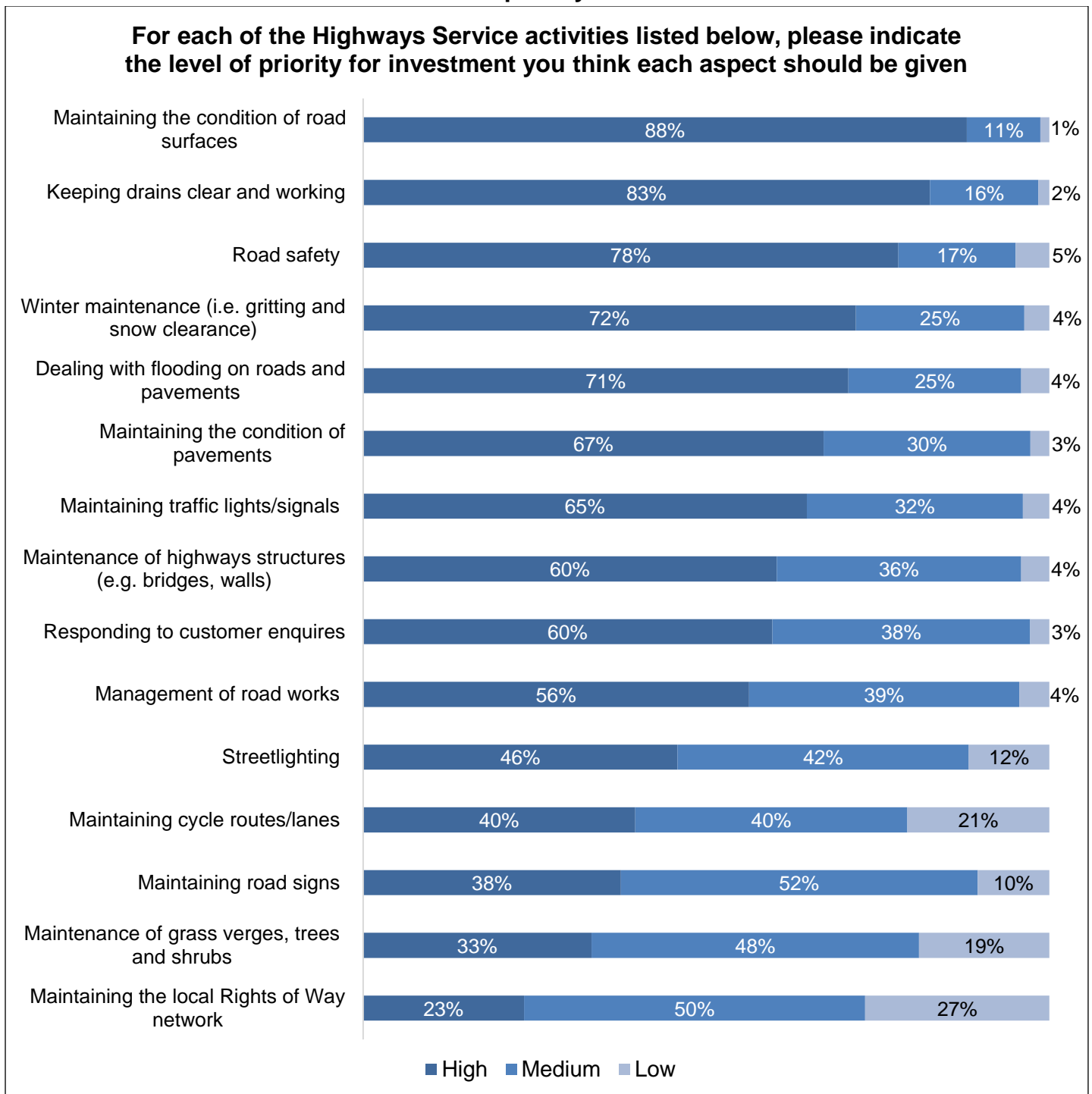


- 36% said they were satisfied with efforts to reduce delays during road works and a third (33%) were satisfied with the time taken to complete them, although similar proportions said they were dissatisfied (34% and 37%, respectively).

### Priorities for our Highways Service

Respondents were asked to indicate the level of priority that each of the Highways Service activities should be given.

**Chart 8: Level of priority for investment**

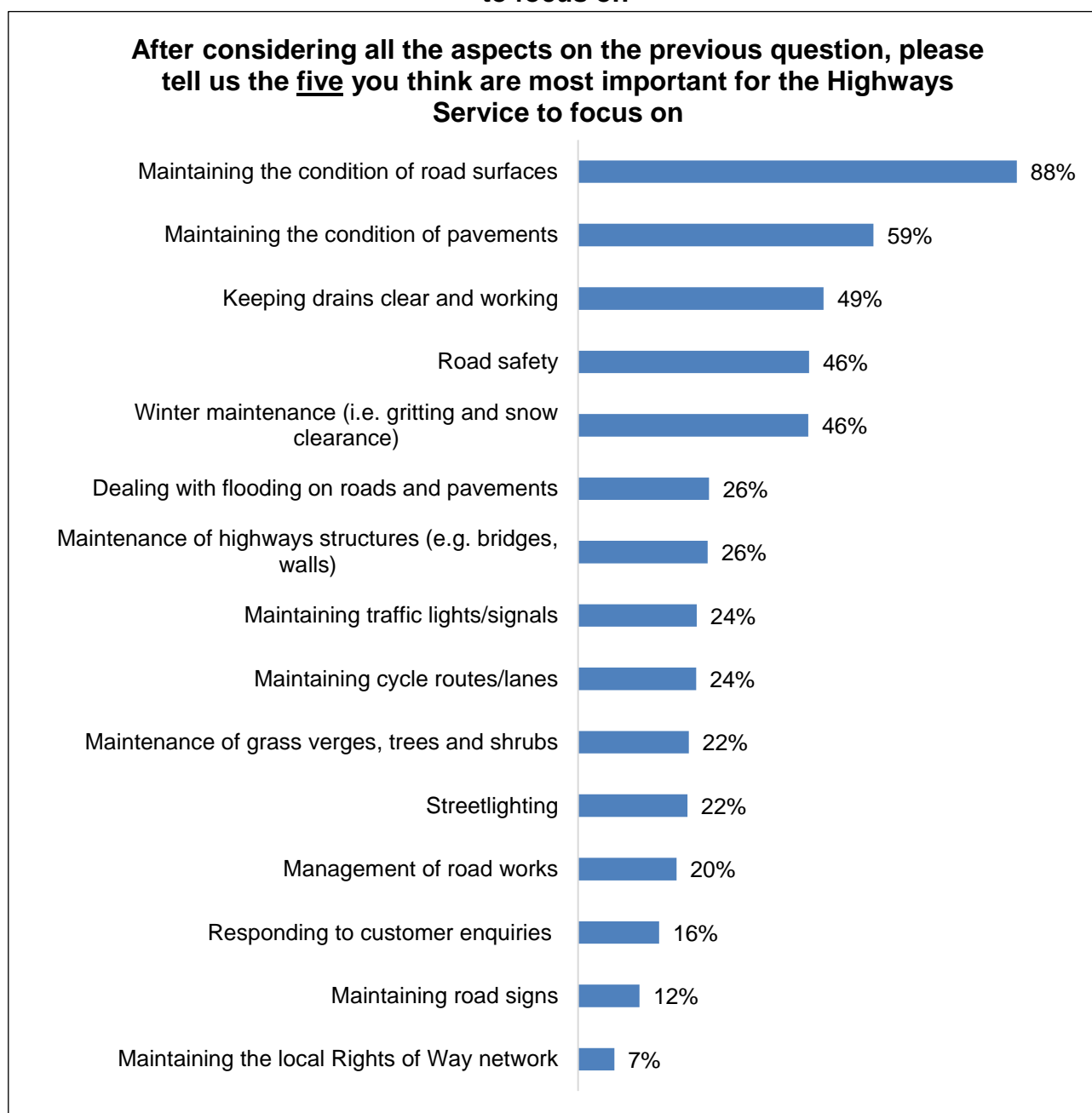


Base: 676 - 687

The chart above shows that:

- the highest proportion of respondents (88%) thought that ‘maintaining the condition of road surfaces’ should be given high propriety, followed by ‘keeping drains clear and working’ (83%), then ‘road safety’ (78%).
- Around half of respondents thought that ‘maintaining road signs’ (52%), ‘maintaining the local Rights of Way network’ (50%), and ‘maintenance of grass verges, trees and shrubs’ (48%) should be given medium priority.

Over a quarter (27%) thought that ‘maintaining the local Rights of Way network’ should be given low priority, and around a fifth (21%) said ‘maintaining cycle routes/lanes’ should also be considered a low priority. **Chart 9: The most important activities for the Highways Service to focus on**



**Base: 689**

Note: percentages don't sum to 100% as respondents could select up to five options

Chart 9 shows that, when asked to identify the five activities they thought were most important for the service to focus on, respondents were most likely to select:

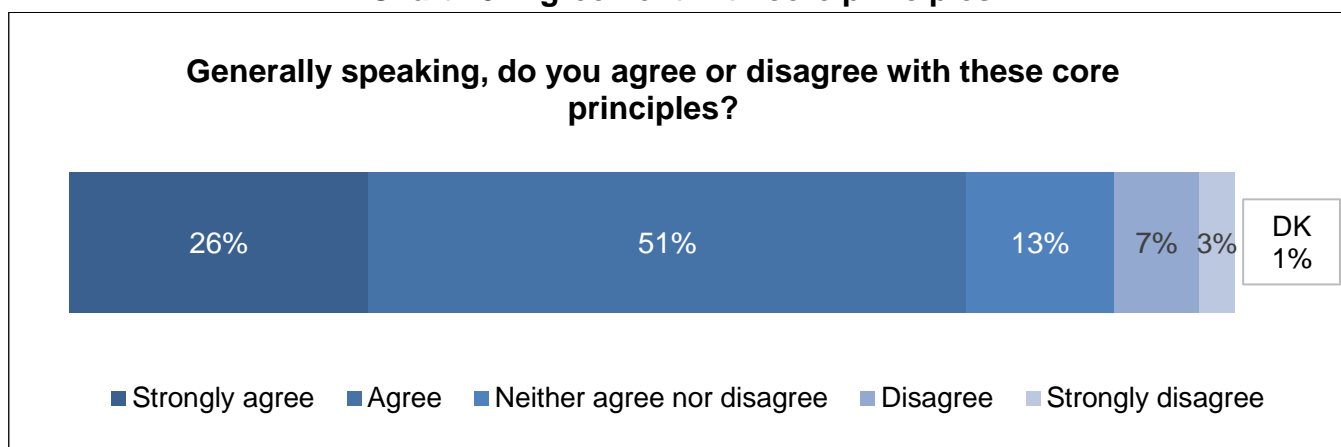
- Maintaining the condition of road services (88% identified this in their top five)
- Maintaining the condition of the pavements' (59%)
- Keeping drains clear and working (49%)
- Road safety (46%)
- Winter maintenance (46%).

