

Finance Sub-Committee

Agenda

Date: Wednesday, 5th January, 2022
Time: 2.00 pm
Venue: The Capesthorne Room - Town Hall, Macclesfield SK10 1EA

PLEASE NOTE – This meeting is open to the public and anyone attending this meeting will need to wear a face covering upon entering and leaving the venue. This may only be removed when seated.

The importance of undertaking a lateral flow test in advance of attending any committee meeting. Anyone attending is asked to undertake a lateral flow test on the day of any meeting before embarking upon the journey to the venue. Please note that it can take up to 30 minutes for the true result to show on a lateral flow test. If your test shows a positive result, then you must not attend the meeting, and must follow the advice which can be found here:
https://www.cheshireeast.gov.uk/council_and_democracy/council_information/coronavirus/testing-for-covid-19.aspx

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

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

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

1. Apologies for Absence

To note any apologies for absence from members.

2. Declarations of Interest

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

Contact: Paul Mountford, Democratic Services
Tel: 01270 686472
E-Mail: paul.mountford@cheshireeast.gov.uk

3. **Public Speaking/Open Session**

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

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

4. **Minutes of Previous Meeting** (Pages 5 - 28)

To approve as a correct record the minutes of the meeting held on 1st December 2021.

5. **Draft Capital Strategy 2022-26** (Pages 29 - 78)

To consider the current capital strategy and comment on its appropriateness in light of the ongoing budget consultation document.

6. **Draft Investment Strategy 2022/23** (Pages 79 - 100)

To consider the Council's Investment Strategy in light of the ongoing budget consultation document.

7. **Draft Reserves Strategy 2022/23** (Pages 101 - 120)

To review the Council's Reserves Strategy as part of the consultation process for the Medium Term Financial Strategy (MTFS).

8. **Draft Treasury Management Strategy 2022/23** (Pages 121 - 146)

To review the draft Treasury Management Strategy 2022/23, as part of the performance management framework, during the consultation period of the Medium Term Financial Strategy.

9. **Medium Term Financial Strategy 2022/23 - 2025/26** (Pages 147 - 188)

To respond to consultation on the Medium-Term Financial Strategy 2022 to 2026.

10. **Re-procurement of a Construction Related Consultancy Services Framework 2022-2026** (Pages 189 - 198)

To consider a report on the procurement of a Framework Agreement for construction-related consultancy services.

11. **Work Programme** (Pages 199 - 200)

To consider the Work Programme and determine any required amendments.

12. **Procurement Pipeline** (Pages 201 - 214)

To receive an update on the pipeline of procurement activity.

13. Exclusion of the Press and Public

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

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and public interest would not be served in publishing the information.

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

14. Procurement Pipeline

To receive details of waivers as referred to in the Procurement Pipeline report.

15. Shareholder Working Group Report

To receive and consider the report of the Shareholder Working Group on:

- the Ansa Business Plan review
- the ASDV review in relation to Orbitas
- the review of the Public Interest Reports

Membership: Councillors Q Abel, D Brown, S Carter (Vice-Chair), J Clowes, S Gardiner, N Mannion, B Puddicombe and A Stott (Chair)

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 1st December, 2021 in the Council Chamber, Municipal
Buildings, Earle Street, Crewe CW1 2BJ

PRESENT

Councillor A Stott (Chair)
Councillor S Carter (Vice-Chair)

Councillors D Brown, J Clowes, S Gardiner, N Mannion, B Puddicombe and
J Nicholas (for Cllr Abel)

OFFICERS

Alex Thompson, Director of Finance and Customer Services
Peter Skates, Director of Growth and Enterprise
David Brown, Director of Governance and Compliance
Joanne Sutton, Acting Head of Integrated Commissioning
Julie Gregory, Legal Team Manager
Paul Mountford, Democratic Services

OTHER MEMBERS PRESENT

Councillors B Evans and J Saunders

APOLOGIES

Councillors Q Abel

The Chair welcomed Councillor N Mannion to his first meeting as a member of the Sub-Committee.

24 DECLARATIONS OF INTEREST

Councillor N Mannion declared a personal interest in relation to a matter referred to in Item 10, an Appendix to the Asset Management report which contained exempt information and would be considered in Part 2 of the meeting. Councillor Mannion would provide specific details of the declaration when the meeting had moved into Part 2.

Councillor S Gardiner declared a non-pecuniary and non-prejudicial interest in relation to a piece of land referred to in Item 10 which was currently the subject of a planning application which would be considered by the Strategic Planning Board. The land was also situated within his ward. Councillor Gardiner made the declaration both as local ward member and as the Vice-Chair of the Strategic Planning Board.

Councillor B Puddicombe declared a personal interest in relation to a matter to be considered in Part 2.

25 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

26 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 22nd September 2021 be approved as a correct record.

27 2021/22 FINANCIAL YEAR REVIEW

The Sub-Committee considered a report outlining how the Council was managing resources to provide value for money services during the 2021/22 financial year. The report set out the financial performance of the Council with and without the impact of Covid-19.

Further details of how the Council was performing in 2021/22 were set out in Annex 1 to the report.

Arising from members' consideration of the report, the following comments were made:

- There was a need for the relevant service committees to address significant overspends and underspends arising from, among other things, increasing social care costs, reduced car park income and staff recruitment and retention issues.
- It was recognised that each service committee had responsibilities to work with officers to manage its allocated budget.
- Members noted the potential implications of the national local government pay award, which had not been fully factored into the budget for this year as a public sector pay freeze had been assumed.
- Consideration should be given to whether the assumptions underlying the budget remained realistic or required further review.
- It was noted that the non-domestic rates and Council tax collection rates had improved although the full impact of non-domestic rates had yet to be determined.
- The position with the General Reserves would be kept under review, and it may be necessary to consider further financial savings in future to ensure that the Reserves remained at an appropriate level.
- Members noted that the overall position with the budget, excluding Covid-related expenditure, represented a projected variance of less than 1% which had been achieved in challenging circumstances.

Arising from the discussion, the Director of Finance and Customer Services undertook to ask the Council's Corporate Leadership Team to consider the options for addressing staff recruitment and retention.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the contents of the report and each appendix;
2. approves:
 - (a) supplementary revenue estimates for general purpose grants coded centrally up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1 of the report, Section 3 Corporate Grants Register, Table 1; and
 - (b) capital virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1, Section 5 Capital Strategy, Table 5;
3. recommends that Council approve:
 - (a) fully funded supplementary revenue estimates for general purpose grants coded centrally over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1 of the report, Section 3 Corporate Grants Register, Table 1;
 - (b) fully funded supplementary revenue estimates for specific grants coded directly to services over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1, Section 3 Corporate Grants Register, Table 2; and
 - (c) supplementary capital estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1, Section 5 Capital Strategy, Table 6;
4. recommends that Service Committees:
 - (a) note the financial update and forecast outturn relevant to their terms of reference;
 - (b) note that officers will seek to improve outcomes and the financial outturn across all Committees to mitigate the overall forecast overspend of the Council; and
 - (c) approve supplementary revenue estimates for specific grants coded directly to services up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2-7, Section 3 Corporate Grants Register, Table 2.

28 WHOLLY-OWNED COMPANY BUSINESS PLANS

The Sub-Committee considered the report of the Shareholder Working Group The Shareholder Working Group which had met on 24th November 2021 to consider the Ansa Business Plan 2021-2024 and a report on wholly-owned company governance and decision-making responsibilities in light of recent public interest reports. The report was presented by the Working Group's Chair, Councillor S Carter.

In their presentation, Ansa had referred to risk management measures, including ensuring service continuity during the critical winter operating period (mindful of the effects of the Covid-19 pandemic on staff), and noting their proposal to make exceptional incentive payments to their employees. In accordance with the Shareholder Agreement, this required Shareholder approval. Payments would be funded from company profits and were estimated to cost in the order of £50,000.

Councillor Carter had, at the Sub-Committee's request, discussed with Ansa a proposal for a dividend. The company representatives undertook to discuss the matter with their Board.

It was proposed that the Shareholder Working Group would meet again to complete its review of the Ansa business plan, consider the implications of the ASDV review in relation to Orbitas, and complete the review of the public interest reports. The Working Group would then report back to the Sub-Committee's next meeting in January under part 2 of the agenda to enable a full discussion to take place. A final decision on Orbitas would be taken by the Corporate Policy Committee.

RESOLVED

That the Sub-Committee

1. notes the update from the Chair of the Shareholder Working Group;
 2. asks the Shareholder Working Group to meet again at its earliest convenience to:
 - (a) complete the review of the Ansa Business Plan by resolving any outstanding matters raised at the meeting of 24th November 2021;
 - (b) review the implications of the ASDV Review as they relate to Orbitas; and
 - (c) complete the review of the Public Interest Reports to identify any implications for CEC and its Group Structure; and
- and report back to the Sub-Committee at its meeting in January; and

3. provides approval as Shareholder to Ansa making exceptional incentive payments to staff linked to performance during the critical winter operating period.

29 **WORK PROGRAMME**

The Committee considered its work programme for 2021/22.

The work programme would be amended to include the report back to the Sub-Committee's meeting in January by the Shareholder Working Group.

RESOLVED

That the work programme be noted.

30 **CARE AT HOME RECOMMISSION**

The Sub-Committee considered a report on a matter referred to it for scrutiny by the Children and Families Committee on 8th November 2021. This related to the redesign and recommissioning of a new Children's Care at Home Purchasing System.

Although not constitutionally required to review the report, the Finance Sub-Committee was being provided with the opportunity to comment on the report, with additional information being provided, before the matter was referred back to the Children and Families Committee for further consideration at its next meeting.

At the invitation of the Chair, Councillor J Saunders, a member of the Children and Families Committee, spoke on this matter.

Members agreed that this was a matter for the Children and Families Committee and that that Committee's officers should be asked to provide answers to the questions raised by the Committee.

RESOLVED

That the Sub-Committee

1. notes the report and recommendations of the Children and Families Committee meeting of 8th November 2021;
2. notes the additional briefing material provided at Appendix 2 to the report;
3. notes that the Care at Home Recommission was not presented as a variation to the Budget Framework approved by Council; and
4. refers the matter back to the Children and Families Committee, together with Appendix 2 and the Sub-Committee's comments.

31 ASSET MANAGEMENT

The Sub-Committee considered a report providing context and activities linked to the Council's assets acquisitions and disposals of land and property.

The report provided information on the property acquisitions and disposals undertaken by the Council in the period 1st April 2020 to 30th September 2021. It also provided information on pending transactions and a potential pipeline of further activity.

A schedule showing active disposals for the balance of the current year and for future years was set out in Appendix D. The Appendix contained commercially sensitive information and would be considered in Part 2 of the meeting.

Members requested a full list of the highways schemes referred to in Appendix A to the report. They also asked to whom the properties referred to in Appendix B had been sold and for what purpose. The Director of Growth and Enterprise undertook to provide the information in writing to all members of the Sub-Committee.

In response to questions by members, officers advised as follows:

- The approach to the sale of assets was full market value subject to any constraints such as community use.
- Income from the sale of assets could not be used for day-to-day expenditure. Capital could be used for revenue purposes in certain one-off cases such as transformation projects but this was not factored into the budget.
- Any income over and above the target of £1m in capital receipts would be used to offset the cost of borrowing.
- Capital receipts did not go into the General Reserves which were a revenue fund.

Councillor N Mannion as Chair of the Economy and Growth Committee reported that the Committee at its meeting on 30th November 2021 had approved the process and timetable for a draft Asset Management Policy to be brought back to the Committee for endorsement.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the acquisition and disposal activity of the Council for the period 1st April 2020 to 30th September 2021, and identified within the Appendices:
 - Appendix A - Summary of Acquisitions
 - Appendix B - Disposals completed in 2020 to 2021 Financial Year.

- Appendix C - Disposals completed in the current Financial Year, 2021 to 2022.

2. notes the pipeline of property transaction activity and the potential impact on the MTFS.

32 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

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

33 ASSET MANAGEMENT

The Sub-Committee considered Appendix D of the Assets Management report.

Having declared personal, non-pecuniary interests earlier in the meeting, Councillors S Gardiner, N Mannion and B Puddicombe specified the nature of those interests, which the officers recorded.

Officers sought approval from the Sub-Committee to proceed with the sale of land in Handforth, detailed on page 173, subject to final valuation.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the contents of the Appendix; and
2. delegates to the Monitoring Officer, in consultation with the Chief Financial Officer and on the advice of the Director of Growth and Enterprise, authority to take all necessary actions to settle on the best terms possible all claims in relation to the land in Handforth as detailed on page 173 of the agenda.

34 EXTRA CARE PFI SCHEME UPDATE

The Acting Head of Integrated Commissioning gave an oral update on renegotiations of the Cheshire Extra Care PFI contract.

A briefing paper was shared with members at the meeting.

RESOLVED (unanimously)

That the update be noted.

35 PROPOSED SHAREHOLDER RESOLUTION

The Director of Governance and Compliance gave an oral update on a matter discussed at the Sub-Committee's meeting on 27th July 2021.

RESOLVED (unanimously)

That the update be noted.

The meeting commenced at 2.00 pm and concluded at 5.24 pm

Councillor A Stott (Chair)

Abbreviations

Term	Meaning
ASC	Adult Social Care
ASDV	Alternative Service Delivery Vehicles – part of the Council’s commissioning approach to funding services
BCF	Better Care Fund
BRRS	Business Rates Retention Scheme – the system of local authority funding introduced on 1 st April 2013
CAG	Corporate Assurance Group
CDRP	Crime and Disorder Reduction Partnership
CEC	Cheshire East Council
CEFS	Cheshire East Family Support
CERF	Cheshire East Residents First
CFB	Capital Financing Budget
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
CSC	Children's Social Care
CTS	Council Tax Support
DfE	Department for Education
DSG	Dedicated Schools Grant – grant received from Government to fund schools
EqIA	Equality Impact Assessment
EIP	Early Intervention and Prevention
ERP	Enterprise Resource Platform
ESG	Education Support Grant
FQR	First Quarter Review (not produced for 2020/21)
FTE	Full Time Equivalent
GP	General Practitioner

Term	Meaning
GVA	Gross Value Added
HLBC	High Level Business Case
HM	Her Majesty's
HR	Human Resources – one of the Council's corporate service areas
ICT	Information and Communication Technology – the service responsible for computers, networks, software, phones, etc.
LA	Local Authority
LED	Light Emitting Diode
LGA	Local Government Association
LOBO	Lenders Option Borrows Option
LSCB	Local Safeguarding Children's Board
MARS	Mutually Agreed Resignation Scheme
MHCLG	Ministry of Housing, Communities and Local Government (formerly Department for Communities and Local Government – DCLG)
MRP	Minimum Revenue Provision
MTFS	Medium Term Financial Strategy
MYR	Mid-Year Review
NEETs	Not in Education, Employment or Training
NFF	National Funding Formula
NHB	New Homes Bonus Grant
NHS	National Health Service
NJC	National Joint Council
NNDR	National Non-Domestic Rates – the contribution to general local authority costs by businesses. The rate is set by central Government
PHE	Public Health England
PiP	Partners in Practice
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works
RPI	Retail Price Index
RSG	Revenue Support Grant
S151	Section 151 (Officer)
SAGC	Skills and Growth Company

Term	Meaning
SBRR	Small Business Rate Relief
SCIES	Safeguarding Children in Education Settings
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SLA	Service Level Agreement
SLE	Separate Legal Entity – a delivery model for delivering services in a different way
SOS	Signs of Safety
SSB	Supporting Small Business
TC	Town Centre
TQR	Third Quarter Review
TUPE	Transfer of Undertakings (Protection of Employment) regulations
VIC	Visitor Information Centres

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Glossary of Terms

Accounting Period

The period of time covered by the accounts which, for local authorities, is the twelve months commencing 1st April. The 31st March is the end of the accounting period and the balance sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Agency Services

These are services provided by the Council to a third party on behalf of another organisation.