### Core Principles for the Highways Service

The consultation identified the following core principles for the Highways Service:

- Making a positive contribution to help tackle the climate emergency
- Planning maintenance and investment based on the age of our assets (Asset Management)
- Identifying and implementing innovative new ways of working
- 'Right first time' – limiting the amount of temporary repairs needed
- Getting the best possible results from a limited budget.

**Chart 10: Agreement with core principles**



Base: 685

Chart 10 shows that over three quarters (77%) of respondents agree with the core principles identified by the Highways Service.

### Respondent comments

When asked to give reasons for their answers, the majority of respondents who commented:

- Expressed agreement with for the core principles, with many respondents stating that they felt the principles were admirable and made good sense.

## Other comments:

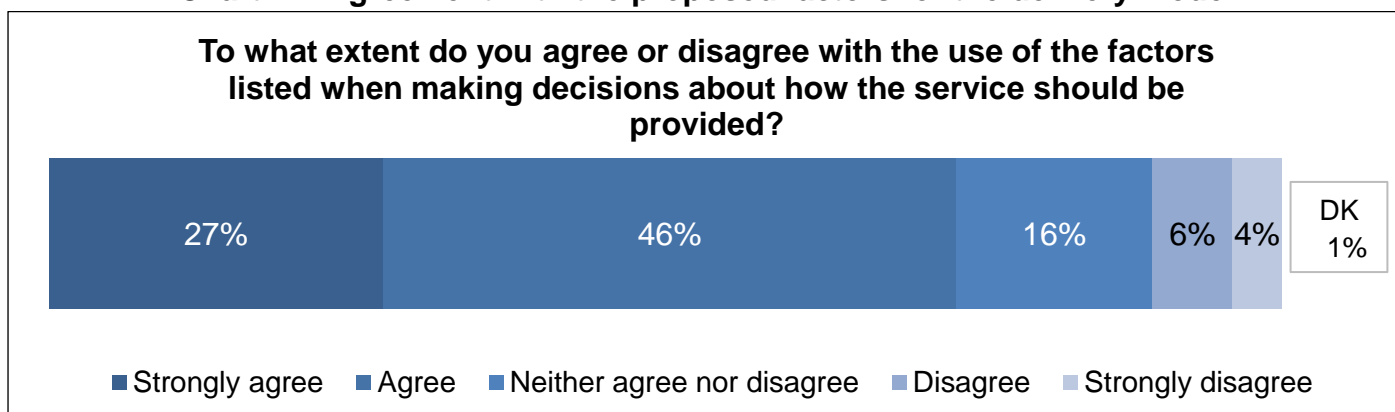
- Highlighted support for the 'right first time' principle in particular, as many respondents believe this approach will save money in the long term.
- Discussed the importance of more effective and proactive maintenance (rather than reactive), as respondents felt this would also be more cost effective in the long term.
- Expressed agreement with tackling the climate emergency and encouraging and promoting more active travel, with a call for better walking and cycling routes.
- Would like more emphasis on ensuring the service is working in a cost effective and efficient way and providing the best value for money for the Council Tax residents pay.
- Expressed an ambivalence toward, or disagreement with the core principles. Those who disagreed with the principles:
  - wanted more emphasis on general maintenance and upkeep of roads and highways features to ensure they are safe, particularly given budget pressures
  - felt that tackling the climate emergency was given too high a priority
  - thought that road safety and improved signage and traffic signals should also be included
  - felt they lacked detail and clarity about how these principles would be achieved in practice.

## Views on how the service should be delivered in the future (the delivery model)

The consultation outlined that the Council proposed to use the following factors to help identify the preferred service delivery option for Highways Service:

- Reducing carbon emissions
- Focus on social value
- Enabling partnership working
- Innovation and technology
- Delivering value for money.

**Chart 11: Agreement with the proposed factors for the delivery model**



Base: 678

Chart 11 above highlights that almost three quarters (73%) of respondents agree with the use of the factors proposed to make decisions about how the service is delivered in the future, with over a quarter (27%) strongly agreeing.

### Respondent comments

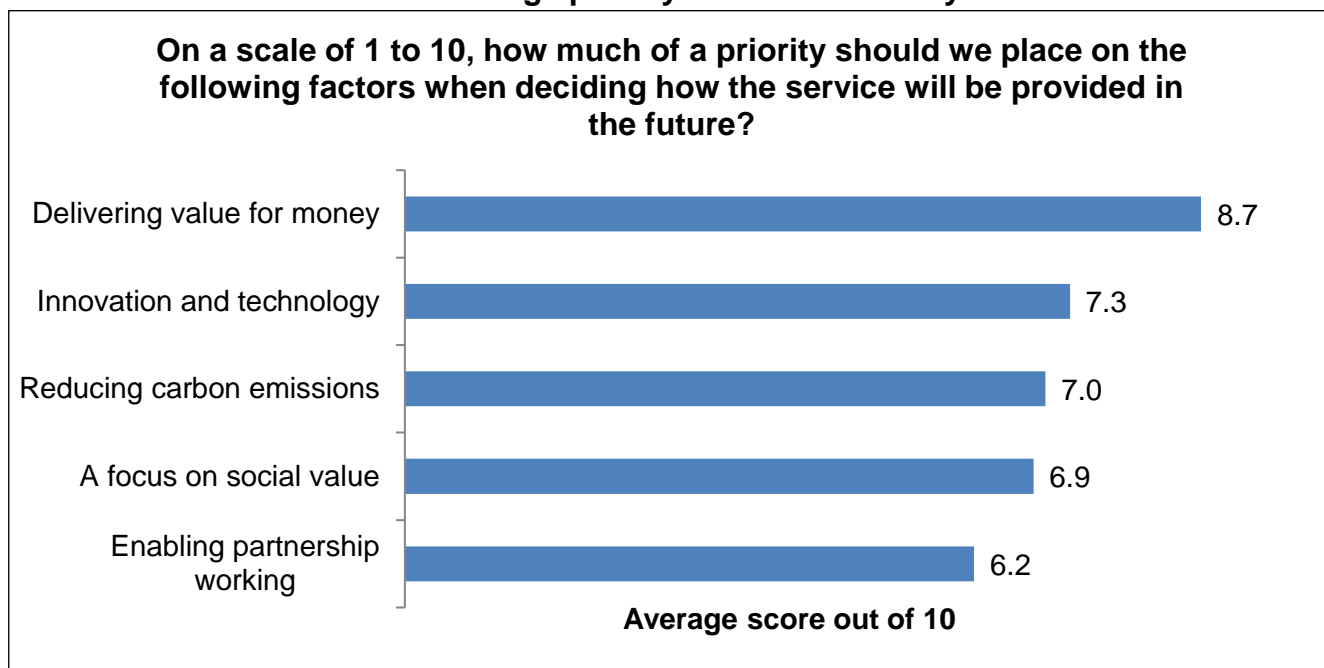
When asked to give reasons for their answers, the majority of respondents who commented:

- Reiterated agreement with the factors, although some were concerned about the cost and viability of implementing them in practice.

Other comments:

- Highlighted the importance of cost and value for money, with many aware of the tight budgets within local government
- Suggested that the service should concentrate on getting the 'basics' right by ensuring a safe and reliable highways network, by focusing on maintaining roads, pavements and other highways features like drains
- Highlighted the importance of including 'reducing carbon emissions' as a priority, wanted further promotion and encouragement of more sustainable methods of transport.