Appropriations

Amounts transferred between the Comprehensive Income and Expenditure Statement and revenue or capital reserves.

Asset Valuation

The Council's property, plant and equipment are valued in the balance sheet using the following measurement bases:

- Infrastructure, community assets, assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value (EUV)
- Surplus assets – fair value
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value or EUV).

Assets Held for Sale

An asset is deemed as 'held for sale' if it meets the following criteria:

- the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;
- the sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated; and
- the asset must be actively marketed for a sale at a price that is reasonable in relation to the current value.

Associate Companies

This is an entity other than a subsidiary or joint venture in which the Council has a participating interest and over who's operating and financial policies the Council is able to exercise significant influence.

Balance Sheet

This statement shows the true and fair value of the assets and liabilities recognised by the Council at the balance sheet date (31st March). The net assets of the Council are matched by the reserves held. The following terms are used within the balance sheet:

- **Assets:** Items of worth that are measurable in terms of value. Long term (non-current) assets yield benefit to the Council for a period of more than one year, whereas current assets are cash and items which can be readily converted into cash.
- **Liabilities:** Amounts due to individuals or organisations. Current liabilities are usually payable within one year of the balance sheet date, whereas long term (non-current) liabilities will not become payable for over one year.
- **Net Assets:** The total value of the Council's assets less total liabilities.
- **Reserves:** These are either usable or unusable, see entry for Reserves.

Budget

A statement of the Council's planned service provision, income and expenditure in respect of the financial year.

Capital Transactions (excluding reserves)

- **Capital Assets:** See Property, Plant and Equipment.
- **Capital Expenditure:** Expenditure on the acquisition of an item of Property, Plant or Equipment, or expenditure that extends the useful life or operational capability of an existing asset.
- **Capital Financing:** The means by which capital expenditure incurred by the Council is funded. Usually such funding comprises grants, contributions from third parties, receipts from the sale of assets, contributions from Council reserves and borrowing.
- **Capital Programme:** The planned capital schemes the Council intends to carry out over a specified period of time.
- **Capital Receipts:** Proceeds received from the sale of capital assets. The proceeds are set aside in the Capital Reserve in order to repay the Council's borrowings or to finance new capital expenditure.
- **Capitalisation:** The classification of expenditure as capital rather than revenue, subject to the condition that the expenditure yields a benefit to the Council for a period of more than one year.
- **Revenue Expenditure Funded from Capital Resources under Statute (known as REFCUS):** Expenditure incurred that may be capitalised although it does not create a non-current asset.

Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short term investments that are readily convertible into known amounts of cash.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash out flows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

CIPFA

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts.

Collection Fund

This is a statutory fund kept separate from the main accounts of the Council and provides details of Council Tax and Non-Domestic Rate transactions of precepting authorities. As a billing authority the Council will share the risks and rewards that the amount of Council Tax and Non-Domestic Rates collected could be greater or less than that anticipated.

Collection Fund terms include the following:

- **Billing Authority:** Cheshire East Council is classed as a billing authority as it has responsibility for collecting Council Tax and Non-Domestic Rates. It collects Council Tax on behalf of Cheshire Police and Crime Commissioner, Cheshire Fire Authority and Parish Councils (also known as precepting authorities) and collects Non-Domestic Rates on behalf of Central Government and Cheshire Fire Authority.
- **Council Tax:** The means of raising money locally to fund local Council services. This is a property-based tax where the amount levied depends on the valuation of each dwelling.
- **Non-Domestic Rates (NDR):** Also known as business rates, NDR is collected from businesses in the Council's geographic area. The rates are set nationally by the Government.
- **Precept:** The amount the Council is required to raise in Council Tax on behalf of other local authorities, for example Cheshire Police and Crime Commissioner.

Comprehensive Income and Expenditure Statement (CIES)

The CIES sets out the income and expenditure for all the Council's functions for the financial year, according to the CIPFA Service Reporting Code of Practice (SeRCOP).

The CIES has two sections:

- **Surplus or Deficit on the provision of Services** – the increase or decrease in the net assets of the Authority as a result of incurring expenses and generating income.
- **Other Comprehensive Income and Expenditure** – shows any changes in net assets which have not been reflected in the Surplus or Deficit on the provision of Services. Examples include the increase or decrease in net assets of the Authority as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.

Consistency

The principle that the same accounting treatments are used from year to year so that useful comparisons can be made. Any significant change in policies must be declared in the accounting statements.

Constitution

The fundamental principles by which the Council operates and is governed.

Contingencies

Sums set aside to meet either the potential costs of activities expected to occur during the year, over and above those costs included in the services budgets, or items which are difficult to predict in terms of financial impact or timing.

Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control.

Contingent Liabilities

A contingent liability is either:

- a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly with the Council's control; or
- a present obligation arising from past events where it is probable that a transfer of economic benefits will be required, but the amount cannot be measured with sufficient reliability.

Creditors

These are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

Debtors

Debtors (or income due from third parties) are recognised in the balance sheet as an asset. The income is recognised at the point at which a service or good is provided; a debtor is raised for the cash or cash equivalent amount i.e. contract value.

Where there is a risk that a debtor cannot be recovered at its initial contract value, the asset will be reduced to the amount at which it can be recovered in the balance sheet. This is accounted for in a provision for impairment (bad debt) and included in the Comprehensive Income and Expenditure Account in the Surplus or Deficit on the Provision of Services.

Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

Delegated Budgets

Budgets for which schools and other services have complete autonomy in spending decisions.

Depreciation

Depreciation is a measurement of consumption of the service potential inherent in an item of property, plant or equipment and is recognised in the cost of services.

Exceptional Items

Items that derive from the ordinary activities of the Council and are material in terms of the Council's overall expenditure and not expected to recur frequently or regularly.

Financial Instruments

A financial instrument is any contract which gives rise to a financial asset for one party and a financial liability or equity instrument for the other. Terms relating to Financial Instruments include:

- **Amortised cost:** the amount at which the asset or liability is measured at initial recognition (usually 'cost'), minus any repayments of principal, minus any reduction for impairment or uncollectibility, plus or minus the cumulative amortisation of the difference between that initial amount and the maturity amount.
- **Effective rate of interest:** the rate of interest that is used to calculate the value today of any future investment.
- **Equity instrument:** A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (such as equity share in a company) – this will only apply to investments in other entities held by the Council.
- **Fair value:** The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.
- **Financial asset and derivatives:** A right to future economic benefits controlled by the Council that is represented by:
 - cash;
 - an equity instrument of another entity;
 - a contractual right to receive cash (or another financial asset) from another entity; or
 - a contractual right to exchange financial assets or liabilities with another entity under conditions that are potentially favourable to the Council.
- **Financial liability:** An obligation to transfer economic benefits controlled by the Council that is represented by; a contractual obligation to deliver cash (or another financial asset) to another entity / a contractual obligation to exchange financial assets or liabilities with another entity under conditions that are potentially unfavourable to the Council.
- **Market value:** The monetary value of an asset as determined by current market conditions at the balance sheet date.
- **Soft loans:** The Council may sometimes make loans that are interest free or at less than market rates, where a service objective would justify the Council making a concession. Examples include:
 - Loans to lower tier authorities and voluntary organisations to aid service provision;
 - Local businesses to encourage economic development;
 - Employees as part of a relocation package.

Government Grants

These are amounts received from Central Government towards funding the Council's activities. These represent a significant amount of Council income.

Grants and Contributions

Grants and contributions are defined as assistance in the form of transfers of resources to the Council in return for past or future compliance with certain conditions relating to the operation of activities. Most grants have stipulations as to how they are spent and consequences if resources are not applied in the manner authorised. There are a number of terms used to explain these:

- **Conditions:** specify what future economic benefits or service delivery/potential need to be achieved to avoid having to return funding or assets.
- **Restrictions:** limit what the funding / assets can be used for.
- **Stipulations:** where laws or other binding arrangements form part of the agreement between the grantor and the grantee.

Heritage Assets

Assets which are preserved in trust for future generations, or which are held for their contribution to knowledge and culture.

Impairment

Relates to a reduction in book value of either a physical or financial asset, for example:

- A reduction in the book value of an item of property, plant or equipment arising from physical damage to the asset, dilapidation or obsolescence; or
- A reduction in the book value of a financial asset for which the carrying value exceeds the estimated recoverable amount. Bad and doubtful debt falls into this category.

Income

Amounts which the Council receives, or expects to receive, from any source. Income includes Council Tax, Non-Domestic Rates, Revenue Support Grant and other Government grants, fees, charges, sales and capital receipts.

Intangible Assets

Expenditure incurred on those assets that do not have physical substance but which are separately identifiable and provide the Council with a right of use for a period in excess of one year.

International Financial Reporting Interpretations Committee

The IFRS Interpretations Committee is the interpretative body of the IFRS Foundation. Its mandate is to review on a timely basis widespread accounting issues that have arisen within the context of current International Financial Reporting Standards (IFRSs).

International Financial Reporting Standards

A set of international accounting standards which state how particular types of transactions and other events should be reported in financial statements. IFRS are issued by the International Accounting Standards Board.

Inventories

These assets are valued at the lower of cost and net realisable value. Inventories include:

- Materials or supplies to be consumed in the provision of services (e.g. road salt, transport fuel);
- Stocks held for sale or distribution (e.g. publications, leaflets).

Valuation Definitions:

- **Average Cost:** Where goods such as stocks may be purchased at different times and at different prices, an average cost is calculated to give a value to goods held at the balance sheet date.
- **Cost:** Purchase price, costs of conversion and other costs in bringing the inventories to their present location and condition.
- **Net Realisable Value:** the estimated selling price of an asset after all the costs attributed to bringing an asset to a point at which it can be sold, have been deducted.
- **Work in Progress:** The value of rechargeable work which has not been recharged at the end of the financial year.

Investment Properties

Assets which are held with a view to providing income, capital appreciation or both. Examples of investment properties are:

- Land held for long term capital appreciation;
- A building held under a finance lease and rented out;
- A property under construction or development / redevelopment for future use as an investment property.

Investments

Short-term investments comprise deposits of temporary surplus funds with banks or similar institutions. Long term investments comprise similar funds held for a period of more than one year.

Joint Venture

A Joint Venture is an arrangement under which two or more parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

Leasing

A method of acquiring the use of a non-current asset by paying a rental for a specified period of time, rather than purchasing it outright. There are two categories for leasing:

- **Finance Lease:** An arrangement whereby the owner of an asset (the lessor) accepts a rental in return for allowing another party (the lessee) use of an asset for a specified period, such that substantially all of the risks and rewards associated with ownership are transferred to the lessee.
- **Operating Lease:** An arrangement similar to a finance lease but where the risks and rewards associated with ownership remain with the lessor.

Loans and Receivables

These are defined as financial assets (excluding derivatives) that have fixed or determinate payments and that are not quoted in an active market, other than those that the Council intends to sell immediately or in the near term and are classified as held for trading.

Long Term Borrowing

The main element of long term borrowing comprises loans that have been raised to finance capital expenditure projects.

Materiality

Materiality relates to the significance of transactions, balances and errors contained in the financial statements. Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about the Council.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

Movement in Reserves Statement (MiRS)

The MiRS shows the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves.

Non-Distributed Costs

Costs which cannot be specifically applied to a service or services and are held centrally, comprising certain pension costs and the costs of unused shares of IT facilities and other assets.

Pensions

There are a number of terms used when accounting for pension costs:

- **Actuarial Assumptions:** Assumptions made by the Pension Fund Actuary in valuing the Fund's assets and liabilities.
- **Actuarial Gains and Losses:** A combination of the effects of changes in actuarial assumptions and experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred, including reflection of any funding valuation which has taken place since the last report).
- **Actuarial Valuation:** The valuation of the Pension Fund's assets and liabilities. The Actuary then calculates how much needs to be paid into the Fund by both the employer and contributing members to ensure there will be adequate funds to pay pensions when they become due.
- **Actuary:** An independent qualified professional who is engaged in the valuation of pension scheme assets and liabilities. The Local Government Pension Scheme Actuary reassesses the rate of employer contributions to the Pension Fund every three years.
- **Current Service Cost:** The increase in the present value of the defined benefit obligation resulting from employee service in the current period.
- **Curtailments:** costs arising from early payment of accrued pensions in respect of any redundancies during the year.
- **Deferred Benefits:** A future benefit which is being paid for in the current accounting period.
- **Defined Benefit Obligation:** the liability of a pension scheme, as shown on the balance sheet.
- **Defined Benefit Pension Scheme:** A pension scheme which is constructed to provide pre-determined pension benefits for retired members, with employers' and employees' contribution rates being calculated based on actuarial assumptions.
- **Defined Contribution Pension Scheme:** A pension scheme where the level of benefits depends on the value of the contributions paid in respect of each member and the investment performance achieved on those contributions.

- **Net Interest Expense:** The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to payment.
- **Net Defined Benefit Liability:** the difference between the fair value of the scheme assets and the present value of the defined benefit obligation, shown as either an asset or liability on the balance sheet (depending on whether a surplus or deficit).
- **Past Service Cost:** The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).
- **Projected Unit Credit Method:** An accrued benefits valuation method in which the Fund liabilities make allowance for projected earnings.
- **Remeasurement Gains/Losses:** changes in the balance sheet value of a scheme liability relating to year on year changes in the assumptions applied by the actuary.
- **Settlements:** liabilities settled at a cost materially different to the IAS 19 reserve during the year.

Prepayments

Amounts paid by the Council in year that related to goods and services not received until the following year.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include minor corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

A means of securing new assets and associated services in partnership with the private sector.

Property, Plant and Equipment (PPE)

This covers all assets held by the Council with physical substance (tangible assets) that are held for use in the provision of services, for rental to others or for administrative purposes.

Key Definitions used for PPE:

- **Accumulated Depreciation:** The cumulative accounting estimate (excluding the current year) relating to the consumption of a non-current asset.
- **Amortisation:** The process of writing down capitalised expenditure (usually on intangible assets) to the Cost of Services over the estimated useful life of the asset.
- **Community Assets:** Assets that the Council intends to hold in perpetuity, that have no determinable finite useful life and in addition may have restrictions on their disposal (e.g. parks and historic buildings).
- **Depreciated Historic Cost:** The value of an asset shown in the balance sheet calculated from the original cost less depreciation to date.
- **Depreciation:** The process of writing down capitalised expenditure (usually on Plant and Equipment) to the Cost of Services over the estimated useful life of the asset.
- **Disposals:** the value of assets which have been disposed of or decommissioned.
- **Existing Use Value (EUV):** The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing. The fair value of land and buildings is to be interpreted as the amount that would be paid for an asset in its existing use.
- **Gross Book Value:** The historical cost or the revalued amount of the asset before depreciation.
- **Infrastructure Assets:** Cheshire East Council's network of roads, pavements, and bridges included within Property, Plant and Equipment.
- **Net Book Value:** The amount at which assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.
- **Net Current Replacement Cost:** The estimated cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.
- **Net Realisable Value:** The expected proceeds from the sale of an asset when sold on the open market between a willing buyer and a willing seller less all the expenses incurred in selling the asset.
- **Rateable Value:** The annual assumed rental value of a property that is used for business purposes.

Provisions

Amounts set aside to meet costs that are likely or certain to be incurred but where the amount of cost or timing of payment is uncertain.

Prudential Code

The Prudential Code for Capital Finance in Local Authorities (2011) (Prudential Code) was introduced in 2004 and was developed as a professional code of practice to support local strategic planning, asset management planning and proper option appraisal for local authorities when developing their programmes for capital investment in fixed assets.

Public Works Loan Board (PWLB)

The Public Works Loan Board (PWLB) is a statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities, and to collect the repayments.

Receipts in Advance

Amounts received by the Council during the year relating to goods or services to be delivered in the following year.

Related Party

A person or organisation who or which has influence and control over another person or organisation.

Reserves

Specific amounts set aside for future policy purposes or to cover contingencies. There are two types of reserve:

- **Usable Reserves:** These include the revenue and capital resources at the Council's disposal which can be used to fund expenditure or reduce local taxation. Usable reserves include:
 - Capital Receipts Reserve
 - Capital Grants Unapplied
 - Reserves and Balances Held by Schools
 - General Fund Earmarked Reserves (various)
 - General Fund Reserve.
- **Unusable Reserves:** These include unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment where the value of the asset would only become available to fund the provision of services if the asset was sold. Also included are adjustment accounts used to absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure. Unusable Reserves include:
 - Revaluation Reserve
 - Available for Sale Financial Instruments Reserve
 - Capital Adjustment Account
 - Capital Receipts Deferred
 - Financial Instrument Adjustment Account
 - Pensions Reserve
 - Collection Fund Adjustment Account
 - Accumulated Absences Account.

Revenue Expenditure

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies and services.

Section 151 Officer

An Officer appointed under Section 151 of the Local Government Act 1972 which requires every local authority to appoint a suitably qualified officer to assume overall responsibility for the administration of the financial affairs of the Council and preparation of the Statement of Accounts.

Share Accruals

These are the proportional amounts of Net Profit / (Loss) which are shared in accordance with the profit sharing agreement made between Cheshire East Council and its subsidiary and or joint venture entities.

Shared Services

This is a process of merging functions with other organisations to streamline mainstream services, standardise functions and deliver more efficient and effective services. This also enables the Council to have greater leverage and buying power within Government.

Slippage

This is when delays occur in capital works and therefore payments are not made in the financial year originally anticipated.

Subsidiary

This is an entity over which the Council is able to demonstrate it has control, such as a shareholding or representation on the entity's Board of Directors.

Surplus

Arises when income exceeds expenditure or when expenditure is less than available budget.

Surplus Assets

Property, plant and equipment held by the Council which are not currently used in the provision of Council services.

'The Code'

The Code is a code of practice on Local Authority accounting that has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board. The Code is based on International Financial Reporting Standards (IFRS), on which local authority accounts are now required to be based.

Transfer Payments

Relates to payments for which no goods or services are received by the Council e.g. rent allowances.

Trust Funds

Accounts for which the Council acts as trustee but for which it is not financially responsible and does not own. These amounts are not included within the Council's balance sheet.



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5 th January 2022
Report Title:	Draft Capital Strategy 2022-26
Report of:	Alex Thompson, Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	FSC/19/21-22
Ward(s) Affected:	Not Applicable

1. Executive Summary

- 1.1. The Sub-Committee are being asked to consider the current capital strategy and comment on its appropriateness in light of the ongoing budget consultation document. The Sub-Committee are also being asked to note recent development of the strategy as it is being prepared for approval by Council in February.
- 1.2. The Capital Strategy forms a key part of the Council's Medium Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies are reviewed each year.
- 1.3. The MTFS will be recommended to Council for approval on the 24th February 2022 by the Corporate Policy Committee.
- 1.4. The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

2. Recommendations

That Finance Sub Committee:

- 2.1. Consider and comment on the current Cheshire East Council Capital Strategy as set out in Appendix 1.
- 2.2. Note that officers continue to review the Capital Strategy during the Medium Term Financial Strategy consultation period.
- 2.3. Note the activities to date in developing the revised Capital Strategy as detailed in the background section to this report.

3. Reasons for Recommendations

- 3.1. The Finance Sub-Committee have oversight of the Capital Strategy and are being asked to comment on the current strategy during the MTFS consultation period. This will support the Corporate Policy Committee in making recommendations to Council on the setting of the MTFS 2022 to 2026.
- 3.2. Whilst the Capital Strategy is being reviewed it is important that the Sub-Committee understand the activities taking place, to ensure this process is robust.

4. Other Options Considered

- 4.1. None. The Council has approved the annual review of the Capital Strategy, which supports good financial management.

5. Background

- 5.1. The Capital Strategy provides financial background as well as setting out further details of the on-going approach to funding the priorities set out in the Corporate Plan. It will highlight the capital spending plans for the financial year starting 1st April 2022, as well as forecast estimates up to the 2025/26 financial year.
- 5.2. The 2021-25 capital programme is being reviewed in full and as part of the 2021/22 in year reporting process, budgets for committed schemes are being reprofiled to provide updated scheme forecasts for 2022-26.
- 5.3. Finance staff have engaged with the Corporate Leadership Team and Wider Leadership Team to understand the requirements for capital expenditure over the medium term as it relates to the Council's Corporate Plan.

- 5.4. The review includes the requirement to reprofile spending based on latest forecasts, which are affected by capacity and market forces.
- 5.5. As part of the review of the capital programme, it is proposed to remove part 2 of the programme, referred to as the 'addendum'. Previously this section of the programme has listed schemes in the pipeline, which are subject to a detailed business case and evidence of affordability.
- 5.6. The 'addendum', although useful to highlight local capital ambitions, has not actually led to strategic improvements in the programme and has not enhanced financial management and control.
- 5.7. Alternatively schemes will be added to the programme in-year as business cases are developed and will be subject to further approval by Committee and/or Council in accordance with Finance Procedure Rules.
- 5.8. New bids and requests for increased budgets are being submitted as part of the 2022/23 business planning process and these are currently being prioritised for inclusion in the 2022-26 Capital Programme.
- 5.9. In 2020 the strategy was enhanced to improve the whole life costing of capital schemes. This further improved the strategic relationship between capital and revenue spending making overall estimates more robust. The revised strategy will further develop this approach to ensure schemes are fully costed and risk assessed and that ongoing maintenance and repair costs are funded appropriately over the next four years.
- 5.10. The capital programme experiences a significant amount of slippage each year, analysis shows that on average only 60% of the capital programme is spent each year compared to the original budget approved in February. By comparison forecast spend for the financial year 2021/22 is now £145m (as reported to this Committee on 1st December), compared to the original approved budget of £171m.
- 5.11. Inaccurate profiling of expenditure can put potentially unnecessary pressure on the revenue budget. When capital budgets are approved, the payback of borrowing costs must be factored into the calculation of the annual capital financing budget. In recent years any underspends in the budget due to slippage have been transferred to the financing reserve and the impact of slippage has been managed this way.
- 5.12. In order to improve capital planning in the future, realistic assumptions on scheme completion dates is essential and work is ongoing with project managers to review current forecasts.

6. Consultation and Engagement

- 6.1. The Capital Strategy forms part of the budget consultation which involves engagement with local people and organisations to ensure that we seek feedback from all stakeholders.
- 6.2. Major capital schemes are subject to individual consultation exercises.

7. Implications

7.1. Legal

- 7.1.1. The Capital Strategy is a part of the Council's Budget and Policy Framework and as such requires approval by Council.
- 7.1.2. The requirement for councils to prepare a Capital Strategy is set out in the Prudential Code for Capital Finance in Local Authorities (2017), and this report has been produced in accordance with the latest guidance.
- 7.1.3. Any legal implications arising from this report will be addressed through the budget setting process.

7.2. Finance

- 7.2.1. Contained within the report.

7.3. Policy

- 7.3.1. The capital strategy outlines policy and budget proposals which will impact on service delivery arrangements.

7.4. Equality

- 7.4.1. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Strategy. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.

7.5. Human Resources

- 7.5.1. None.

7.6. Risk Management

- 7.6.1. It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is

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

7.7. Rural Communities

7.7.1. The Capital Strategy, along with the 'Green' aim will have direct and indirect implications for our rural communities across Cheshire East. These impacts will be considered and reported through individual capital projects as they are developed.

7.8. Children & Young People/Cared for Children

7.8.1. The Capital Strategy, along with the 'Fair' aim will have direct and indirect implications for children and young people and cared for children which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual capital projects as they are developed.

7.9. Public Health

7.9.1. The Capital Strategy, along with the 'Fair' aim will have direct and indirect implications for public health which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual capital projects as they are developed.

7.10. Climate Change

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

Access to Information	
Contact Officer:	<p>Alex Thompson</p> <p>Director of Finance and Customer Services (Section 151 Officer)</p> <p>alex.thompson@cheshireeast.gov.uk</p>

Appendices:	Appendix 1: Capital Strategy 2021-25
Background Papers:	Medium Term Financial Strategy 2021-25 2021/22 In-Year Review of Finance

11. Capital Strategy

Executive Summary

- 11.1 This capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 11.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.
- 11.3 The strategy includes a programme of capital investment which is aimed at delivering sustainable and inclusive economic growth in the Borough and supporting the delivery of essential front-line services. The Capital Programme therefore includes:
- Investment in projects to enable the delivery of the aim to be a Carbon Neutral Council by 2025
 - Town centre redevelopment and regeneration projects
 - Investment in strategic infrastructure to improve walking, cycling and rail capacity in the Borough, and capacity on the road network to reduce congestion and improve air quality
 - Investment to enable the delivery of housing sites in the Borough which meet the needs of residents including affordable housing and housing for vulnerable and older people
 - Investment in assets to support key front-line services such as improvement to our leisure centres, expansion of our schools and planned investment to maintain the highway network
- 11.4 The arrival of HS2 services to the Borough provide a significant opportunity for regeneration and economic growth for these towns and the borough. The Council has been working alongside Government, Network Rail and regional partners including Cheshire & Warrington Local Enterprise Partnership and Transport for the North to develop proposals for a Crewe HS2 Hub Station.
- 11.5 The preferred concept scheme is expected to be presented to Cabinet in 2021 ahead of a future Full Council investment decision to finance the scheme through new prudential borrowing. This investment decision will be subject to prior key government decisions and funding commitments to secure the necessary funding and revenue streams to support the associated borrowing.

Five Principles

11.6 Five Principles underpin the Capital Strategy for Cheshire East Council:

1. Capital expenditure is priority based and is aligned with the Council's Corporate Plan priorities
2. The financial implications of capital projects are aligned with the Medium-Term Financial Strategy
3. Capital projects will be focused on delivering the best return on investment
4. Decisions in relation to the programme will follow a clear framework
5. There will be a corporate approach to generating and applying capital resources

11.7 The overarching aim of the Capital Strategy is to provide a framework within which the Council's capital investment plans will be delivered. The plans are driven by the Corporate Plan. All capital schemes therefore contribute to the achievement of the Council's aims and priorities.

Frank Jordan

Frank Jordan
Executive Director – Place

Comment from the Section 151 Officer

11.8 The Capital Strategy forms a key part of the Council's Medium-Term Financial Strategy (MTFS) alongside the Treasury Management and Investment Strategies. Each of these strategies will be reviewed each year and will support my opinion in determining the robustness of the Council's financial plans.

11.9 In particular the capital strategy:

- provides a framework for the management and monitoring of the capital programme
- creates the process for bidding for additional capital resources
- sets out the approach to funding capital expenditure
- takes account of the significant revenue implications associated with capital investment

11.10 The Strategy also sets out the Council's processes for:

- setting the financial parameters for capital expenditure in the medium term
- confirming the flexible use of capital receipts in the medium term
- the option appraisal of capital project proposals
- deciding on the prioritisation of capital projects
- monitoring and evaluating approved schemes

11.11 The Strategy also incorporates confirmation of the Council's Minimum Revenue Provision and gives details of the Prudential Indicators.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

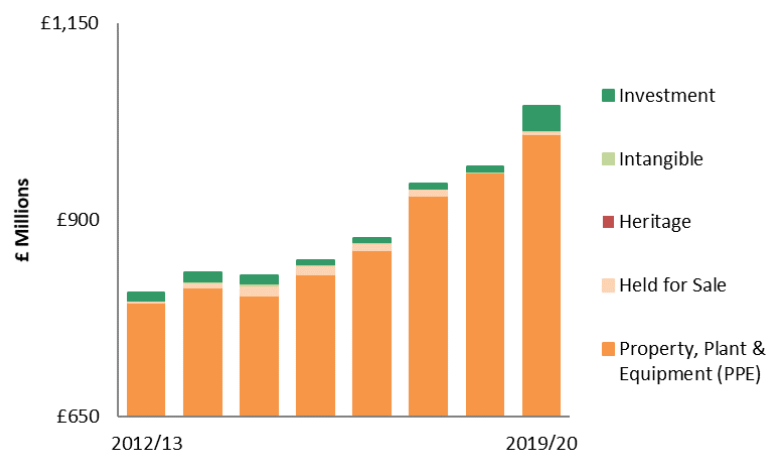
Director of Finance and Customer Services

(Section 151 Officer)

1. Introduction

- 11.12 As a public sector organisation, with assets valued to be in excess of £1billion, Cheshire East Council maintains a robust capital strategy that is clearly related to the corporate priorities; linked with infrastructure and asset planning; and includes a consistent approach to funding capital investment.

Property, Plant and Equipment is the most significant category of assets for the Council



- 11.13 The capital programme, which is developed in line with the Strategy, is the list of capital projects that the Council plans to undertake within a given timeframe.
- 11.14 The programme is approved in line with the Council's Constitution and covers a minimum period of four years. It is reviewed annually by Council. The programme may include projects that require a longer time to develop and design and these will remain in the programme for many years.

- 11.15 The Chartered Institute of Public Finance and Accountancy (CIPFA) definition of capital expenditure is:

Definition of Capital Expenditure

"An expenditure on assets that will provide a benefit to the organisation beyond the current financial year including expenditure on purchase of new assets, creation of new assets and enhancing and/or extending the useful life of existing assets."

A more detailed definition of capital expenditure, as it applies to UK local authorities, is contained in *Practitioners' Guide to Capital Finance in Local Government* (CIPFA, 2019).

- 11.16 The accounting treatment of capital will be in accordance with International Accounting Standard 16 Property, Plant and Equipment.
- 11.17 Capital investment will be subject to due process, and assurance will be provided that ensures plans are prudent, affordable and sustainable in accordance with the Prudential Framework (the Prudential Framework being an umbrella term for a number of statutory provisions and professional requirements that allow authorities largely to determine their own plans).
- 11.18 Non-capital expenditure will normally fall outside the scope of the framework and be charged to revenue in the year that it occurs. If expenditure meets the definition of capital, there may be opportunities to finance the outlay from capital receipts or by spreading the cost over future years' revenues.