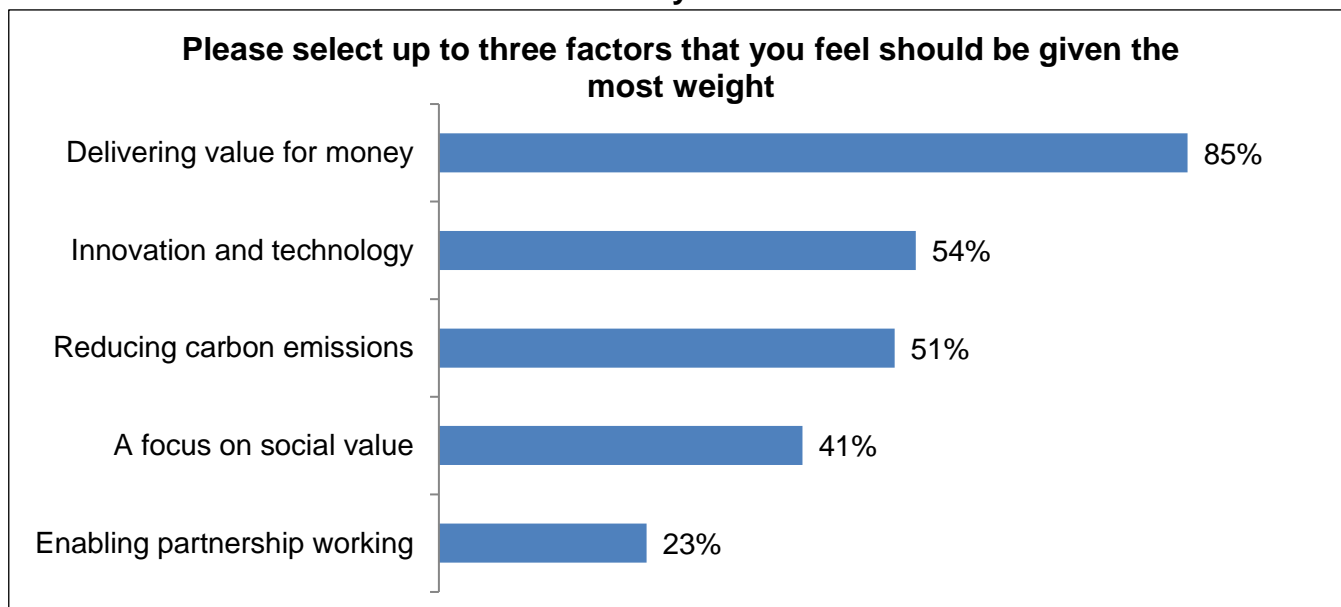
**Chart 12: Average priority score out of 10 by factor**



Base: 672 - 683

Respondents were asked to give a score out of 10 (with 1 being low and 10 being high) to reflect the level of priority they felt each factor should be given when deciding how the service will be provided in the future. The chart above shows that respondents felt that 'delivering value for money' should be given highest priority (average score 8.7), followed by 'innovation and technology' (7.3), then 'reducing carbon emissions' (7).

**Chart 13: Factors that should be given the most weight when making decisions about the delivery model**



**Base: 375**

Note: percentages don't sum to 100% as respondents could select up to three factors

Over half of respondents (55%) felt that some or any of the factors should be given more weight or emphasis when decisions are made about how the service will be provided. Respondents were then asked to select up to three factors they thought should be given the most weight.

A large majority (85%) selected 'delivering value for money' and around half (54%) selected 'innovation and technology' and 'reducing carbon emissions' (51%), as highlighted in graph 14 above.

### Respondent comments

When asked why they had given some factors more weight than others, the majority of respondents didn't comment, or said they had selected the factor or factors that they felt were the most important.

Those who identified a specific factor in their comments said that:

- A large number discussed the pressures on local authority budgets, and the importance of spending Council Tax money as wisely as possible as a reason for identifying 'delivering value for money'.
- Many emphasised the importance of addressing environmental issues as a reason for selecting 'reducing carbon emissions'.
- Some respondents said that 'innovation and technology' was intertwined with 'value for money', as technological innovation can lead to cost savings.
- Some thought focusing on social values was a priority as it would ensure that the service is putting the community and its residents at the heart of what it does, ensuring people have a good quality of life, are safe and feel involved.

## Other suggested factors for inclusion

When respondents were asked if any additional factors should be considered when making decisions about how the service should be delivered in the future, the highest number of comments related to:

- The importance of **ensuring repair and maintenance work is carried out to a high standard**, no matter who delivers it (the Council or third-party contractor), with some suggesting that penalties should be charged if work was not up to standard.

Other factors mentioned include:

- High quality customer care and accountability – ensuring clear communication in relation to things like what the service does and how it performs, as well as ensuring feedback to customers about progress is completed and timely.
- Ensuring public safety, particularly for road users, cyclists and pedestrians, and guaranteeing the importance of safe working practices.
- Alongside reducing carbon emissions, some respondents also wanted to see a commitment to improving and promoting active and more sustainable modes of travel and protecting wildlife and the natural environment.

## General comments and thoughts on how the service could be improved

The highest number of comments related to:

- Ensuring high quality repair work that lasts for the long term, rather than ‘quick fix’, and monitoring and quality checking the work has been carried out, particularly by contractors or utility companies to ensure they are held accountable for the work they complete.

Other comments mentioned:

- The importance of improving the feedback and communication process, and customer service generally, particularly in relation to clearer and more timely communications about issues that have been reported, and improved accountability and consultation with the public and Parish Councils.
- Calls for better maintenance and improvement of cycle and pedestrian routes, and the need to give more emphasis to sustainable transport.
- The need for increased traffic calming/control measures and parking restrictions put in place, with clearer and better signage and road markings.
- The importance of better maintenance and improvement of cycle and pedestrian routes, and prioritising and prompting sustainable transport.
- Request for improved verge and tree maintenance, including liaison with property owners, to prevent pavements, footpaths and signage being obstructed by dirt or overgrown vegetation.
- The need for the Council to be ‘more proactive, not reactive’, and that more checks should be carried out for other potential defects, not just ones that have been reported.
- Quicker response time to requests.
- The importance of giving consideration to the timing of roadworks to avoid congestion.
- Better maintenance of road drainage systems and the clearing of gullies.

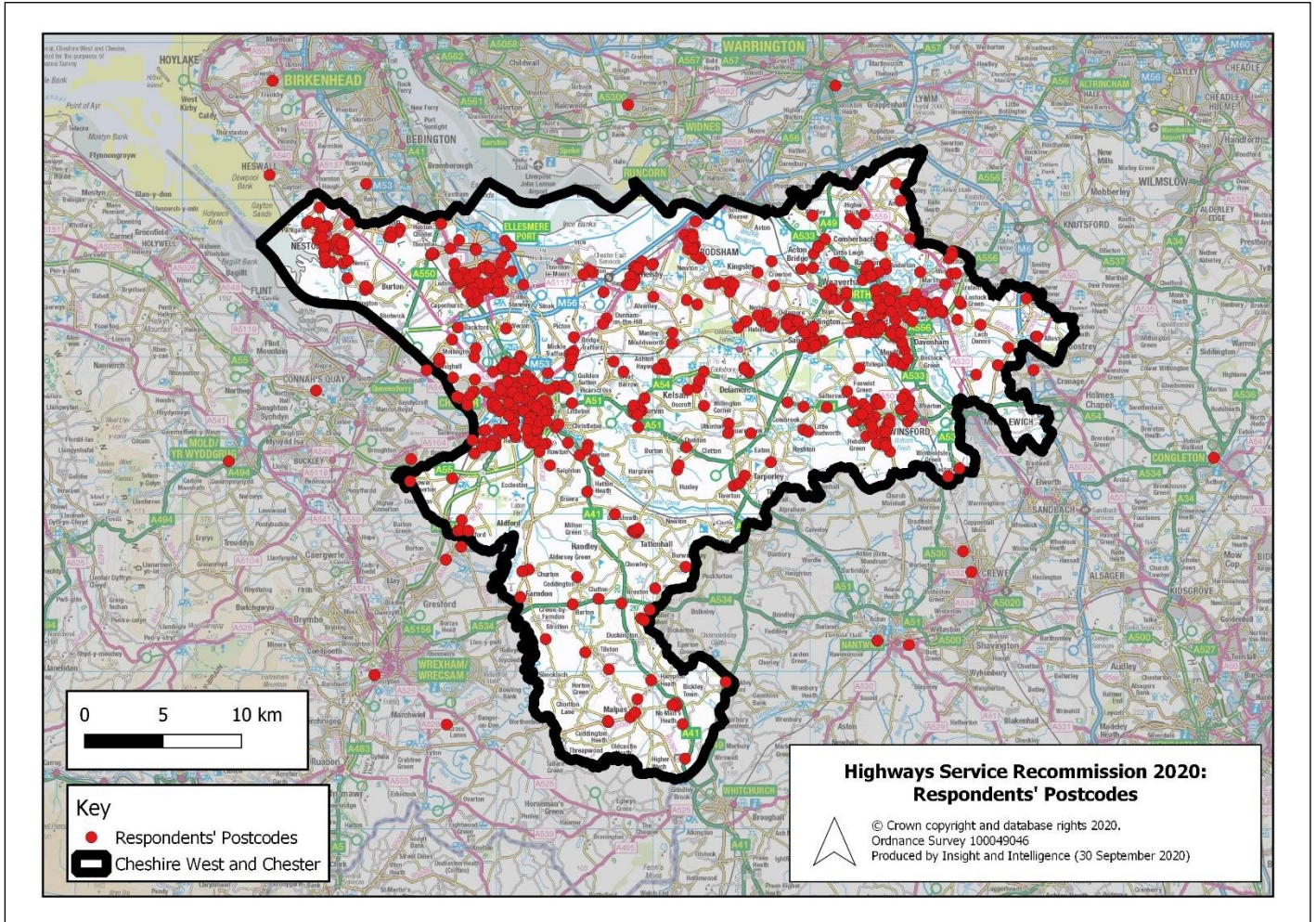
- Requests for the service to be brought back 'in-house'.
- Requests for improvements to the online reporting system, to make it easier to report multiple issues at the same time.