- 11.19 The capital strategy is the foundation of long-term planning of capital investment and how it is to be delivered. Robust processes are relied upon to ensure projects are evaluated and prioritised and approved to the programme along with the resources to fund it. This requires clear parameters to be set at the beginning of the process, clarity about the information that must be supplied with each project proposal and clear criteria, related to the organisation's corporate objectives, for prioritising projects.
- 11.20 In determining how much capital investment to undertake, the Council will consider the long-term impact of borrowing and other forms of capital funding on their revenue budgets. The same principle applies to the use of leases, public-private partnerships and outsourcing arrangements to procure public assets.
- 11.21 Delivering the capital programme requires efficient programme management, project management and procurement, as well as appropriate systems for corporate monitoring, control and scrutiny.

Capital Strategy Principles

- 11.22 Five Principles underpin the Cheshire East Council Capital Strategy. The principles will be adhered to by members and employees of the Council and the Section 151 Officer will determine the framework for administering and monitoring the effective application of the principles.

The Five Principles of the Capital Strategy

1.	Capital expenditure is priority based and is aligned with the Council's priorities.
2.	The financial implications of capital projects are aligned with the Medium-Term Financial Strategy and the Asset Management Plan.
3.	Capital projects will be focused on delivering the best return on investment. This will be demonstrated through: <ul style="list-style-type: none"> - infrastructure which will generate local economic growth - investment in new service delivery models that provide reductions in revenue expenditure - improvements in the Council's asset base that generate a financial return or provide cost effective avoidance of future expenditure. - Capital Projects will be externally funded or supported by private sector investment in a way that maximises the Council's financial interest in the asset - Borrowing will be appropriate based on the lifetime benefits of a scheme and all investments will be subject to strong control arrangements and risk analysis. - The impact of financing capital expenditure will be reviewed annually to ensure it remains appropriate in terms of the expected return on the overall investment. - Capital investment will follow an agreed set of prudential limits and indicators in order to demonstrate that plans and borrowing are affordable, prudent and sustainable.
4.	Decisions in relation to the programme will follow a clear framework with an appropriate gateway review and robust management of risk relating to capital projects.
5.	There will be a corporate approach to generating and applying capital resources.

11.23 These principles will be achieved through a process of prioritisation, setting financial parameters, asset management and managing risk as set out in the following chapters.

2. Prioritisation of Capital Expenditure

11.24 Capital Projects will be submitted for approval to the Council's Capital Programme based on how they will meet the needs of the Council as expressed in the Corporate Plan and how they adhere to the Principles of the Capital Strategy.

11.25 Capital ambitions in most Councils exceed the potential capital resources, particularly given recent funding cuts and demand pressures in the public sector. Cheshire East Council will manage this issue by making decisions, about which projects will be included in the approved capital programme, by prioritising projects on a variety of factors.

11.26 The Capital Strategy stands above operational strategies that are needed for key services such as housing, transport, education and other spending areas.

11.27 The Council agrees a rolling four year programme each year consistent with the Capital Strategy and the resources available. The proposed capital programme includes investment plans of £0.4bn. 59% of the funding is planned to come from Government grants or contributions from other external partners. In addition, 41% will come from the Council's work to maximise the value of asset sales to support development in the local area.

11.28 The budget process has also identified £437m of future projects which will require business cases to be developed prior to being submitted for approval to be added to the Capital Programme.

11.29 The starting point for the Capital Strategy is the Corporate Plan and identification of the aims for capital investment that will help to achieve the Council's key vision of being open, fair and green leading to the following strategic priorities:

1. An open and enabling organisation;
2. A Council which empowers and cares about people;
3. A thriving and sustainable place.

11.30 The capital programme includes investment in private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services; all of which contribute to achieving these priorities.

Carbon Action Plan

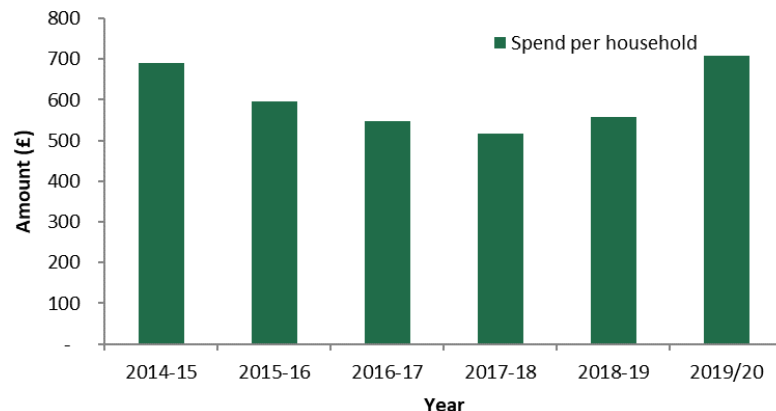
11.31 Cabinet approved its Environment Strategy and Carbon Action Plan in May 2020 which committed the Council to be Carbon Neutral by 2025.

11.32 The Carbon Action Plan sets out not only how the Council will reach its carbon neutral target, but also how it will encourage all businesses, residents and organisations to reduce emissions. Various actions include:

- Introduce carbon pricing or more rigorous carbon consideration into capital investment decisions;
- embed carbon reduction into the Asset Management strategy;
- ensure all new buildings are built to a much higher sustainable buildings standard;

- assess the suitability of retrofit options for each category of council influenced buildings, including leisure centres and schools for efficiency and ventilation measures;
- continue to progress district heating at Crewe Town Centre, Handforth Garden village – and Alderley park;
- plan and develop natural climate solutions such as tree planting and peatland management to sequester carbon on at least 100 ha of council owned land by 2025.

Capital spend per household



11.33 The key vision of the Council is outlined in the Corporate Plan and therefore capital investment must be prioritised and targeted to the projects that are key to achieving the strategic priorities of Open, Fair and Green.

11.34 The Council has adopted the Five Case Business Model, which was developed by HM Treasury and the Welsh Government specifically for public sector business case development. The business cases for major projects include

full option appraisal and links to core strategy to ensure they are delivering on key Council objectives.

11.35 The Five Case Business Model includes:

- Strategic Case (Contribution to the Corporate Plan)
- Economic Case
- Commercial Case
- Financial Case
- Management Case

Assessing all these areas within the business case will ensure that all aspects of a potential scheme are analysed and the impact on all stakeholders identified. Therefore, the Council will be able to gain a full understanding on how a specific scheme will impact on the overall strategy, the local economy, officers and resources of the Council.

11.36 The 'full' model is appropriate for major infrastructure projects but not for all proposals; equally, the 'light touch' version is insufficiently detailed for many of our key major change projects. We have therefore taken the 'best of both' to construct an iterative, scalable version that is not a 'one size fits all' but sufficiently flexible for our need. The Section 151 Officer will determine the level of training required by business case authors.

11.37 The Annexes to the Business Case will provide supporting information, including benefits realisation, risks, constraints and dependencies, contractual arrangements, costs and funding, governance arrangements and key milestones.

11.38 High Level Business Cases are submitted as part of the Business Planning process and the Section 151 Officer will analyse these in accordance with the 5 Principles of the Capital Strategy and then grade each project as High, Medium or Low Priority in accordance with the following table.

Priority	Description
High	<p>Essential replacement and enhancement of existing assets</p> <p>Investment in infrastructure that meets the strategic priorities of the Local Plan and attracts Government infrastructure investment</p> <p>An agreed service provision that is defined within the MTFS</p> <p>Projects required to meet compliance and legislative needs</p> <p>Fully funded by external sources</p> <p>Self-funding projects with high level financial returns</p>
Medium	<p>Cost effective replacement and enhancement of existing assets</p> <p>Projects with positive financial returns</p> <p>Part funded projects of strategic importance to Council priorities</p>
Low	<p>Unfunded projects without financial returns</p>

11.39 High Priority projects are most likely to be recommended for approval within the capital programme. Medium Priority projects will only be recommended if funding is available

within the financial parameters of the MTFS, however they are likely to be recommended for inclusion on the programme addendum (see para. 11.41). Low priority projects are unlikely to be recommended for approval, unless specific strategic importance is associated with the project, or public demand is significant.

11.40 **Annex A** provides the current Capital Programme for the Council with a clear indication of the priority status of each project.

11.41 The capital programme is presented in two separate parts; the main programme includes capital schemes in progress and new schemes with approval to commence spend in April 2021. The addendum includes proposals which are included for planning purposes but are awaiting more detailed business cases to be developed.

11.42 Before work can commence on schemes listed on the addendum, the business case will be required to provide significant certainty linked to:

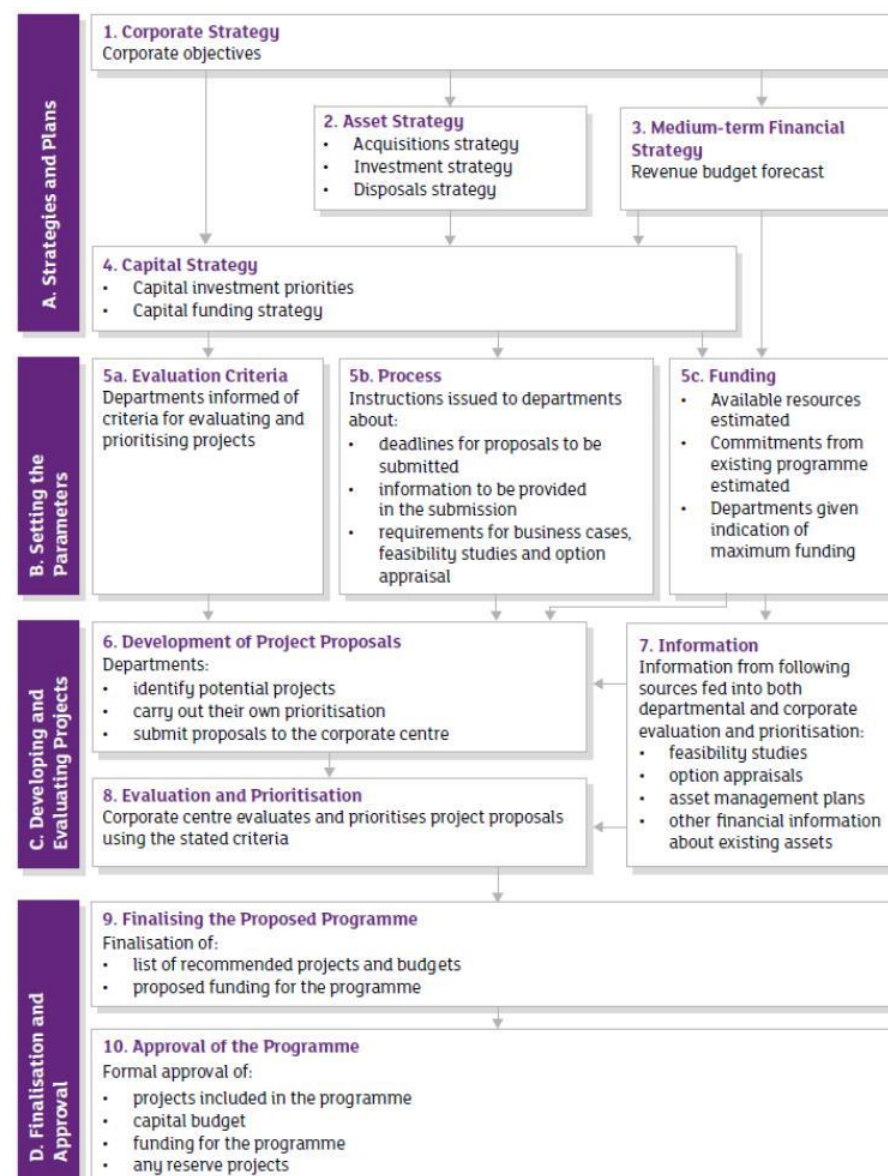
- Strategic impact of the scheme
- Expenditure profiles
- Funding sources or associated return on investment

11.43 The schemes separately identified on the Addendum to the capital programme are still submitted for approval; subject to them meeting the above requirements in the future. At the stage where the business cases are sufficiently robust and are deemed to be affordable the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these

schemes will be provided to Cabinet through the quarterly reporting process.

11.44 On 7th July 2020 Cabinet granted approval for the making of a compulsory purchase order to facilitate the delivery of the Middlewich Eastern Bypass. This scheme will deliver an improved highway network for Middlewich to relieve congestion in Middlewich town centre thereby supporting economic growth and housing delivery in the town and surrounding area.

11.45 Since the July 2020 approval officers have been focussed on refining the land and interests that are necessary to deliver the scheme in order to satisfy the requirement that there be a 'compelling case in the public interest' for land and interests to be acquired. Members will note that the scheme costs have increased since the approval given in July 2020 from £60.2m to £73.5m. The budget for this scheme is shown in both the approved programme and the addendum and will be updated when the scheme receives DfT approval of the final business case.



3. Financial Controls

Setting Financial Parameters

- 11.46 The Medium-Term Financial Strategy (MTFS) provides the overall basis for budget forecasts and annual budget planning both in terms of revenue and capital expenditure. This describes the activities to be carried out over the next four years to achieve the corporate priorities and objectives and the revenue and capital resources which will be needed to deliver those improvements.
- 11.47 As part of the revenue budget setting process, the estimated financing costs for the capital programme and for existing debt are calculated to update the Capital Financing budget (CFB). The flexible use of capital receipts will also be considered and these values set the parameters of affordability for projects within the Capital Programme.
- 11.48 The Section 151 Officer will invite bids for Capital Expenditure on an annual basis and present a full capital programme to Council at each Budget Council meeting prior to the start of each financial year. Bids will be presented as High-Level Business Cases by Executive Directors following consultation with elected members. The Section 151 Officer will determine the prioritisation of bids (see Section 2) and the financial implications on the MTFS to assess whether bids are affordable within the Financial Parameters of the Capital Strategy and will then report their findings to members for appropriate information and/or approval in line with the Financial Procedure Rules.
- 11.49 The Council's strategic management of the capital programme will allow new schemes to be added to the programme, and/or schemes to be transferred from the addendum to the main

programme. These will be reported to Cabinet on a quarterly basis through the Finance Update reports.

- 11.50 If the value of the CFB is likely to vary from the strategy in any year the Section 151 Officer will consider options to top-up or draw down temporarily from the Financing Earmarked Reserve and will report this approach to members.
- 11.51 Underspends on the CFB due to programme slippage will automatically be transferred to the Financing Reserve.
- 11.52 Current forecasts are that the CFB will continue at 4% to 7% of the Net Revenue budget in the medium term.
- 11.53 **Table 1**, provides the Financial Parameters for the period 2021/22 to 2024/25, followed by the strategy behind each element of the calculation.

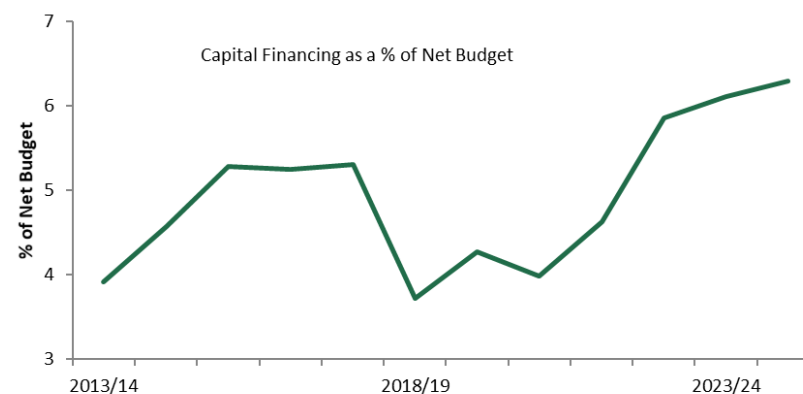
Table 1: Financial Parameters for 2021/22 to 2024/25

Parameter	Value (£m)			
	2021/22	2022/23	2023/24	2024/25
Repayment of Borrowing				
Minimum Revenue Provision*	13.5	16.8	19.0	20.2
External Loan Interest	4.9	4.8	4.7	4.7
Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
Contributions from Services Revenue Budgets	(1.6)	(1.9)	(2.1)	(2.1)
Total Capital Financing Costs	15.9	18.8	20.7	21.9
Use of Financing EMR	(1.9)	(0.8)	(1.7)	(1.9)
Actual CFB in MTFS	14.0	18.0	19.0	20.0
*Capital Receipts targets	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	0.6	0.0	0.0	0.0

* Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

- 11.54 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision.
- 11.55 Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, requires local authorities to charge to their revenue account for each financial year a minimum amount to finance the cost of capital expenditure. Commonly referred to as MRP (Minimum Revenue Provision). This ensures that the revenue costs of repaying debt are spread over the life of the asset, similar to depreciation.



- 11.56 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in **Annex B**. This highlights the level to which the Council is internally

borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

11.57 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Annex 12** of this report.

11.58 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short-term interest rates are currently much lower than long-term rates this is likely to be more cost effective.

Investment Income

11.59 The Treasury Management Strategy determines the approach and financial limits associated with providing a financial return on the Council's investment portfolio.

11.60 The Section 151 Officer, with advice from treasury management advisors, is responsible for considering the prudent level of available balances in any year and then assessing risk against potential financial returns to determine a level of income to be achieved from investments.

11.61 The Council's strategy is to utilise the net financial returns from investments to reduce the overall Capital Financing Budget.

Contributions from Services

11.62 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme

alongside a clear indication of how the financial implications will be managed within the Medium-Term Financial Strategy.

11.63 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.

11.64 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach to funding such costs must be approved as part of the business planning process before the scheme can commence.

11.65 The Council's strategy is to use revenue contributions to the Capital Programme to reduce the overall Capital Financing Budget.

Use of Financing Earmarked Reserve

11.66 To allow a longer-term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.

11.67 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the CFB within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also

recommend appropriate use of the Financing Earmarked Reserve over the period.

- 11.68 The Council's current strategy is to draw-down £6.3m from the Financing Earmarked Reserve for the period 2021/22 to 2024/25.

Capital Receipts from Asset Disposals

- 11.69 The Council has a substantial land and property estate, mainly for operational service requirements and administrative buildings.
- 11.70 Council Plans, such as the Local Plan, Local Transport Plan, Farms Strategy and Asset Management Plans, set the strategic framework for significant land and property asset disposals and acquisitions associated with these key areas. In each financial year the net impact of these plans will allow the Section 151 Officer, in consultation with the Executive Director for Place, to determine the net impact of disposals and acquisitions on the CFB.
- 11.71 Capital receipts from asset disposal represent a finite funding source and it is important that a planned and structured manner of disposals is created to support the priorities of the Council. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or offset future debt or transitional costs, included within the new flexibilities provisions, as and when received.
- 11.72 The Council will continue to maintain a policy of not ring-fencing the use of capital receipts to fund new investment in specific schemes or service areas unless a suitable

business case is made available, but instead subject to any claw back provisions, to allocate resources in accordance with key aims and priorities. Capital receipts have been a important source of finance in previous financial years.

- 11.73 In considering the 2021/22 capital programme, a prudent approach has been taken and there has been no assumption of any significant additional capital receipts. A minimum amount of £1m additional capital receipts has been anticipated in 2021/22.
- 11.74 The Council's current strategy is to realise net receipts of £4m for the period 2021/22 to 2024/25 and that these receipts will reduce the overall Capital Financing Budget.

Flexible use of Capital Receipts

- 11.75 Following the 2015 Spending Review, in March 2016 MHCLG published statutory guidance on the flexible use of capital receipts for a three-year period covering 2016/17 to 2018/19. This guidance allows Local Authorities to use capital receipts to offset the revenue cost of transformational projects which are expected to deliver future ongoing revenue savings for either the Council or other public sector delivery partners. As part of the 2018/19 Provisional Local Government Finance Settlement, the Secretary of State announced an extension of this flexibility for a further three years to 2022 and updated the previous direction accordingly.
- 11.76 Up to £0.6m of capital receipts may be utilised for the B4B programme to replace the core financial system in 2021/22.

Government Grants

- 11.77 Government capital grants are generally allocated by specific Government departments to fund projects either as part of a block allocation or following a specific application process. The Council must therefore allocate such funding to support the spending programmes for which they are specifically approved.
- 11.78 Overall Government funding has reduced in recent years, but the Council still receives Government grants including:
- DfT Local Transport Plan
 - Local Growth Fund
 - Housing Infrastructure Fund
 - Disabled Facilities Grants
 - DfE Devolved Formula Capital; Schools Condition and Basic Needs Allocations
- 11.79 The Council's strategy is to ring-fence capital grants to the service that they are allocated to.

Developer Contributions

- 11.80 Developer contributions will be sought to ensure that the necessary physical, social, public realm, economic and green infrastructure is in place to deliver development. Contributions will be used to mitigate the adverse impacts of development and to help facilitate the infrastructure needed to support sustainable development.
- 11.81 Development proposals will be expected to provide a contribution to the cost of infrastructure including initial design,

capital costs and ongoing revenue such as the maintenance of services and facilities.

- 11.82 The Council's strategy is to forward fund anticipated Section 106 contributions for major infrastructure schemes.

Community Infrastructure Levy (CIL)

- 11.83 The Community Infrastructure Levy (CIL) is a planning charge on new development which became operational in Cheshire East on 1st March 2019. The Levy allows the Council to raise financial contributions from certain chargeable development in the Borough such as housing (except affordable housing, self-build housing and apartments) and retail development at the Crewe Grand Junction and Handforth Dean retail parks. The CIL regulations require Councils to spend the monies raised on the infrastructure needed to support the development of their area. The definition of infrastructure allows a broad range of facilities to be funded such as play areas, open spaces, parks and green spaces, cultural and sports facilities, as well as those relating to transport, health and education. CIL monies can be used in conjunction with S106 contributions and other monies to deliver infrastructure.
- 11.84 The Council passes on either 15% or 25% of its CIL receipts to the town or parish council where the CIL chargeable development has taken place, with the higher amount being paid to those Councils with a Neighbourhood Plan. The Council will use the MTFS process to allocate the remaining CIL receipts and this will be done within the general framework detailed below:
- Up to 5% of the receipts will go towards the costs of administering CIL and the rest will be used to deliver the Council's planned infrastructure priorities;

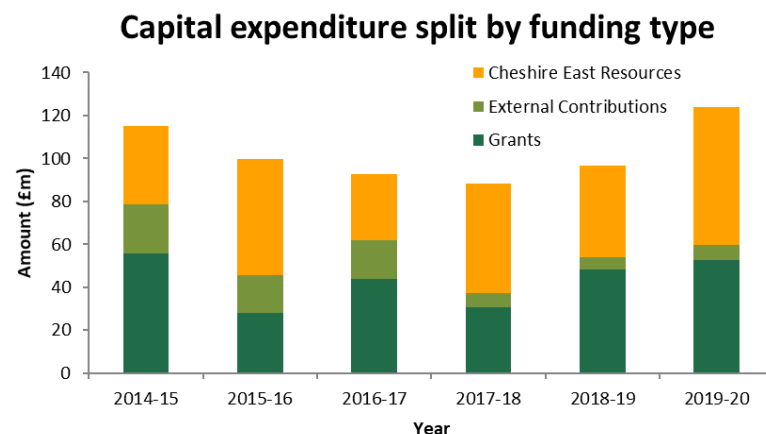
- The Council's infrastructure priorities will be identified in its annual Infrastructure Funding Statement (IFS) which will be published on the Council's website by the end of December each year. This will also contain details on the amount of CIL receipts received, spent and remaining unspent in the previous financial year;
- CIL monies will only be used to fund the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of Cheshire East;
- The MTFS process requires a business case to be made for the funding of projects. Where CIL monies are being sought, the business case for the proposed infrastructure must identify how it will support the planned development of the area. This should include reference to how it relates to and meets the priorities identified in the current IFS, the Council's Local Plan and the Infrastructure Delivery Plan;
- CIL spending decisions will be primarily based on achieving the delivery of published infrastructure priorities and the growth identified in the Local Plan. Other considerations will include the extent to which non CIL funding sources can be leveraged into the infrastructure project and assurance that the ongoing operational and maintenance costs of the project will be met over the life of the infrastructure; and
- The reasons and decisions made on all CIL funding bids considered through the MTFS process will be published to ensure transparency.

Funding Capital Expenditure

11.85 The inclusion of schemes within the Council's capital budget is intrinsically linked with the way schemes can be financed. This

ensures that the affordability of the capital programme reflects the organisation's long-term objectives rather than short-term expedience.

11.86 The Council's strategy is to fund capital expenditure in the first instance from sources other than the Council's Capital Financing Revenue Budget.



11.87 The Council has a good track record of producing business cases that are supported by government and then backed by subsequent grants and for aligning expenditure with local developments that are then backed by external developer contributions.

11.88 Main forecasted income sources are:

- Government Grants (£159m / 43%)
- Other external contributions (£60m / 16%)
- Receipts from Council Assets (£4m / 1%)

- Borrowing or Revenue Contributions (£148m / 40%)

11.89 Capital expenditure may be funded directly from revenue, but not vice-versa. Overall financial pressure on the Council makes returns on capital investment a key element of the overall financial stability of the Medium-Term Financial Strategy.

11.90 Capital budgeting differs from revenue budgeting because:

- the need for capital investment tends to fluctuate year on year to a much greater degree than the need for revenue spending
- there is usually significant discretion over how or when to make use of the capital funding that is potentially available, e.g. to determine the level of borrowing and the use made of capital receipts in a particular period
- there is usually significant discretion over when particular capital projects take place capital budgets, unlike revenue budgets, can usually be carried forward from one year to another
- many public sector organisations are able to fund capital expenditure from sources that they are not permitted to use to fund revenue expenditure, such as borrowing.

11.91 The Section 151 Officer will therefore use judgement, as part of the medium-term financial planning process, to determine how schemes can be accommodated within the overall programme, depending on the organisation's overall financial position and its capital investment priorities.

11.92 The Council will ensure every effort is made to provide value for money from capital expenditure, and to maximise the local benefits from capital projects the Council will always target

alternative funding sources before committing to contributions from the funding parameters set within the MTFS. All high-level business cases will therefore contain reference to benefits realisation.

11.93 All high-level business cases will include information on how alternative funding sources have been considered. All capital scheme budget managers will also provide regular updates on the status of all funding sources, as required by the Section 151 Officer. Funding sources will be categorised as either 'received', 'contractually committed' or 'in negotiation'.

Contingencies in the Capital Programme

11.94 In the initial stages of development, major capital projects will have significant uncertainties. For example, these may relate to the planning process, the views / interest of stakeholders who must be consulted, ground conditions, or the costs of rectifying or demolishing existing buildings (for example the cost of asbestos removal).

11.95 For this reason, the Council will develop a structured process of identifying and managing risk. In the initial stages of a project these are necessarily broad estimates due to the number of unknown factors. As projects progress the unknown factors will become clearer and project managers will focus on managing these in the most effective way possible, utilising contingencies to do so as needed.

11.96 The process for managing risk and identifying contingency budgets is currently more developed within the Place Directorate particularly for Highways & Infrastructure schemes. During 2021/22 this will be rolled out across the whole of the capital programme, with project managers receiving training and the use of standard templates. This will

ensure a consistent approach to adopting best practice industry standards across the Council.

11.97 The process of identifying risk will be two stage, firstly at the project development stage with further refinement at the contract award stage.

11.98 The monitoring of risk and the application of contingency budgets will form part of the quarterly monitoring process.

4. Investment & Risk Strategy

11.99 The Council is faced with diminishing capital finance and reduced access to grants and external funding. Spend will need to be monitored effectively against available funds. However, less dependence and more self-reliance will tend to reduce the exposure to risk.

11.100 A risk management framework in place and the core of this framework is set out in the Corporate Risk Management Strategy. Each directorate has its own operational risk register which integrates the relevant directorate Performance Strategy, improvement plans and budgets. In accordance with the HM Treasury Five Case model, a detailed Risk Assessment must be completed for each capital scheme.

11.101 Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for council taxpayers against year on year fluctuations in expenditure.

11.102 The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of this strategy. Effective procurement is therefore

essential, and the Council seeks to apply rigorous procurement standards in the selection of suppliers and contractors throughout the life of a project.

11.103 The Capital Programme should be kept under review having regard to the prevailing economic climate, property market and Government policy. Capital receipts estimates should therefore be kept under review with any significant changes reflected in reporting.

11.104 Cheshire East's strong taxbase and independence provides financial stability and offers some "local protection" from the impact of national economic fluctuations and total spending per head of population is below average when compared to neighbouring authorities. Given this national and local context, overall financial risk profile should continue to reduce.

5. Governance

11.105 It is important given the risks surrounding Capital Projects that the appropriate governance arrangements are in place:

- The Capital Strategy, including the overall Capital Programme to be presented annually as part of the Medium-Term Financial Strategy at full Council.
- Updates to the capital programme will be reported to Cabinet on a quarterly basis.
- All schemes are subject to approval in accordance with the Finance Procedure Rules.
- A senior officer group exists known as the Assets Board which meets monthly and is chaired by the Executive Director for Place. The Board will play a key role in the development and implementation of the capital strategy

and review performance of the capital programme on a quarterly basis.

- The board provides the strategic oversight of the Council's land and property assets including recommendations and reports on acquisition, disposal, development and management strategies.
- The Assets Board delegates responsibility for the detailed tasks to a sub-group ~ Capital Programme Board. The board's membership includes project managers from each directorate supported by the enabling services

Capital Programme Board – Terms of Reference

- The detailed appraisal of projects, taking into consideration the Councils priorities and annual aims and objectives.
- To provide a forum for establishing and providing robust challenge of the business cases and debate around the capital programme.
- Undertake gateway reviews and risk management reviews of major capital projects.
- Undertake a detailed annual review of the capital programme.
- Review the capital programme on an ongoing basis and to ensure it is achieving the agreed outcomes.
- Receive post project completion reports to assess benefit realisation and lessons learnt.

11.106 The Capital Programme Board will assess all submissions for capital expenditure with the exception of schemes fully funded by external resources (e.g. specific grant, developer

contributions); these will be approved in accordance with Finance Procedure Rules (paragraph 2.45, Supplementary Capital Estimates and paragraphs 3.31 to 3.34, Capital Block Provisions).

11.107 The Capital Programme Board provides monthly updates and makes recommendations to the Assets Board who will refer decisions to the appropriate decision maker, whether this is an Officer under delegated responsibility, Cabinet or Council.

Knowledge and Skills

11.108 The Capital Strategy and Treasury Management and Investment Strategies are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.