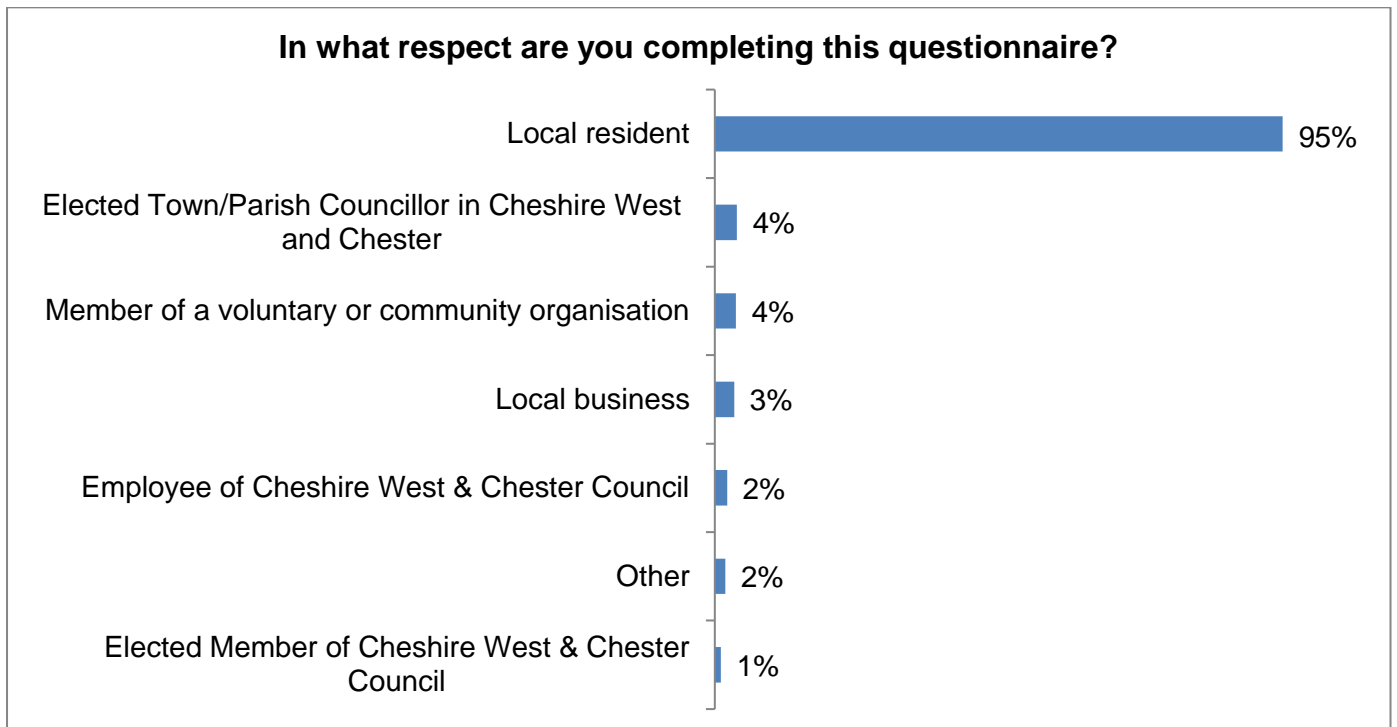
## Profile of Respondents

The map below shows respondents' postcodes, where a full and accurate postcode was provided (of which there were 671). 19 responses were received from outside the Cheshire West and Chester area.

Map 1: Respondent postcodes



**Chart 14: Respondent type**



**Base: 683**

Note: percentages don't sum to 100% as respondents can select more than one option

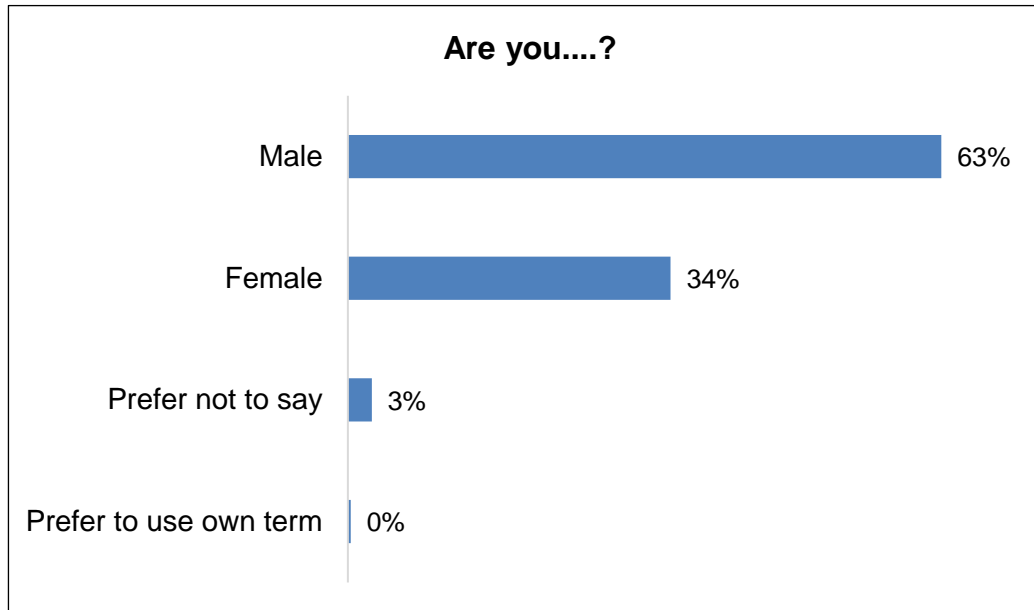
Although the majority of respondents were local residents (as highlighted in the chart above), the survey was also completed by:

- 25 elected Town or Parish Councillors
- 24 members of voluntary organisations
- 22 local businesses
- 14 employees of Cheshire West and Chester Council
- 7 elected members of Cheshire West and Chester Council.

Responses were received from the following organisations:

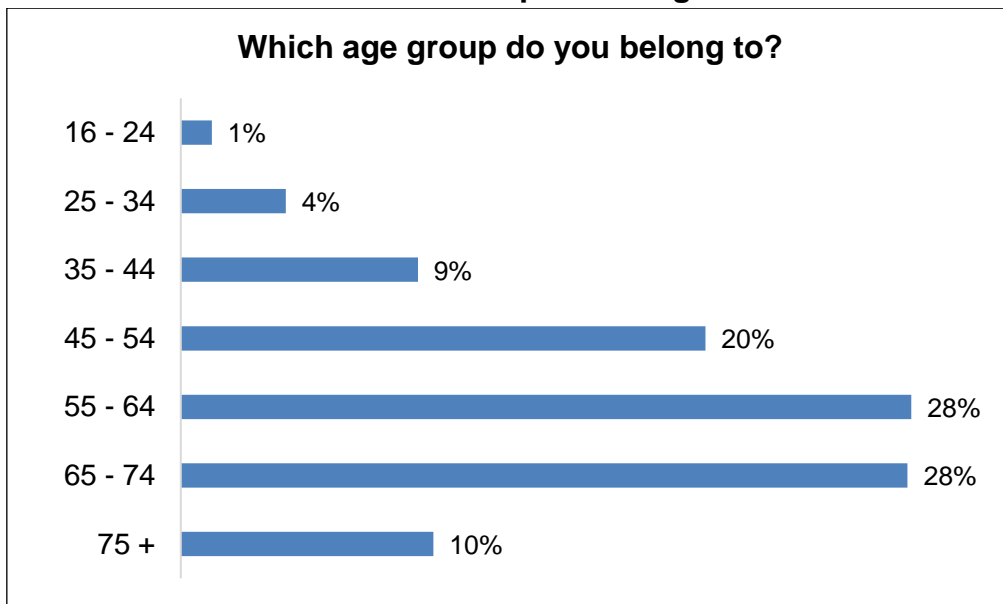
- Great Budworth Parish Council
- Utkinton and Cotebrook Parish Council
- Helsby Parish Council
- Willington Parish Council
- Barnton Parish Council
- Great Boughton Parish Council
- Whitegate and Marton Parish Council
- West Cheshire Trades Union Council (TUC)
- Cheshire Constabulary
- Cycling UK
- The Welcome Network
- Marford and Gresford Velo Club.

**Chart 15: Respondent gender**



**Base: 672**

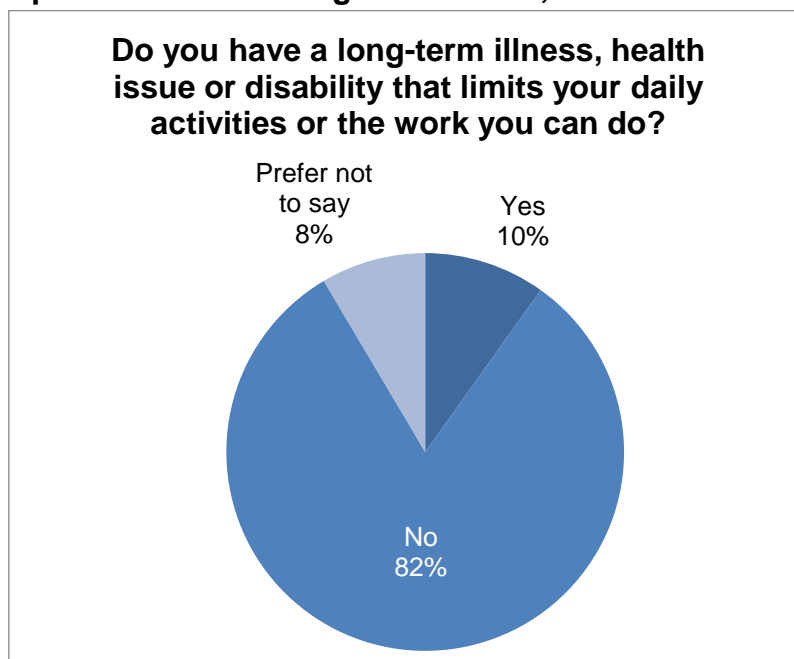
**Chart 16: Respondent age**



**Base:671**

Charts 15 and 16 above show that the majority of respondents were men (63%), 1 in 20 respondents (5%) were aged under 35, but the majority (66%) were aged 55 and over.

**Chart 17: Respondents with a long-term illness, health condition or disability**



**Base: 669**

As highlighted in the chart above, a high proportion of respondents did not have a long-term illness, health condition or disability that limits their daily activity. Of the 1 in 10 who did, 72% had a long-standing illness or health condition and over a quarter (28%) had a physical disability.