11.109 The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities. He is a professionally qualified accountant and follows an ongoing CPD programme.

11.110 The Senior Responsible Officers and Project Managers who manage a capital project receive training which provides up to date information on the CIPFA Code of Practice, the Prudential Code, principles of capital accounting including eligible capital expenditure, capital funding and the capital financing budget.

Background Papers

Cheshire East Reports –

- Statement of Accounts
- Medium Term Financial Strategy
- Quarterly Review of Finance Reports
- Financial Resilience - Value for Money
- Finance Procedure Rules

Arlingclose Ltd, Independent Treasury Management Advisors –

- Capital Strategy Template

Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (CIPFA, 2019)

Local Authority Capital Accounting: A Reference Manual for Practitioners (CIPFA, 2019)

The Prudential Code for Capital Finance in Local Authorities (CIPFA, 2019)

Annex A: Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
Committed Schemes - In Progress						
People	19,912	22,812	12,949	3,745	1,770	61,188
Place	361,543	111,098	70,025	23,403	25,166	591,235
Corporate	81,744	14,536	8,945	7,260	7,030	119,516
Total Committed Schemes - In Progress	463,199	148,447	91,918	34,408	33,966	771,938

CAPITAL PROGRAMME 2021/22 - 2024/25

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
New Schemes						
People	0	250	1,250	1,000	0	2,500
Place	0	22,577	13,122	12,147	12,147	59,993
Corporate	0	0	0	0	0	0
Total New Schemes	0	22,827	14,372	13,147	12,147	62,493
Total Capital Schemes	463,199	171,274	106,290	47,555	46,113	834,431

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

Funding Requirement

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
Indicative Funding Analysis: (See note 1)						
Government Grants	230,464	74,634	45,901	24,360	13,917	389,276
External Contributions	28,351	23,122	15,357	3,860	18,056	88,746
Revenue Contributions	66	1,252	625	0	0	1,944
Capital Receipts	320	1,000	1,000	1,000	1,000	4,320
Prudential Borrowing (See note 2)	203,997	71,266	43,408	18,335	13,140	350,146
Total	463,199	171,274	106,290	47,555	46,113	834,431

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2021-25 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

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

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2021/22 - 2024/25

	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000
Addendum						
People		2,940	14,225	19,375	19,000	55,540
Place		29,250	86,077	112,281	18,655	246,263
Corporate		33,866	35,518	35,083	30,800	135,267
Total Addendum		66,056	135,820	166,739	68,454	437,070

The addendum includes projects that have been added to the programme owing to their strategic importance to the Council. However detailed business cases are not yet in place as the precise details are not yet known. Work is currently being progressed for these projects, however they will only be commenced once a detailed business case has been completed and approved, the business case will also need to demonstrate the strategic impact of the scheme, an expenditure profile and funding sources or associated return on investment to enable the project to be delivered. At the stage where the business cases are sufficiently developed and they are deemed to be affordable the Section 151 Officer will provide the additional approval for these schemes to proceed and form part of the main capital programme. Updates on these schemes will be provided to Cabinet through the quarterly reporting process.

CAPITAL PROGRAMME 2021/22 - 2024/25											
Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Total Budget	Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Borough Wide Schemes											
Electronic Call Monitoring System	10	379	0	0	0	389	0	0	379	0	0
Foster Carer Capacity Scheme	0	0	283	0	0	283	0	0	0	0	283
Devolved Formula Grant	6,269	537	390	385	370	7,951	1,682	0	0	0	0
Schools Condition Capital Grant	5,532	2,179	1,560	1,560	1,400	12,231	6,652	0	0	0	47
Special Provision Fund Capital Grant	193	830	0	0	0	1,023	815	0	0	0	14
SEN Placement Expn - Phase 2	100	1,835	0	0	0	1,935	0	0	0	0	1,835
Early Years Sufficiency Capital Fund	847	0	290	0	0	1,137	290	0	0	0	0
Crewe Area Schemes											
Adelaide Academy	30	317	0	0	0	347	300	0	0	0	17
Beechwood Nursery Expansion	101	600	0	0	0	701	600	0	0	0	0
Monks Coppenhall SEN Expansion	0	100	0	0	0	100	0	0	0	0	100
Congleton Area Schemes											
Congleton Planning Area	813	787	2,400	0	0	4,000	3,102	85	0	0	0
Holmes Chapel Area Schemes											
Holmes Chapel Planning Area	50	1,950	0	0	0	2,000	1,950	0	0	0	0
Macclesfield Area Schemes											
Ash Grove Nursery Expansion	196	30	0	0	0	226	30	0	0	0	0
Expansion of Park Lane School	1,372	1,271	0	0	0	2,643	0	0	0	0	1,271
Macclesfield Planning Area - Secondary	500	2,950	0	0	0	3,450	2,950	0	0	0	0
Puss Bank SEN Expansion	472	52	0	0	0	524	0	0	0	0	52
Middlewich Area Schemes											
Middlewich Planning Area	0	750	750	0	0	1,500	1,500	0	0	0	0

CAPITAL PROGRAMME 2021/22 - 2024/25											
Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000	Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000
Committed Schemes - In Progress											
Nantwich Area Schemes											
Nantwich Planning Area - Primary	0	800	900	1,800	0	3,500	2,901	599	0	0	0
Nantwich Planning Area - Secondary	200	250	250	0	0	700	500	0	0	0	0
Sandbach Area Schemes											
Elworth CoE Primary School	1,191	325	0	0	0	1,515	60	265	0	0	0
Sandbach High School - Basic Need	691	432	0	0	0	1,123	156	276	0	0	0
St Johns CoE Primary School	338	138	0	0	0	476	18	121	0	0	0
Wilmslow Area Schemes											
Wilmslow High School BN	1,007	6,300	4,725	0	0	12,032	10,677	300	0	0	48
Wilmslow Primary Planning Area	0	0	1,400	0	0	1,400	1,250	150	0	0	0
Total Committed Schemes - In Progress	19,912	22,812	12,949	3,745	1,770	61,188	35,433	1,796	379	0	3,668
New Schemes											
Crewe Area Schemes											
Shavington Planning Area - Secondary	0	250	1,250	1,000	0	2,500	2,500	0	0	0	0
Total New Schemes	0	250	1,250	1,000	0	2,500	2,500	0	0	0	0
Total Capital Schemes	19,912	23,062	14,199	4,745	1,770	63,688	37,933	1,796	379	0	3,668

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed	Funding
	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget	
	£000	£000	£000	£000	£000	
Addendum Schemes						
Borough Wide Schemes						
Childcare Sufficiency Capital Programme	234	0	0	0	234	TBC
Develop Supported Living and Social Care Services	450	5,875	5,875	0	12,200	TBC
Provision of Sufficient School Places - SEND	1,500	3,300	1,500	0	6,300	TBC
School Catering Service : Investment in essential kitchen infrastructure.	440	0	0	0	440	TBC
Crewe Area Schemes						
Shavington Planning Area - New Primary School	0	0	3,200	0	3,200	TBC
Congleton Area Schemes						
Congleton Planning Area - Primary	100	800	900	0	1,800	TBC
Congleton Planning Area - Secondary	0	1,000	0	0	1,000	TBC
Congleton Planning Area - New school	0	0	3,200	0	3,200	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed	Proposed	Proposed	Proposed	Total Proposed	Funding
	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget	
	£000	£000	£000	£000	£000	
Addendum Schemes						
Handforth Area Schemes						
Handforth Planning Area - New Schools	0	0	0	15,000	15,000	TBC
Macclesfield Area Schemes						
Macclesfield Planning Area - New School	0	0	0	4,000	4,000	TBC
Macclesfield Planning Area - Secondary	450	2,400	1,200	0	4,050	TBC
Nantwich Area Schemes						
Nantwich Planning Area -Primary	0	0	200	0	200	TBC
Nantwich Planning Area - Secondary	0	0	3,300	0	3,300	TBC
Wilmslow Area Schemes						
Wilmslow Planning Area - New Primary School	0	850	0	0	850	TBC
Total Addendum Schemes	2,940	14,225	19,375	19,000	55,540	

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Total Budget	Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Borough Wide Schemes											
Air Quality Action Plan	328	44	0	0	0	372	44	0	0	0	0
Car Parking Improvements (including Residents Parking	273	20	28	0	0	321	0	0	0	0	48
Connecting Cheshire 2020	1,207	4,810	1,234	0	0	7,250	5,646	0	0	0	398
Connecting Cheshire Phase 2	5,366	536	332	0	0	6,234	0	313	0	177	378
Connecting Cheshire	28,929	300	295	0	0	29,524	48	0	0	247	300
Corporate Landlord - Operational	999	18	5	0	0	1,022	0	0	0	0	23
Countryside Capital Projects	600	5	0	0	0	605	5	0	0	0	0
Environment S106 Schemes	1,684	151	0	0	0	1,835	0	151	0	0	0
Highway Pothole/Challenge Fund	8,171	200	0	0	0	8,371	200	0	0	0	0
Highways Contract Team Programme Delivery	272	145	0	0	0	417	145	0	0	0	0
Highway S106 Schemes	993	494	34	0	0	1,520	0	528	0	0	0
Highway S278 Schemes	2,168	647	104	0	0	2,919	0	751	0	0	0
Kerbside wheeled bins	1,817	50	50	50	0	1,967	0	0	0	0	150
Litter and Recycling Bins	58	50	50	50	0	208	0	0	0	0	150
Park Development Fund	511	115	0	0	0	626	0	0	0	0	115
Parking Meters	0	350	0	0	0	350	0	0	0	0	350
Part 1 Claims	36	38	38	0	0	112	76	0	0	0	0
Pay and Display Parking Meters	531	89	0	0	0	620	0	0	0	0	89
Programme Management	659	100	0	0	0	759	100	0	0	0	0
Public Rights of Way: Capital Structures Investments	62	37	0	0	0	99	0	0	0	0	37
Public Rights of Way Capital Works	788	10	0	0	0	798	10	0	0	0	0
Public Rights of Way: Flood Damage Capital Investment	93	29	0	0	0	122	0	0	0	0	29
Rural & Green S106 Schemes	74	21	22	0	0	117	0	43	0	0	0
Schools Capital Maintenance	3,468	135	0	0	0	3,603	135	0	0	0	0
Septic Tanks	317	319	0	0	0	636	0	0	0	0	319
Sustainable Travel Access Prog	1,445	1,679	0	0	0	3,124	1,132	309	0	0	238
Winter Service Facility	299	109	436	0	0	843	0	0	0	0	545

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Total Budget	Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Crewe Area Schemes											
A500 Dualling Scheme	8,503	825	0	0	0	9,328	825	0	0	0	0
Safer Roads Scheme A532	427	603	0	0	0	1,030	603	0	0	0	0
Archive Option Development	276	120	0	0	0	396	0	0	0	0	120
Crewe Green Link Road PH2	24,898	850	0	0	0	25,748	0	653	0	0	197
Crewe Green Roundabout	7,021	240	238	0	0	7,500	0	478	0	0	0
Crewe HS2 Hub Project Dev	7,078	5,622	0	0	0	12,700	0	0	0	0	5,622
Crewe Town Centre Regeneration	11,795	975	15,139	314	3,781	32,004	0	0	0	0	20,209
Hough Bridge	290	0	10	0	0	300	0	10	0	0	0
Jack Mills Way	280	20	0	0	0	300	0	20	0	0	0
Leighton Green	1,548	200	150	198	0	2,096	0	0	0	0	548
North-West Crewe Package	6,375	17,876	10,921	128	1,200	36,500	9,980	13,050	0	0	7,095
Sydney Road Bridge	10,249	0	252	0	0	10,501	50	202	0	0	0
Congleton Area Schemes											
Astbury Marsh Caravan Park	100	147	0	0	0	247	0	0	0	0	147
Congleton Link Road	69,289	4,654	2,111	3,383	11,005	90,443	0	20,255	0	0	899
Congleton Household Waste Recycling Centre Development	20	30	0	0	0	50	0	0	0	0	30
Congleton Leisure Centre	953	5,647	4,700	0	0	11,300	0	0	0	0	10,347
Safer Roads Scheme A536	450	1,777	83	0	0	2,310	1,860	0	0	0	0
Handforth Area Schemes											
A6 MARR CMM Handforth	460,328	140	200	0	0	800	258	48	0	0	34
A6MARR Design Checks & TA	333	140	0	0	0	473	72	68	0	0	0
North Cheshire Garden Village	5,470	3,732	10,500	10,025	0	29,727	21,700	0	0	0	2,557
PROW CMM A6 MARR	2	98	0	0	0	100	98	0	0	0	0
Macclesfield Area Schemes											
Flowerpot Phs 1 & pinch point	1,002	3,565	919	15	0	5,500	2,498	0	0	0	2,000
Macclesfield Movement Strategy	31	0	69	0	0	100	69	0	0	0	0
Macclesfield Town Centre	639	1,580	0	0	0	2,219	0	0	0	0	1,580
Pastures Wood Farm - Carbon Offet Scheme	17	8	0	0	0	25	0	0	8	0	0
South Macclesfield Development Area	3,011	3,534	10,395	7,873	0	24,814	10,000	0	0	0	11,802

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Total Budget	Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Middlewich Area Schemes											
A54/A533 Leadsmyth St, M'wich	129	335	99	0	0	563	0	434	0	0	0
Gypsy and Traveller Sites	1,170	2,096	0	0	0	3,266	550	0	0	45	1,501
Middlewich Eastern Bypass	12,955	12,563	0	0	0	25,518	0	12,563	0	0	0
Middlewich Rail Study	0	0	20	0	0	20	20	0	0	0	0
Nantwich Area Schemes											
A51/A500 Corridor Nantwich	237	13	0	0	0	250	0	0	0	0	13
Nantwich Pool Improvements	157	1,567	0	0	0	1,724	0	0	0	0	1,567
St Annes Car Park	173	5	0	0	0	178	0	0	0	0	5
Poynton Area Schemes											
Poynton Relief Road	17,163	17,326	6,638	349	9,180	50,657	12,037	6,200	0	1,000	14,257
Poynton Leisure Centre	419	3,500	687	0	0	4,606	0	0	0	0	4,187
A556 Knutsford to Bowdon	358	146	0	0	0	504	0	146	0	0	0
Rolling Programme											
Countryside Vehicles	518	101	0	0	0	619	0	0	0	0	101
Disabled Facilities	14,680	2,400	2,400	0	0	19,480	4,130	0	0	0	670
Farms Strategy	1,762	300	300	1,018	0	3,380	0	0	0	1,600	18
Home Repairs for Vulnerable People	100	300	200	0	0	600	0	0	0	0	500
Premises Capital (FM)	26,098	4,375	0	0	0	30,473	0	0	0	0	4,375
Other Schemes											
A6 MARR CMM - Disley	1,641	280	200	0	0	2,122	0	40	0	0	440
Alderley Edge By-Pass Scheme	60,255	356	0	0	0	60,611	0	0	0	0	356
Bereavement Service Data System	0	35	0	0	0	35	0	0	35	0	0
Planning & Building Control Replacement System	464	67	0	0	0	531	0	0	0	0	67
Old Mill Rd/ The Hill Junction	108	640	576	0	0	1,325	0	1,216	0	0	0
Roundabout London Rd Holmes Chapel (S106)	75	339	189	0	0	603	0	528	0	0	0
Tatton Park Investment Phase 2	1,414	1,470	401	0	0	3,285	0	0	0	0	1,871
Total Committed Schemes - In Progress	361,543	111,098	70,025	23,403	25,166	591,235	72,290	58,005	43	3,070	96,284