#### **Other demographic information**

- 37% give help or support to family members, friends or neighbours because of long-term physical or mental ill health or disability, or issues related to old age.
- 96% of respondents identified themselves as white British.
- 55% identified their religion as Christianity, with almost a third (31%) stating that they don't have a religion.
- 86% of respondents identified as being heterosexual/straight; 3% identified as bisexual, gay/lesbian or preferred to use their own term to describe their sexual orientation.

## Appendices

### Appendix 1: Phase1 Members Engagement - Q&A sessions as part of the Public Consultation

#### Background and introduction

8 weeks public consultation was held by the Council between 6 July to 30 August 2020 via the Council's online engagement tool 'Participate Now' to gather views and feedback from stakeholders about the future Highways Service delivery. The approach was adapted in response to COVID-19 situation to ensure respondents could take part in a safe and manageable way.

#### Interest group, engagement and consultation approach

As part of the public consultation, online interactive Members Q & A sessions were held in August. The sessions were used:

- To provide a high-level progress update of the highways programme to the Members and provide an opportunity to capture their feedback on this.
- For members to seek clarification or to raise any queries/questions in relation to the public consultation document.
- To hold Q&A about the process of the recommission or opportunity to give views about themes in consultations.

Overall, eleven sessions were successfully held with 25 Members and six officers were in attendance from the Change team, Highways Service and Communications team. At each of the sessions, an informal approach was adopted where the Head of Highways and Transport service team set the scene with a high-level overview of the programme, current progress and the next key steps through a PowerPoint presentation. This was followed by an open Q&A session which presented the Members with an opportunity to answer any questions.

#### Themes of feedback received

The themes of feedback received include the following:

- Communication
- Visibility of work programmes
- Data and information intelligence
- IT system
- Quality and Performance management of works in the new model
- Increase control and accountability
- Social value and local employment
- Responding to climate emergencies
- Integration with other services especially Streetcare
- Joint working with other LAs and utility companies
- Other key considerations for the future model

1. **Communication** – An effective and efficient communication was highlighted to be required by Members. For example, there is a need for improved communications about road works and the criteria/rationale for selection of roads to be re-surfaced needs to be communicated, especially the minor roads, pothole filling, etc. Currently, the code of practice (risk management approach and assessment) is difficult to explain to residents, why some works can be done, and others not done.

Schemes of work should be prepared ready for the Department for Transport (DfT) funding applications and related communications should be improved. There should be regular updates to Members on the Council work with the Warrington and Cheshire LEP, including Winnington Swing Bridge.

Programmes of works should be communicated to residents, Councillors and Parish Councils. Communication with communities and Members about future work programmes is considered by Members to be a good approach to be adopted - using local knowledge, informed by local Members and underpinned by an asset management approach.

Overall, there should be improved communication about the progress of work requested by Councillors, when it is programmed to be completed or when it has been completed.

2. **Visibility of work programmes** – The possibility of programming works activity (e.g. gully emptying) in each locality within a specific timeline was highlighted as very important by the Members. When Parish Councils know that there is a planned work for their area, they will be happy to wait for the rolling programme. This will help to showcase the good work, reduce customer complaints and contact with the Council directly or via the Councillors. Also, there should be localities, network management and utilities co-ordination.
3. **Data and information intelligence** - Asset inventory and condition are required. Currently, there is a lack of gully asset data in the areas. We should ensure we have this data intelligence and that it is used to inform work activity. For example, the existing drainage system is not fit for purpose in respect of climate change and there is a need to model the catchment areas and clean gullies on an intelligent basis, such that some will get cleaned more often than others and some might not get cleaned for some time. The data and information intelligence should help to target the gully emptying resource to the right location. Also, the capacity of our water handling infrastructures should be looked at, having regard to current/future rainfall events and we should have access to their location and condition.
4. **IT system** – Technology and innovation for reporting should be included in the new model, with robust innovative ideas implemented e.g. for reporting, inspections, etc.
5. **Quality and performance management of works in the new model** – Works on main roads seem to deteriorate quickly these days. This may be due to the high level of traffic or poor quality of work done by contractors. There should be quality and intervention criteria for all repairs. Innovative strong materials or products should be used for durability.

In addition to having specific KPIs, there should be quality assurance of all works completed. Temporary repairs should be avoided if possible – ‘right first-time’ should be ensured in the new

model. Consideration should be given to a named person to be responsible for the quality assurance of the completed work, especially hedge cutting, but for service areas more generally.

For example, the A533 hedge cutting was not done around the signage and roundabouts. There should be a penalty for a job that is not done to the required standard by the contractor. Pictures of the work completed should be uploaded on the system and reviewed by the Quality Assurance Officer before payment. Although, some hedges are not owned by the Council and are managed by the landowners, there should be joined-up working between the Council and the landowners on this. As part of the new future model, we should be including an audit process to drive quality and performance in this area e.g. proactive planning and a system issuing letters to landowners to remind them of their annual responsibilities.

6. **Increase control and accountability** – Members views were that increased control would be preferred rather than multiple contractors on site to help reduce any risks to the Council. There may be increased control through a community interest company owned by the Council or working with a friends' group on Public Rights of Way – facilities maintenance or a direct provision by the Council with double-handling and inbuilt inefficiencies avoided. Although, there is a need for an assurance that if an inhouse company is chosen, that the existing operatives can be successfully transferred under TUPE and the procurement process is strictly adhered to. Also, it was recommended that non-emergency work elements are 'chunked' by localities.

Members feels that accountability is key for the Council and that the further away the service provision is from the Council/elected Members, there is a loss of or reduced level of control. Therefore, accountability becomes diffused. It is very important that the Council retain the network stewards in-house as they are the main contact and interface with Members and residents.

In principle, the Members feel that a direct provision by the Council provides a more integrated service, better control of the response to residents, but can be costly. There are other ways to achieve this, but consideration should be given to the risk of financial longevity of the private sector as we are now in recession.

7. **Social value and local employment** – In addition to the Council corporate responsibility for social value, the COVID-19 pandemic situation should be considered as one of the evaluation factors when identifying the future preferred model. This includes consideration for COVID-19 response and impact on jobs/income, work-life balance, productivity, poverty and inequality.
8. **Responding to climate emergencies** – as part of the Council investment for the future, there should be consideration for green fleet and vehicles. The Council needs to ensure a fleet strategy Council-wide including consideration for material recycling, reuse and works coordination to reduce trips. The Walking and Cycling Fund requires an implementation plan. Also, the carbon cost of materials should be considered (temporary/permanent repairs) in the new future model. Potholes should be filled in environmentally friendly way – using innovative products. There are various articles on innovative environmentally friendly products which present the Council with a good opportunity to explore and seek the service provider's input.

9. **Integration with other services, especially Streetcare** – the current split between the Highways Service and Streetcare should be reviewed. There is a need for a joint proactive approach (e.g. for gardening work, road maintenance work, etc) between the two teams to reduce disruption to residents and ensure efficiency and productivity. Also, accessibility improvement is required across many routes. Walkways and pavement are sometimes overgrown by grass rendering it unusable for those residents with impaired mobility. Gutters and gullies are overgrown beyond spraying. The weeds are bigger/well-established, thus require a proper clear out of the area. This can be done as a rolling programme with the walkways too. The future model should have a plan to regularly look into this.
10. **Joint working with other LAs and Utilities providers** – there should be consideration for joint working with neighbouring local authorities in terms of new contacts and opportunities for efficiency to ensure best practice and innovations, e.g. Warrington and Halton Council. Also, there should be consideration for a partnership approach to some services e.g. utilities providers sharing excavations costs with the Council. For example, the Utilities company programme of work could be done in advance of the Council resurfacing work.
11. **Other key considerations for the future model** – to include the following:
- Councillors confirmed their support for the assessment criteria.
  - Staff engagement from a health and wellbeing perspective should be ensured by the project team.
  - Highway staff are physically isolated in Guilden Sutton and Phoenix House, and greater connectivity and communication could be achieved if they were co-located with their colleagues, such as Localities, I and I team, Qwest, etc. There is a need to review all staff co-location with the contractor to help lead into a more integrated way of working from the Council perspective.
  - Proactive repair (planned maintenance) instead of responding to emergency need for repair (reactive maintenance). This is cheaper and would help to ensure efficiency and good value for money.
  - Efficiency savings and innovation. Members would like to see some reward or incentive in the new model to increase innovation to do things differently.
  - Water handling and localised flooding from blocked drains.
  - Number of repeat faults/unsatisfactory repairs should be monitored.
  - Consideration for road safety improvement in the programme e.g. 20mph schemes, pedestrian crossing criteria and assessment, traffic lights, cameras, etc.
  - Making Northwich town centre a better place that can attract visitors.
  - Customer care review and improvements.
  - Maintaining footpaths to prevent the need for developing/establish a new footpath.
  - Robust system for officers to visit sites and investigate to make sure any defects are resolved by utilities companies, not the Council.
  - Consideration for any surplus funds that could be given to the local community or Localities team, with local Members to determine how the spend is prioritised.
  - Clearer signage for motorists when road work is ongoing.