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000	Total Budget £000	Government Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000
New Schemes											
Rolling Programme											
Integrated Transport Block - LTP	0	1,987	1,987	1,987	1,987	7,948	7,948	0	0	0	0
Maintenance Block - LTP	0	8,409	8,409	8,409	8,409	33,636	33,636	0	0	0	0
Incentive Fund - LTP	0	1,751	1,751	1,751	1,751	7,004	7,004	0	0	0	0
Managing and Maintaining Highways	0	6,000	0	0	0	6,000	0	0	0	0	6,000
Traffic Signs and Bollards - LED Replacement	0	625	625	0	0	1,250	0	0	1,250	0	0
Other Schemes											
Green Investment Scheme	0	3,600	350	0	0	3,950	0	0	0	0	3,950
Replacement CCTV Cameras	0	205	0	0	0	205	0	0	205	0	0
Total New Schemes	0	22,577	13,122	12,147	12,147	59,993	48,588	0	1,455	0	9,950
Total Capital Schemes	361,543	133,675	83,147	35,550	37,313	651,228	120,878	58,005	1,498	3,070	106,234

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22 £000	Proposed Budget 2022/23 £000	Proposed Budget 2023/24 £000	Proposed Budget 2024/25 £000	Total Proposed Budget £000	Funding
Addendum Schemes						
Borough Wide Schemes						
Everybody Sport & Leisure Investment , 5 Towns Programme	4,159	5,160	508	0	9,827	TBC
Housing Development Fund	940	0	0	0	940	TBC
Kerbside wheeled bins	0	0	0	50	50	TBC
Litter and Recycling Bins	0	0	0	50	50	TBC
Multi Site Solar PV Scheme	342	342	0	0	684	TBC
Public Rights of Way: Capital Structures	0	131	43	0	174	TBC
Public Right of Way Resources	68	35	35	0	138	TBC
Towns Centre Vitality Programme	109	0	0	0	109	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22 £000	Proposed Budget 2022/23 £000	Proposed Budget 2023/24 £000	Proposed Budget 2024/25 £000	Total Proposed Budget £000	Funding
Addendum Schemes						
Crewe Area Schemes						
A5020 Weston Gate roundabout	50	1,000	1,450	0	2,500	TBC
A500 Dualling Scheme	6,146	28,806	21,813	2,608	59,373	Dft Grant £50.6m; S106 contributions £4.3m; CEC £4.5m
Car Parking Facility - Crewe	865	0	0	0	865	TBC
Crewe Surface Access Strategy	2,575	5,200	57,440	0	65,215	TBC
Crewe Town Centre Civic Heat Network	3,371	0	0	0	3,371	TBC
Demolition of Crewe Library (linked to New Archives Premises	1,200	0	0	0	1,200	TBC
Weston Cemetery Extension	0	983	2,500	2,500	5,983	TBC
	173	0	0	0	173	TBC
Congleton Area Schemes						
Congleton Link Road	0	389	0	0	389	TBC
Congleton Household Waste Recycling	2,000	2,000	0	0	4,000	TBC
North Congleton Acquisitions	1,951	0	0	0	1,951	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22 £000	Proposed Budget 2022/23 £000	Proposed Budget 2023/24 £000	Proposed Budget 2024/25 £000	Total Proposed Budget £000	Funding
Addendum Schemes						
Knutsford Area Schemes						
A537 Adams Hill junction imp	50	250	0	0	300	TBC
Brook St/Hollow Ln Junction	50	450	0	0	500	TBC
Tatton Park Investment	0	227	0	0	227	TBC
Nantwich Area Schemes						
A51 Shropshire Union Canal Embankment	0	3,500	0	0	3,500	TBC
A51/A500 Corridor Nantwich	80	0	0	0	80	TBC
Alvaston roundabout junction	50	500	1,050	0	1,600	TBC
Burford junction improvements	50	875	1,575	0	2,500	TBC
Peacock roundabout junction	0	163	587	0	750	TBC
Macclesfield Area Schemes						
Investment in Heritage Assets	94	0	0	0	94	TBC
Macclesfield Town Centre Regeneration	1,000	3,600	0	0	4,600	TBC
Premises Capital (West Park Museum)	0	900	0	0	900	TBC
Safer Roads Scheme A537	1,245	1,245	0	0	2,490	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22 £000	Proposed Budget 2022/23 £000	Proposed Budget 2023/24 £000	Proposed Budget 2024/25 £000	Total Proposed Budget £000	Funding
Addendum Schemes						
Middlewich Area Schemes						
Clive Green Lane Upgrade	40	0	0	0	40	TBC
Middlewich Eastern Bypass	0	24,841	16,966	6,733	48,540	Dft Grant £39.9m; S106 contributions £1.8m; CEC £6.9m
Middlewich Southern Link OBC	1,875	625	0	0	2,500	TBC
Middlewich Southern Link Road	50	0	0	0	50	TBC
Rolling Programme						
Countryside Vehicles	352	304	264	264	1,184	TBC
Disabled Facilities Grant	0	0	2,500	2,500	5,000	TBC
Home Repairs for Vulnerable People	0	0	200	200	400	TBC
Premises Capital (FM)	0	3,500	3,500	3,500	10,500	TBC

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22 £000	Proposed Budget 2022/23 £000	Proposed Budget 2023/24 £000	Proposed Budget 2024/25 £000	Total Proposed Budget £000	Funding
Addendum Schemes						
Other Schemes						
A34/A538 West junction	0	501	1,500	0	2,001	TBC
B5077/B5078 North Junction	0	300	100	0	400	TBC
Carbon Offset Investment	250	250	250	250	1,000	TBC
Electric Vehicle Car Pool Scheme	60	0	0	0	60	TBC
Rail Studies	55	0	0	0	55	TBC
Total Addendum Schemes	29,250	86,077	112,281	18,655	246,263	

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Forecast Expenditure						Forecast Funding				
	Prior Years	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Total Budget	Government Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Committed Schemes - In Progress											
Rolling Programme											
Care Act Phase 2	3,655	1,055	1,604	0	0	6,314	0	0	0	453	2,206
Core Financials	7,522	1,167	0	0	0	8,689	0	0	0	477	690
IADM (Information Assurance and Data Management)	13,465	1,500	0	0	0	14,965	0	0	0	0	1,500
Infrastructure Investment Programme (IIP)	27,073	1,777	0	0	0	28,850	0	0	0	0	1,777
Unified Communications Project	366	300	310	230	0	1,206	0	0	0	0	840
Vendor Management	487	519	0	0	0	1,006	0	0	0	0	519
Other Schemes											
Best4Business Programme	22,552	1,188	0	0	0	23,740	0	594	0	0	594
Strategic Capital Projects	6,624	7,030	7,031	7,030	7,030	34,745	0	0	0	0	28,121
Total Committed Schemes - In Progress	81,744	14,536	8,945	7,260	7,030	119,516	0	594	0	930	36,247
Total Capital Schemes	81,744	14,536	8,945	7,260	7,030	119,516	0	594	0	930	36,247

CAPITAL PROGRAMME 2021/22 - 2024/25

Scheme Description	Proposed Budget 2021/22 £000	Proposed Budget 2022/23 £000	Proposed Budget 2023/24 £000	Proposed Budget 2024/25 £000	Total Proposed Budget £000	Funding
Addendum Schemes						
Transformation						
Core Financials	0	500	500	500	1,500	TBC
Corporate Contracts Renewals	233	43	74	61	411	TBC
Digital Strategy	2,773	1,219	583	239	4,814	TBC
Information Assurance and Data Management Phase 3	0	1,500	1,500	0	3,000	TBC
Infrastructure Investment Programme (IIP)	0	2,050	2,400	0	4,450	TBC
People ICT Systems Procurement	326	4	6	0	336	TBC
Place ICT System Procurement	534	202	20	0	756	TBC
Finance and Customer Services						
Strategic Commercial Activities	30,000	30,000	30,000	30,000	120,000	TBC
Total Addendum Schemes	33,866	35,518	35,083	30,800	135,267	

Annex B: Prudential Indicators revisions to: 2020/21 and 2021/22 – 2024/25

Background

11.111 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

Estimates of Capital Expenditure

11.112 In 2021/22, the Council is planning capital expenditure of £171.3m as summarised below:

Capital Expenditure	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Total	127.5	171.3	106.3	47.6	46.1

Source: Cheshire East Finance

Capital Financing

11.113 All capital expenditure must be financed either from external sources (Government grants and other contributions), the Council's own resources (revenue reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of capital expenditure is as follows:

Capital Financing	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Capital receipts	1.0	1.0	1.0	1.0	1.0
Government Grants	64.5	74.6	45.9	24.4	13.9
External Contributions	6.9	23.1	15.4	3.9	18.1
Revenue Contributions	0.3	1.3	0.6	0.0	0.0
Total Financing	72.7	100.0	62.9	29.3	33.0
Prudential Borrowing	54.8	71.3	43.4	18.3	13.1
Total Funding	54.8	71.3	43.4	18.3	13.1
Total Financing and Funding	127.5	171.3	106.3	47.6	46.1

Source: Cheshire East Finance

Replacement of debt finance

11.114 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets may be used to replace debt finance. Planned MRP repayments are as follows:

Replacement of debt finance	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Total	11.0	13.5	16.8	19.0	20.2

Source: Cheshire East Finance

11.115 The Council's full MRP Statement is available in **Annex C**.

Estimates of Capital Financing Requirement

11.116 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to replace debt. The CFR is expected to increase by £58m during 2021/22. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Capital Financing Requirement	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Total	412	470	490	484	463

Source: Cheshire East Finance

Asset disposals

11.117 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.8m of capital receipts in the coming financial years as follows.

Capital Receipts	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Asset Sales	1.0	1.0	1.0	1.0	1.0
Loans Repaid	0.2	0.2	0.2	0.2	0.2
Total	1.2	1.2	1.2	1.2	1.2

Source: Cheshire East Finance

Gross Debt and the Capital Financing Requirement

11.118 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.1%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 –1.7%).

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

Gross Debt and the Capital Financing Requirement	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Borrowing	130	78	77	77	77
Finance Leases	1	1	1	0	0
PFI Liabilities	21	20	19	18	17
Total Debt	152	99	97	95	94
Capital Financing Req.	412	470	489	484	463

11.120 Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. As can be seen from the above table, the Council expects to comply with this in the medium term.

Liability Benchmark

11.121 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year end. This benchmark is currently £228m and is forecast to rise to £312m over the next four years.

Borrowing and the Liability Benchmark	2020/21 Forecast £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Outstanding Debt	130	78	77	77	77
Liability Benchmark	228	298	327	328	312

Source: Cheshire East Finance

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

Affordable borrowing limit

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

	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m
Authorised Limit for Borrowing	425	490	510	500	480
Authorised Limit for Other Long-Term Liabilities	22	21	20	18	17
Authorised Limit for External Debt	447	511	530	518	497
Operational Boundary for Borrowing	415	480	500	490	470
Operational Boundary for Other Long-Term Liabilities	22	21	20	18	17
Operational Boundary for External Debt	437	501	520	508	487

Source: Cheshire East Finance

Investment Strategy

11.124 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

11.125 The Council's policy on treasury investments is to prioritise security and liquidity over yield; that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	£m	£m	£m	£m	£m
Short term	20	0	0	0	0
Long term	20	20	20	20	20
Total Investments	40	20	20	20	20

Source: Cheshire East Finance

11.126 Further details on treasury investments are in pages of the Treasury Management Strategy, **Annex 12**.

11.127 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.

11.128 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Annex 13**.

Revenue budget implications

11.129 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are

charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from council tax, business rates and general Government grants.

Ratio of Financing Costs to Net Revenue Stream	2020/21 Forecast	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Financing Costs (£m)	12.0	14.0	18.0	19.0	20.0
Proportion of net revenue stream %	4.23	4.50	5.73	5.95	6.13

Source: Cheshire East Finance

11.130 Further details on the revenue implications of capital expenditure are on paragraphs 11.53 – 11.58 of the 2021-2025 Medium Term Financial Strategy (**Appendix C, Annex 11**).

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

Annex C: Minimum Revenue Provision

11.132 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry for Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

11.133 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

11.134 The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.

- For capital expenditure incurred before 1st April 2008 and for supported capital expenditure incurred on or after that date, MRP will be charged at 2% annuity rate over a 50-year period.

- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets, as the principal repayment on an annuity rate of 2%, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

(Option 3 in England and Wales)

- For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

11.135 Capital expenditure incurred during 2021/22 will not be subject to an MRP charge until 2022/23.



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5 th January 2022
Report Title:	Draft Investment Strategy 2022/23
Report of:	Alex Thompson, Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	FSC/18/21-22
Ward(s) Affected:	Not Applicable

1. Executive Summary

- 1.1. The Sub-Committee are being asked to note and comment on the Council's Investment Strategy in light of the ongoing budget consultation document. The Investment Strategy forms a key part of the Council's Medium Term Financial Strategy (MTFS) alongside the Capital, Treasury Management and Reserves Strategies. Each of these strategies are reviewed each year.
- 1.2. The MTFS will be recommended to Council for approval on the 24th February 2022 by the Corporate Policy Committee.
- 1.3. The report sets out the Council's approach to managing investments in 2022/23.

2. Recommendations

That Finance Sub Committee:

- 2.1. Note and comment on the draft Investment Strategy for 2022/23 set out in Appendix 1.

3. Reasons for Recommendations

- 3.1. A function of the Finance Sub-Committee is to make recommendations to the Corporate Policy Committee regarding the development of the Medium Term Financial Strategy and the setting and monitoring of the

Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.

4. Other Options Considered

- 4.1. None. The Council has approved the annual review of the Investment Strategy, which supports good financial management.

5. Background

- 5.1. The Investment Strategy forms a key part of the Council's Medium Term Financial Strategy (MTFS) alongside the Capital, Treasury Management and Reserves Strategies. Each of these strategies are reviewed each year.
- 5.2. The purpose of the Investment Strategy is to:
 - 5.2.1. set out the Council's approach to managing investment in 2022/23
 - 5.2.2. establish financial limits for various classifications of investment
 - 5.2.3. recognise the role and responsibilities of the Finance Sub Committee and its position as the main conduit through which investment opportunities should be considered
- 5.3. During 2021 CIPFA consulted on the principles to support changes to the Prudential Code for Capital Finance in Local Authorities (Prudential Code). This draft Strategy reflects the consultation outcomes and likely changes based on recent commentary from CIPFA. The Final version of the strategy, for Council approval, is expected to reflect the final version of the new Prudential Code.
- 5.4. A key focus of the consultation by CIPFA has been to reduce speculative investment which could cause unnecessary risk in the delivery of key services.
- 5.5. The MTFS, including the Investment Strategy, will be recommended to Council for approval on the 24th February 2022 by the Corporate Policy Committee.

6. Consultation and Engagement

- 6.1. The Investment Strategy forms part of the consultation process of the Medium Term Financial Strategy which ran from 24 November 2021 to 4 January 2022. During this time, residents, members and stakeholders were able to provide their views in a number of ways.

7. Implications

7.1. Legal

7.1.1. On 2nd February 2018 the Ministry of Housing, Communities & Local Government (MHCLG) published updated statutory guidance on capital finance, in respect of Local Government investments and the minimum revenue provision.