## Implications of feedback received to future highways model development and service specification

The project team are working with the Highways Service to consider the following for the new future model development, as well as its service specification:

- Staff and other stakeholders' engagement
- Increased control of activities and securing social value benefits, climate emergency, with potential for localised area decisions on element of budgets
- Affordability testing for each future model as part of the financial modelling work
- Further refinement of the technical partner model (single provider), securing more control and better accountability
- Robust procurement process
- Review of Members service request reporting line and website
- Importance of response times and performance management with a KPI regime so that service requests can be tracked and monitored
- Coordination and programming of holistic works by locality
- Investigate and consideration for potential cross boundary commissioning in the Council
- Locally sourced solutions for certain problematic activities
- Improve signage during road works
- Synergies between Highways and Streetcare, particularly road maintenance work, gardening operations, including application of weed killer, and winter works programme
- Providing visibility of work programme for all major works to enable greater coordination of works e.g. hedge cutting
- Effective and efficient communication to help reduce the number of avoidable contacts to both the Council and via the Councillors, e.g. asset management strategy/approach more widely
- Implementation of an IT system that can respond to needs, e.g. link the resident request to the service provider action, with communication on progress updates
- Proactive programme of works in the new model, e.g. programme of disability access improvements
- Considerations to ensure quality assurance and penalty mechanisms for work completed by contractors
- 'Right first-time' approach to help reduce CO2 emissions from travel and materials. Also, green fleet consideration for the future Highways Service and Council-wide fleets
- Ensure availability of data and information intelligence for assets inventory and condition
- Greater emphasis on flood management and road safety, including zero death traffic/road accident from low income areas, community-owned transport – new norms following COVID-19 for geographically remote residents and those on low incomes, etc
- Holistic treatment/consideration (even if some defects don't meet the code of practice/criteria) to avoid reputational harm of patching some potholes that meet the criteria on a road and leaving the remainder. New model should seek to address.
- Overcoming issues around the maintenance of the Public Rights of Way network, with potential for having some smaller contracts for smaller type works.

## List of attendees at the 11 Q&A Member sessions

Dates: 4<sup>th</sup>, 5<sup>th</sup>, 12<sup>th</sup>, 19<sup>th</sup> and 26<sup>th</sup> August 2020 (morning, afternoon and evening sessions)

### Councillors:

1. Councillor Sam Naylor
2. Councillor Kate Cernik
3. Councillor Carol Gahan
4. Councillor Gareth Gould
5. Councillor Lynn Gibbon
6. Councillor Phil Herbert
7. Councillor John Leather
8. Councillor Razia Daniels
9. Councillor Myles Hogg
10. Councillor Richard Beacham
11. Councillor Martyn Delaney
12. Councillor Adam Langan
13. Councillor Bob Rudd
14. Councillor Mandy Clare
15. Councillor Lynn Riley
16. Councillor Samantha Dixon
17. Councillor Sheila Little
18. Councillor Gillian Edwards
19. Councillor Gina Lewis
20. Councillor Christine Warner
21. Councillor Steve Collings
22. Councillor Simon Eardley
23. Councillor Phil Marshall
24. Councillor Gill Watson
25. Councillor Helen Weltman

### Officers:

1. Sean Traynor – Head of Highways and transport
2. Kieran Collins – Highways Commissioner
3. Modupe Dosunmu – Programme Manager
4. Lee McKeown – Project Manager/ Analyst
5. Vicky Chowdhury – Programme Comms Lead

## Appendix 2: Response from West Cheshire Trades Union Council (TUC)



### Delivering Our Highway Service – a response from West Cheshire Trades Union Council (TUC)

Historically the delivery of Highway Services across the County of Cheshire was done mainly by an in-house service run by the County Council, supported by some work being undertaken by Borough councils and some being put out to contract – especially big projects. This service involved not just a team of professional highway engineers and condition technicians, but also a skilled team of manual workers and supervisory staff who could deliver the product on the ground. This workforce also provided staff who delivered winter road gritting and responded to many emergencies, such as flooding and fallen trees. They also manufactured the permanent and temporary road signs erected in the county, cut and litter-picked highway verges and maintained street-lights. Large projects were contracted (to the construction industry), as was maintenance of electronic traffic-light systems.

West Cheshire Trades Council would argue that the shrinking of the professional work-force, and the privatisation of the delivery side of this function has not improved this service, but left the authority open to the vagaries of the Market, paying for contractors and consultants – for example in relation to the review of the Parking policy. Highways was targeted for £400k cuts prior to 2019/20 and then further cuts in 2019/20 (part of £275k cuts in environment). CWAC has been one of the highest spending councils in the country in terms of employing consultants, spending £5m per year.

Our perception is that Highways, as a service, has little profile in the Council. There seems little interaction with councillors and the committee system and few, if any, reports about performance. Until recently even which roads would be repaired or resurfaced was almost entirely left to officers, with no member or public discussion - and little assessment of public satisfaction. Yet concerns about road repairs and potholes remain high on the public agenda. Members probably have little understanding of the overall state of the Highway network, and future options for managing it. It all seems like a separate private organisation, not part of the Council.

Past attempts to contact highway officers have proved difficult - often with no response. And councillors are heard to make similar comments. Satisfaction with the Highways Development Control function, which seems willing to allow development even when congestion already exists and a proposal will make it worse, also seems to be falling.

Any serious consideration of a radical alternative to the present largely outsourced operation needs significant thought. It will not emerge from a generalised consultation like this - which is designed to deliver more of the same, with tweaks at the edges (like the suggestion of adding

design work into the outsourced contract, the only specific mentioned in the pre-amble about this consultation).

The CWAC 2019 Labour Manifesto said very little about Highways. Other than listing a number of major capital road schemes that are hoping to be pursued. However it did say:

**“RETURNING SERVICES BACK INTO PUBLIC CONTROL SO YOU HAVE A SAY IN HOW THEY RUN**

20. Every opportunity to bring outsourced services back in-house when it offers value for money for residents will be explored and we will seek to grow alternative models of local ownership in our borough, including the creation of cooperatives.”

The Trades Council believes this commitment should be clearly applied to the Highways Service contract(s). However, any serious analysis of how services might be returned in- house requires a full description of services, including what services are currently undertaken in-house and what have been in the past. This information is not provided in the consultation. The only reference to specifics is to raise the question as to whether more functions - like Design - might be added to the externalised contract. i.e. additional privatisation.

The current range of services clearly covers street lighting, gully emptying, road and pavement monitoring and repairs, road lay-out design, small scale new and revised road layouts, bridge maintenance, public rights of way, managing private sector street works, sign erection and maintenance, traffic signal maintenance and provision, training of staff in road safety and undertaking the laying-out of road works, rural grass verge maintenance (currently a separate £500k contract) and even sign-making?

We believe the more of the contract that is in-house the greater chance there is for economies of scale and co-ordination with other services. We would suggest that for the Council to seriously consider an in-house or other alternative option requires managers to draw up a detailed set of proposals indicating which might and might not be returned in-house, with clear reasoning and explanations of alternatives. The ownership of depots needs to be set out, or alternatives identified, so members are clear where services could be operated from.

Depending on staff transfers from the current contractors the capacity and skills to undertake the councils own road repairs may need to be built up again, so that small repairs can be quickly completed – rather than waiting weeks for jobs to be bundled and contracted. (If services undertaken are to be offered to developers and the public on a commercial basis this might affect the nature of the organisation established. Obviously there are limits on the proportion of private work that can be done by an in-house organisation. But these seem unlikely to be breached and this should not be a primary reason for keeping the contract outsourced.)

Members would need to be clear about the limits of the scale of work that could be under-taken directly by the service, so they understand what would need to be done by contractors.

Any proposals for working with other authorities, or possible joint ventures with contractors, could also be considered. Such an exercise would be similar to that undertaken in relation to bringing

Waste Recycling into a Council company – but hopefully much more transparent, given the removal of the confidentiality constraints that related to that contract situation. Ideally such an exercise would not be done by consultants, but by those delivering the current service.

### **Arguments for not repeating a lengthy, fixed, private sector contract.**

The use of a fixed-term contract with a private sector organisation - especially a long contract - militates against flexibility and low costs. You have to try to guess what will be needed in the future, what innovation will happen and then endlessly negotiate changes as the contract progresses, at a penalty cost. These issues were clearly shown by the Waste Collection and Recycling contract. The more flexibility you want built in, the more money a contractor requires to cover uncertainty. The better (cheaper) the deal you negotiate, the more chance they will walk away or make legal challenges.

Doing road repairs currently seems to take a significant time, presumably because small contracts are bundled and tendered. People see repairs marked up, but often wait weeks for the work to be done. The most flexible response would be from an in-house workforce, where change does not have to be negotiated with a contractor and time and money is not spent overseeing / monitoring work quality and value for money. Such an organisation can respond quickly where necessary – avoiding repeated temporary solutions while contract processes are worked through.

### **Council Principles:**

A key point is the Council needs to be in control of delivering the service to achieve the council's laid-out principles – especially social and environmental. Highways work is rife with sub-contracting, often with low cost contractors using old polluting vehicles. Enforcing Health & Safety, environmental best-practice, proper training and payment of fair wages is difficult, if not impossible, when a service is based on contracting and sub-contracting work. We are unaware of CWAC making any efforts relating to these issues except perhaps with its main contractor. Meanwhile poor quality contractors can still win much sub-contracted spot work. Contractors are not interested in delivering the Council's principles, but in making money. In-house provision can provide social and environmental benefits as part of a quick and high quality response, which is value for money, and not subject to endless re-negotiation and even court cases.

If you need economies of scale at a professional or management level these could be achieved by working with other councils on joint run in-house services. Even without this CWAC is considerably bigger than some of the District Councils that used to provide in-house services. The council finds money to invest in loss making shopping projects - it should find money for capital investment in in-house facilities and equipment, and drive innovation in these areas as a way to reduce costs and deliver its green agenda e.g. in relation to use of recycled materials, solar powered lighting and green vehicles. The more functions undertaken by an in-house service the more flexibility you have to move staff around to meet unexpected circumstances. A good example is the ability to respond to public emergencies, flooding, snow blockages and blown-down trees.

If councillors are serious about their manifesto commitment to consider in-sourcing services, then they need to undertake work on such an option - or it will be easily dismissed in favour of doing

what we do now, or even a bit less.

In summary we urge the Council to:

- 1) look seriously at alternatives to the current, largely outsourced, contract model
- 2) undertake the work necessary to properly consider an in-house alternative – perhaps joint venture or shared
- 3) recognise that delivering the council’s social and environmental principles can best be delivered via an in-house organisation over which the council has direct control
- 4) acknowledge the current disconnect between the Highways Service and the public / councillors, despite the work being high on the public agenda
- 5) recognise that flexibility and innovation are best achieved when the Council is not tied to a long fixed contract, and that this could be a key factor in relation to addressing the Climate Emergency
- 6) recognise that responsiveness can best be delivered in a directly controlled organisation, which also gives direct quality control, avoids the need for expensive monitoring processes, and constant contract change negotiations
- 7) recognise that the council’s skills base can only be reduced by increasing the level and range of professional work that is outsourced
- 8) recognise that an in-house work-force provides flexibility in responding to wider emergencies

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information and services.**

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## Appendix 2 Consultation Feedback – Service response

The Highways Service is grateful for the significant number of responses received from the public. The responses will help inform the shape of the new service delivery model, the detail of the service specification and standards as well as how the service is operated in the future. We have taken on board the outputs from the public consultation and developed an action plan to show how this has been, or is to be, ensured as part of the recommissioning process. Unfortunately, not all the feedback received can be actioned for reasons of affordability or restrictions on the use of public sector finance.

The feedback received has been grouped into thematic areas, which will be taken forward into the decision-making process for the new service delivery model and then ultimately the service standard or level of future service:

	Highways Service action plan following the consultation feedback		
Theme of feedback	New delivery model	Service specification	General (service provision/operations)
How will the new model demonstrate the following: Value for money, Social value, Innovation and reducing Climate change?	Robust evaluation criteria informed from the Council Plan and Council priorities. This includes critical success criteria generated from engagement and consultation with the public, residents, elected members, staff, local authorities and other key stakeholders as well as professional expertise.	Service specification will be based on the outputs of the evaluation criteria, with accountability for the exact service delivery clearly shown	Outputs linked to the evaluation criteria will be included in the governance reporting mechanism so that there can be visibility of the criteria, monitoring and evaluation thereof.
How will we ensure joint and collaborative	Seek out opportunities to improve service delivery by working collaboratively with	Service specification will specify any joint and collaborative working with others	Outputs linked to collaborative working will be included in the governance reporting mechanism so

<b>Highways Service action plan following the consultation feedback</b>			
<b>Theme of feedback</b>	<b>New delivery model</b>	<b>Service specification</b>	<b>General (service provision/operations)</b>
working internally and externally?	the Streetcare Service, Council owned companies, other local authorities, utility companies, other providers, local communities, voluntary sectors.		that there can be visibility of the opportunities, monitoring and evaluation thereof.
How will we improve overall communication with the public	<p>The new model will include improved 360-degree communication between the Highways Service, the public and elected members.</p> <p>This will focus on clear lines of accountability to improve communication between all parties. The technology that underpins the new ways of working will be crucial to ensure that feedback is up to date, relevant and in real time.</p>	<p>Specify an integrated and efficient electronic process for providing feedback to the customer on the progress of their service request.</p> <p>Make the publication of current and forward works programme a requirement.</p> <p>Regardless of the model implemented, accountability, levels of service, performance and outcomes will be clearly articulated in the specification.</p>	<p>Monitor and report upon performance against customer service standards.</p> <p>Monitor and report upon accuracy of published works information.</p>
What assurances are there on standards and timeliness of Repairs and Roadworks?	New delivery model will deliver published standards for repairs	A refreshed Performance Management Framework shall be developed to ensure that works are	The standards for inspections of highways and associated repairs shall be included within an updated code of practice for safety inspections.

<b>Highways Service action plan following the consultation feedback</b>			
<b>Theme of feedback</b>	<b>New delivery model</b>	<b>Service specification</b>	<b>General (service provision/operations)</b>
		<p>undertaken within the prescribed time period and to the requisite quality standard.</p> <p>Quality Audits shall be prescribed pursuant to right first-time achievement where feasible.</p>	<p>The Council has control as to when certain operations are carried out and to what standard. Performance will be verified through regular Quality Audits.</p>
<p>What is the approach being taken to Strategic Management and Governance?</p>	<p>To regularise the governance of the new delivery model in line with the Councils governance for service delivery. Include the Council priorities as critical success factors in determining the final delivery model.</p> <p>To have an agreed work programme that sets out the forward plan of activity and to simplify the decision-making process for any changes or new requirements.</p>	<p>Include requirements for the regular submission of service wide data and metrics, performance of repairs (including timescales achieved) and all data and intelligence information.</p>	<p>Data and information on how the service is being delivered and performing will become part of the governance arrangements</p>

<b>Highways Service action plan following the consultation feedback</b>			
<b>Theme of feedback</b>	<b>New delivery model</b>	<b>Service specification</b>	<b>General (service provision/operations)</b>
What is the future service direction, including Value for Money?	<p>Ensure that the final delivery model has a robust business case and is subject to procurement strategy in accordance with the Council's constitution. Feed VfM considerations into all future policy issues and decisions on Highways Asset Management.</p> <p>As part of the Business Case, the Financial Case considered the relative costs of the different models available to LA's. and any future model will review the specification, conditions of contract, payment mechanisms, risk allocation to ensure that Value for money is achieved.</p>	<p>Service specification will include options for the use of different materials, processes and methodologies in maintaining the highway network together with improved efficient communication channels.</p> <p>An annual VfM efficiency requirement shall be included in the specification.</p>	Production of regular VfM evidence reports, which shall include for monitoring against prescribed efficiency targets.

<b>Highways Service action plan following the consultation feedback</b>			
<b>Theme of feedback</b>	<b>New delivery model</b>	<b>Service specification</b>	<b>General (service provision/operations)</b>
Formal response from West Cheshire Trades Union Council (TUC)	<p>All delivery options went through a robust evaluation and analysis process which was formally scrutinise by the Places Scrutiny Committee.</p> <p>The Critical success factors used for the analysis of the shortlisted options have a strong link to the Council plan and priorities.</p> <p>The new model will include clear accountability and therefore improved communication between the Highways service, the public and members.</p>		

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## APPENDIX 3 SUMMARY OF ENGAGEMENT WITH OTHER COUNCILS

### Background & Introduction

Over a 12 months period (August 2019 to August 2020), the project team completed desktop research on 113 Local Authorities (LA's) using the contents of the highway's maintenance yearbook. The outputs from the desktop research is summarised in table 1 below:

Authorities with similar road network length +/-500km to CW&C				North West Region Approach							
No. Authorities In-House Consultancy	2	33%	No. Authorities In-House Delivery	2	33%	No. Authorities In-House Consultancy	6	30%	No. Authorities In-House Delivery	5	25%
No. Authorities External or Unknown Consultancy	4	67%	No. Authorities External or Unknown Contractor	4	67%	No. Authorities External or Unknown Consultancy	14	70%	No. Authorities External or Unknown	15	75%
Overall Approach - 113 Local Highway Authorities											
No. Authorities In-House Consultancy	24	21%	No. Authorities In-House Delivery	38	34%	No. Authorities External or Unknown Consultancy	89	79%	No. Authorities External or Unknown Contractor	75	66%
No. Authorities External or Unknown Consultancy	38	34%	No. Authorities External Contractor	69	61%						
Authorities with NHT Overall Satisfaction scores equal to or greater than 49% av						Authorities with NHT Satisfaction with Highways (KBI23) scores equal to or greater than 31% av					
No. Authorities In-House Consultancy	8	17%	No. Authorities In-House Delivery	17	35%	No. Authorities In-House Consultancy	9	18%	No. Authorities In-House Delivery	17	34%
No. Authorities External or Unknown Consultancy	40	83%	No. Authorities External or Unknown Contractor	31	65%	No. Authorities External or Unknown Consultancy	41	82%	No. Authorities External or Unknown	33	66%

Table 1: Summary of outputs from 113 LAs desktop research completed

In order to further understand the LA's rationale for their chosen approach and contracting model, officers contacted 11 of the LA's through a combination of telephone conferences and site visits. The outputs from these discussions highlight good practice and innovative ideas from recently commissioned highway models. Lessons were also learned from these recent recommissioning exercises.

The 11 LAs contacted are:

1. Cheshire East Council
2. Gloucestershire County Council
3. Herefordshire County Council
4. Highways England
5. Knowsley Metropolitan Borough Council
6. Liverpool City Council
7. North Yorkshire County Council
8. Surrey County Council
9. Telford Council
10. Warrington BC (As lead for Warrington/Halton Joint Arrangements)
11. Wirral Metropolitan Borough Council

## **Overview of feedback from LAs engagement**

There is no “one size fits” all solution and each LA has adopted their own individual solution to meet their own requirements in respect of political direction, cultural fit, affordability, type and quality of service delivery.

The process followed by the above LA’s broadly follows the same process as the Council to a greater or lesser extent, mainly:

1. Use of HMEP toolkit to arrive at a long list of delivery model options,
2. Apply individual Council assessment criteria to arrive at a short list of delivery model options
3. Carry out market engagement to feed into the process
4. Carry out public consultation and member engagement to feed into the process
5. Finalise a preferred delivery model option using a business case methodology.

The final options chosen by these LA’s include the full range of model delivery options available and range from:

Setting up a LATO in North Yorkshire, which is the only second LA formed company that has been established in the Country, through to a fully outsourced model where the private sector delivers the vast majority of the service with the Council responsible for strategy and performance management.

Each delivery model is different to others, in both principles and in the finer detail as to what functions are carried out by the Service Provider and what functions are retained by the Council

## **Collaboration with other LA’s**

Most of other LA arrangements include a facility for other public bodies to join or to use their contractual arrangements. However, in practice this is rarely used as the arrangements are bespoke and very much tailored to one individual Council’s specific requirements.

In addition, each LA has its own separate recommissioning timeline and individual liabilities contained within their existing arrangements (depots, IT infrastructure and connectivity to wider Council IT systems, equipment such as winter gritting fleet, and risk allocation). Consequently, this put a constraint on the LA from having a joint delivery model for the future.



**Summary for appetite for collaboration and interest level for joint service delivery model**

NW Local Authority	Contract Description	Appetite for collaboration & interest level
Wirral Metropolitan Brough Council (WBC)	<p>WMBC Term Maintenance Contract came to a natural end in October 2018. The contract was over 4 years. WBC wanted to take the service back in-house and assume direct responsibility for service delivery, seeking better value for money and more effective service delivery.</p> <p>In 2018 they put in place arrangements, which consisted of 7 annual tenders with 12-month extensions, and the reactive works being insourced into a small Direct Labour Organisation.</p> <p>Their Network size approximately is 1200 km, less than half of CW&amp;C.</p>	Low due to different recommissioning timeline with differing scope and scale of works
<p>page 537</p> <p>Knowsley Metropolitan Brough Council (KBC)</p>	<p>KMBC procured a contract for the market to provide Highway Maintenance Services (including some outsourced client type works), which replaced 7 separate contracts. Their Professional Services are the subject of a separate contract. Their Highway Maintenance Services contract started in 2016 and could be for up to 8 years and is of similar financial value to CW&amp;C.</p>	Low due to different recommissioning timeline
Liverpool City Council (LCC)	<p>LCC terminated its 9-year contract with Amey early in January 2018. A LCC wide review brought parks services, street cleansing, bin collections, IT, HR and payroll services all back “in-house” to deliver further savings.</p> <p>Although cost savings were initially made under the Amey contract, the Council considered that further savings could be achieved in</p>	Low due to different recommissioning timeline

NW Local Authority	Contract Description	Appetite for collaboration & interest level
	<p>looking at alternative smarter and more flexible delivery methods, interim service arrangements were put in place for an 18 month period and this included for client-based functions and associated resource being transferred back to the Council e.g. highway inspections, street works inspections, project management and work scheduling, and professional services (e.g. design).</p> <p>The operational element of the service and the associated resource was transferred to Liverpool Street Scene Services Limited (or LSSL). This included, for example, the gully cleansing operatives, the street lighting operatives, and minor construction works e.g. footway reflagging.</p>	
<p>Warrington Borough Council</p>	<p>The current Service Provider is in place following a joint procurement exercise with WBC/Halton BC, with Warrington being the lead authority.</p> <p>The joint client contract allows for one operating depot in the centre of Warrington and gives some flexibility to even out the workflow such that there are no peaks and troughs. Despite the depot being located in Warrington (collocated with Warrington staff), it is assumed that Halton get the same level of service from the contractor.</p> <p>The contract comes to a natural end in May 23. They have a mixed economy for delivery with their current Service Provider being responsible for reactive and capital works as well as the Borough Council operating some limited direct service provision (streetlighting and gully emptying).</p>	<p>Low due to different recommissioning timeline with differing scope and scale of works, IT systems, etc.</p>

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NW Local Authority	Contract Description	Appetite for collaboration & interest level
	<p>Depot facilities are at a premium in Warrington with no land available for the Council to increase Depot facilities.</p> <p>Winter Service - Warrington purchase the salt whereas the service provider supplies the vehicles and operators</p>	

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**Title of policy / procedure / function / project / decision: Review of the delivery of Highway Service**

**Evidence based equality analysis –**

Cheshire West and Chester Council (CW&C) is the highway authority responsible for maintaining the highway network in the Borough. This includes the maintenance, renewal and improvement of carriageways, footways, cycleways, structures, drainage systems, restraint systems, lighting, signalling and other associated assets; the carrying out of winter maintenance services; verge cutting; fleet maintenance.

In October 2012, the Council entered into the Highways Term Services Contract (HTSC) with Ringway Infrastructure Services (RIS). This contract was let on an initial term of six years with options (latterly) to extend by up to four years. Following a recent extension, the current contract with Ringway will end in October 2022. Therefore, there is a need to review the delivery model to identify a new future model that is suited to the needs of the Borough and our residents.

In ensuring value for money in service provision, there is an opportunity to encompass the provision of professional services into the model that will be of benefit to service areas beyond highways. Opportunity will also be sought to review the delivery of highway and infrastructure works to determine whether an alternative approach can be taken through other service areas or Council-owned companies.

As the existing contract draws to a close, there is an opportunity to explore a new place-based delivery model in order to provide a model that is flexible, provides value for money and meets the needs of the Borough both now and in the future.

In promoting the principle of informing-engaging-consulting by the Council, key stakeholders and the public have been invited to provide their views during the public consultation which commenced on 6 July and will run to 30 August 2020. The

outputs from the consultation will help the Council to understand the stakeholders' priorities for the future Highway service delivery and consequently inform decision making.

This project is intended to provide a delivery model suitable, flexible and affordable for the future needs of CW&C. Moving away from a traditional delivery model and towards an outcome-based specification will provide a vision for a delivery model that is flexible, agile and able to effectively support the aspirations of the Council that is fit for the future.

Lead officer(s):

- Sean Traynor, Senior Manager Highways
- Kieran Collins, Highways Commissioner
- Modupe Dosunmu, Programme Manager
- Lee McKeown, Project Manager

Current identified stakeholders include:

- The public
- Respondents from play your part public consultation (those who agreed to be contacted about other consultations)
- Highways customers that have previously contacted the Council through the contact centre
- Council staff including key internal department such as Street Care & Public Health
- CW&C Executive Members
- CW&C Ward Members
- District advisory panels: Chester, EP, Northwich, Winsford and Rural
- Town and Parish Councils
- Current service provider (Ringway)
- Partner organisations and Emergency Services (including NHS, Qwest, Police and Fire etc)
- Business community (including CH1 Chester Bid etc)
- Utility companies
- Travel companies
- Schools and colleges

- Neighbouring authorities
- Active travel forum (cycling and walking groups)
- Ramblers Society
- Other interest groups (including disability groups, older people’s groups, Youth Senate etc)

Equality analysis is a valuable tool to help embed equality into everything we do

While process is important, equality analysis is essentially about outcomes

Lack of evidence of discrimination is not evidence of a lack of discrimination

It is not acceptable to say that a policy is applied uniformly to all groups and is therefore fair and equal. Applying a policy or procedure consistently may result in differential outcomes for different groups.

For each of the areas below, an assessment needs to be made on whether the policy has a **positive, negative or neutral impact**, and brief details of why this decision was made and notes of any mitigation should be included. Where the impact is negative, this needs to be given a **high, medium or low assessment**. It is important to rate the impact of the policy based on the current situation (i.e. disregarding any actions planned to be carried out in future).

**High impact** – a significant potential impact, risk of exposure, history of complaints, no mitigating measures in place etc.

**Medium impact** –some potential impact exists, some mitigating measures are in place, poor evidence

**Low impact** – almost no relevancy to the process, e.g. an area that is very much legislation led and where the Council has very little discretion

Target group / area	Neutral	Positive	Negative
<b>Race and ethnicity</b>	It is not anticipated that there will be an impact on		

(including Gypsies and Travellers; migrant workers, asylum seekers etc.)	this group from the highway service review		
<b>Disability</b> (as defined by the Equality Act - a person has a disability if they have a physical or mental impairment that has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities)	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Gender</b>	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Gender identity</b> (gender reassignment)	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Religion and belief</b>	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Sexual orientation</b> (including heterosexual, lesbian, gay, bisexual)	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Age</b> (children and young people aged 0 – 24, adults aged 25 – 50, younger older people aged 51 – 75/80; older people 81+. The age	It is not anticipated that there will be an impact on this group from the highway service review		



categories are for illustration only as overriding consideration should be given to needs)			
<b>Carers</b>	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Rural communities</b>	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Areas of deprivation</b>	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Human rights</b>	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Health and wellbeing</b> (consider both the wider determinants of health such as education, housing, employment, environment, crime and transport, as well as the possible impacts on lifestyles and the effect there may be on health and care services)	It is not anticipated that there will be an impact on this group from the highway service review		
<b>Procurement/partnership</b> (if project due to be carried out by contractors/partners etc,	Principles of EU procurement law below:		

identify steps taken to ensure equality compliance)	<ul style="list-style-type: none"> <li>• equality of treatment (non-discriminatory)</li> <li>• transparency</li> <li>• mutual recognition</li> <li>• proportionality section</li> </ul>		
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**Evidence (see guidance note for details of what to include here):**

**Action plan:**

<b>Actions required</b>	<b>Key activity</b>	<b>Priority</b>	<b>Outcomes required</b>	<b>Officer responsible</b>	<b>Review date</b>
Consultation to involve all communities in the borough – Consultation & Communication Plan can be found here (See appendix)	<p>Ensure that engagement activity is inclusive and is undertaken with the diverse communities</p> <p>Provide opportunity of document provision in alternative format and other languages</p>	Medium	Understanding of possible issues affecting diverse communities (particularly disabled residents and older residents)	Lois Williamson Vicky Chowdhury	15/01/22
Use engagement feedback to establish whether there could be any adverse impact on any group	Address any identified issues affecting minority groups	Medium	Equity in service provision for all the borough's communities	Lois Williamson Vicky Chowdhury Modupe Dosunmu	15/01/22

<b>Sign off</b>	
Lead officer:	Sean Traynor
Approved by Tier 4 Manager:	
<b>Moderation and/or Scrutiny</b>	
Date: 20.07.20	
<b>Date analysis to be reviewed based on rating</b> (high impact – review in one year, medium impact - review in two years, low impact in three years)	

**Please forward the completed Equality Analysis to the Equality and Diversity Managers for publishing on the Council's website**

## Appendix

### 1. Communication and Consultation Plan



Public consultation  
Communications Pla

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