7.1.2. The Investment Strategy has been prepared in accordance with the relevant CIPFA Codes of Practice.

7.2. Finance

7.2.1. Contained within the report.

7.3. Policy

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

7.4. Equality

7.4.1. None.

7.5. Human Resources

7.5.1. None.

7.6. Risk Management

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

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children & Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no direct implications on public health.

7.10. Climate Change

7.10.1. There are no direct implications on climate change.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) alex.thompson@cheshireeast.gov.uk
Appendices:	Appendix 1: Draft Investment Strategy 2022/23
Background Papers:	Medium Term Financial Strategy 2021-25 2021/22 In-Year Review of Finance

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Investment Strategy

1. Purpose

- 13.1 The purpose of the Investment Strategy is to:
- set out the Council's approach to managing investment in 2022/23
 - establish financial limits for various classifications of investment
 - recognise the role and responsibilities of the Finance Sub Committee and its position as the main conduit through which investment opportunities should be considered
- 13.2 The definition of an **investment** covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.
- 13.3 The Council has a Capital Strategy (prepared in line with the requirements of the Prudential Code); and a Treasury Management Strategy (prepared in line with the requirements of the Treasury Management Code) – relevant disclosures are made within each document.
- 13.4 Consequently, this Investment Strategy is part of a suite of related documents and focuses predominantly on matters not covered by the Capital Strategy and Treasury Management Strategy.

Statutory Background

- 13.5 On 2nd February 2018 the Ministry of Housing, Communities & Local Government (MHCLG) published updated statutory guidance on capital finance, in respect of Local Government investments and the minimum revenue provision. The MHCLG guidance may be found at: <https://assets.publishing.service.gov.uk/>
- 13.6 The guidance was issued to reflect concerns raised by MHCLG and Treasury Select Committees over patterns of local authority behaviour particularly with respect to the exponential increase in the investment in commercial properties. There was concern from MHCLG that local authorities being exposed to high levels of financial risk through borrowing and investment decisions could have a detrimental impact on services if investments do not perform as expected. The requirement to produce this annual Investment Strategy, to be approved by Full Council, is an attempt to recognise this and ensure that Members have sufficient expertise to understand the complex transactions that they have ultimate responsibility for approving.
- 13.7 In the November 2020 Autumn Statement the Chancellor of the Exchequer went further and effectively prohibited the future purchase of commercial assets primarily for generating yield. Where there are any plans to acquire assets primarily for yield, irrespective of the source of financing for that particular asset, then the Public Works Loan Board (PWLB) would not advance any lending to the Authority. It is clear therefore that yield should be an incidental, rather than the principal factor, in any future decision to acquire an investment asset.

- 13.8 2021 has seen regulators continue this direction of travel to strengthen and codify the rules around commercial assets and borrowing for yield. CIPFA have issued numerous linked consultations on Capital Finance in the year, the latest of which closed in November 2021:

<https://www.cipfa.org/policy-and-guidance/consultations/prudential-code-for-capital-finance-in-local-authorities>

- 13.9 The outcome from this will be a revised Prudential Code which in its draft form seeks to place further limitations on the ability of Local Authorities to borrow and invest. The current draft includes updated and revised content in respect of Authorities not borrowing more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. In addition it includes proportionality as an objective in the Prudential Code; and further provisions are included so that an Authority incorporates an assessment of risk to levels of resources. On the issue of commercial property the draft provides clarification and definitions to define commercial activity and investment. The amendments to the Prudential Code appear to be a reinforcement of previous government guidance in respect of purpose of borrowing – that the purchase of commercial property purely for profit cannot lead to an increase in capital financing requirement.

- 13.10 It remains to be seen whether the consultation responses will have any impact on the final Prudential Code but generally the Authority is not greatly exposed having not been a significant investor in commercial property, in relative terms. Much of what is being proposed is already in place. It

will however further limit what the Authority may seek to do in the future.

Introduction

- 13.11 The Authority invests its money for three broad purposes:
1. because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
 2. to support local public services by lending to or buying shares in other organisations (**service investments**), and
 3. to earn investment income (known as **commercial investments** where this is the main purpose).
- 13.12 Often there may be a crossover of purposes for investments within the Authority. Whilst a return may be a by-product of an investment this is rarely the overriding reason for making or retaining an investment. It will normally be linked to other long term strategic or regeneration factors.
- 13.13 This Investment Strategy meets the requirements of the statutory guidance issued by MHCLG in February 2018 and focuses on the second and third of the above categories.

2. Treasury Management Investments

- 13.14 The Authority typically receives its income, such as taxes and grants, before it pays for expenditure such as through payroll and invoices. It also holds reserves for future expenditure and collects local taxes on behalf of Central Government. These activities, plus the timing of borrowing decisions, can lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.
- 13.15 The Constitution of the Authority delegates the power to manage and make Treasury Management Investments to the Section 151 Officer via the Treasury Management Strategy.
- 13.16 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 13.17 **Further details:** Full details of the Authority's policies and plans for 2022/23 for treasury management investments are covered in the separate Treasury Management Strategy.

3. Service Investments: Loans

- 13.18 **Contribution:** The Council lends money to other organisations to support local public services and stimulate economic growth. These are shown below in Table 1. No

new loans were issued in the year though there were movements on existing loans.

- 13.19 Interest bearing loans have been provided to Everybody Sport & Recreation for the purpose of investing in new equipment, with the aim of increasing the usage of leisure facilities and improving the health of residents. These are included within the Local Charities category.
- 13.20 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and interest free loan. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.
- 13.21 In addition, the Council has committed to investing £5m (and has lent £4.5m as at December 2021) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Holdings Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire & Warrington areas, which includes Alderley Park where the Fund is based.
- 13.22 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. It should be noted

that whilst the investment in the Life Science Fund is high risk it is also long-term in nature, so year-by-year fluctuations are to be expected but gains or losses will only crystallize when funds are extracted.

13.23 The Council may consider making further Service Investment Loans in 2022/23, subject to business cases and where the balance of security, liquidity and yield have been considered as part of robust risk assessment.

13.24 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £'000

Category of borrower	31/03/21 Actual £000	31/03/22 Forecast £000	31/03/22 Forecast £000	31/03/22 Forecast £000	2022/23 £000
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	24	24	1	23	500
Local businesses	5,738	5,982	70	5,912	30,000
Local charities	598	426	75	351	2,500
TOTAL	6,360	6,432	146	6,286	35,000

13.25 Accounting standards require the Authority to set aside loss allowances for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's Statement of Accounts are shown net of this loss allowance. The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Rather, the allowance represents a prudent accounting treatment required by CIPFA guidance. The Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

13.26 The GM Life Science Fund is "revalued" annually based upon the net asset valuation of the Fund and this largely

accounts for the notional negative return of the loan category in 2021/22 (see Table 7). The position is expected to recover in 2022/23.

- 13.27 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans. Each application for a loan requires completion of a business case. This is followed by a process of due diligence taking into account creditworthiness and financial standing and the Council's corporate objectives. External advisors are used where appropriate, dependent on materiality and scope of the loan arrangement. Each application is considered on a case by case basis.
- 13.28 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is also contracting party to loans provided to organisations from the Growing Places Fund. This £12m Fund was established with Government grants and is "owned" by the Local Enterprise Partnership; consequently, these investments are not made using Cheshire East's resources and are not reflected in the table above, as regards investments made, or affecting upper limits of lending.

4. Service Investments: Shares

- 13.29 **Contribution:** The Council invests in the shares of its subsidiaries and local businesses to support local public services and stimulate local economic growth.
- 13.30 As noted above, the Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate this key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (MSP; 39% shareholder).
- 13.31 This should be seen as a long-term strategic investment. There have been no dividend returns and any changes in % returns have been based upon the change in value of our share of the underlying assets (see Table 7). In line with the commercial property sector the internal valuation of our stake has fallen (i.e. reduction in net asset value) in the last three years, due in large part to the general fall in value of property-based companies. However, the following observations should be noted:
- 13.32 The valuation (see Table 2) is still greater than the purchase price and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place.
- 13.33 The reduction in value largely arises from accounting transactions/ re-valuations. A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake. As it is a

long-term strategic asset there is ample time for the sector to recover.

13.34 The Council also has shares in its subsidiary, wholly owned companies. However, they are of nominal value, and the share values are not considered material in the context of this Investment Strategy.

13.35 As reflected in this strategy a key objective of future investments will be to generate a return to benefit the Council's Revenue Account. However, the Council may consider acquiring shares in companies if there is a compelling business case demonstrating strong potential for growth in capital value.

13.36 **Security:** One of the risks of investing in shares is that they fall in value, meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set.

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

Category of company	31/03/21 actual £000	31/03/22 forecast £000	31/03/22 forecast £000	31/03/22 forecast £000	2022/23 £000
	Value in accounts	Amounts invested	Gains or losses	Value in accounts	Approved Limit (at cost)
Local businesses	3,410	1,070	2,340	3,410	10,000
TOTAL	3,410	1,070	2,340	3,410	10,000

13.37 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and being part of the entities' governance arrangements, having a seat on the Board, and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.

13.38 **Liquidity:** With regard to the existing equity stake in Alderley Park, it was deemed to be a long-term investment, supporting a business and site development plan through to at least 2025. As described above, regular monitoring and receipt of updated business plans will help to inform considerations with regards to the selling of shares; and it is important to note, as a minority shareholder in Alderley Park, that shares must first be offered to other shareholders in those private enterprises (and consequently the prospects for disposing of shares should be seen as good, as evidenced by the sale of shares in Manchester Science Partnerships in 2019).

13.39 In the event of considering whether to make further Service Investments via shares, the Council will consider maximum investment periods on a case-by-case basis, taking into consideration the prospects for funds being accessible when required (e.g. to repay borrowing; or for other capital financing purposes) by making an assessment of liquidity,

given the nature of the proposed investment (e.g. the type of organisation; the market in which it operates).

- 13.40 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the Government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. Commercial Investments: Property

- 13.41 For the purpose of this paper it should be noted that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with accounting classifications, the Authority includes several assets in Table 3 that might otherwise be excluded as they are not being held to primarily generate a yield or return.
- 13.42 Central government continues to express concern over the level of commercial investments held by local authorities and the risk that this presents to residents in the event that an authority becomes over exposed. Changes to the Prudential Code are likely to reinforce opposition to investment in commercial property. Consequently, there have been no new commercial properties acquired in the year.
- 13.43 **Contribution:** The Council invests in local commercial and residential property and land, for a number of reasons. The intention of making a profit that will be spent on local public services is largely a by-product and is not the primary reason.
- 13.44 Historically, the most significant commercial investment acquired by the Authority is land and buildings on the North and East side of Weston Road in Crewe, purchased in April 2019. This accounts for 90% of the value in the accounts in this particular asset classification.
- 13.45 We have revisited the historic purchase costs of the assets included in the categories below. For those that were inherited by Cheshire East Council we have used the

valuation at 2009/10. This is to allow for a simple calculation of yield.

- 13.46 The value of properties is updated annually, and Covid-19 has impacted some valuations, but for this year we will not have an assessment of this until after the end of the financial year. The most recent valuation is from March 2021 and reflects the first year of Covid-19. What we can see is that the value of retail property held up whilst that of industrial units and enterprise centres was valued downwards. Both categories are still valued at more than purchase cost. There has been a reclassification in the year and the single residential property has been removed from this listing as it was not deemed appropriate to classify it as an investment asset. This resulted in £240,000 being removed from the valuation.

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

Property	Actual	31/03/21 actual		31/03/22 expected		2022/23 Approval Limit
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts	
Industrial Units	1,492	(236)	1,729	0	1,729	
Enterprise Centres	245	(30)	320	0	320	
Retail	23,300	734	25,604	0	25,604	
Total	25,037	468	27,653	0	27,653	100,000

13.47 **Security:** In accordance with Government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

13.48 **Where value in accounts is at or above purchase cost:** A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2021/22 year end accounts preparation and audit process value these properties below their purchase cost, then an updated Investment Strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

13.49 **Where value in accounts is below purchase cost:** The fair value of the Authority's investment property portfolio is no longer sufficient to provide security against loss, and the Authority is therefore taking mitigating actions to protect the capital invested. These actions include annually reviewing the Commercial Properties portfolio; and where the fair value is below the original purchase price alternative actions are considered (e.g. changing the use of the asset to earn additional investment income; refurbishing the asset to make it more attractive to the market; or re-purposing the asset for use by the Council as an operational property where services to the public will be provided from). If no alternative service uses are considered viable it will be classed as surplus to requirements and steps will be taken to market the asset for sale to realise a capital receipt.

13.50 **Risk assessment:** The Authority assesses the risk of loss before acquiring and whilst holding property investments by:

- Before entering into any commercial property investment the Authority assesses the local market conditions, by establishing the supply and demand of the need for a certain type of commercial property investment, what competition currently exists locally, nationally and globally dependent on the type of activity that will take place in the asset (for example retail units, industrial units or residential properties). These decisions are made alongside the expertise, knowledge and market evidence collected from our Economic Development Service.
- The Authority also ensures that when setting rental income on the assets a cost of use and sensitivity analysis is completed, to future proof the running and maintenance costs of the assets so that rents are set at a level where they are competitive in the local market but will also ensure that the income will provide that additional financial security.
- Whilst holding the commercial properties we continually review market prices, look out for changes in the market, and assess the competition.
- The Authority constantly monitors any changes in the political environments, locally, nationally and globally to assess any potential impact on the local rental markets.

13.51 Through the MTFS process of approving the Investment Strategy, the Approved Limit (in Table 3 above – for 2022/23 this is £100 million) is set by Council. Should any

investments be identified then the Section 151 Officer can initiate steps to move funds within the Approved Limit into the main Capital Programme.

- 13.52 Currently, due to the nature of the transactions which can require the Authority to move in line with the market, the approval to acquire specific commercial property is delegated to the Executive Director of Place in conjunction with the relevant Committee Chair.
- 13.53 This Investment Strategy acknowledges the role of the Finance Sub Committee as the body that should consider future investments and make recommendations to Council for ultimate approval of individual investments.
- 13.54 The £100m limit has not been split across sectors so that individual investment opportunities can be considered on their merits. However, given that significant commercial retail property has been purchased more emphasis will need to be given towards the category of any future investment to ensure that the portfolio is diversified and not overly reliant upon a single sector.
- 13.55 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority constantly monitors the use of all assets and where there is a market for a particular asset or asset type will look into realising the capital receipt on those assets if it outweighs the long-term benefits of holding the asset for a potential rental stream.

6. Commercial Investments: Loans

- 13.56 **Contribution:** The Authority has worked alongside Cheshire West and Chester Council and Warrington Borough Council to each provide the Cheshire & Warrington Local Enterprise Partnership (LEP) with a £10m loan facility to be used to invest in economic development schemes across the Enterprise Zones in the sub-region. The existing Strategic Capital Projects budget has been utilised for this purpose.
- 13.57 The first loans totalling £8m in respect of Alderley Park Glasshouse and Blocks 22-24 were made in December 2020. The purpose is to stimulate economic development, and payback of the loans will be achieved from business rates retained by the LEP under Enterprise Zone regulations.

Table 4: Loans for Commercial Purposes in £'000

Category of borrower	31/08/21 Actual	As at 31/03/22 Forecast			2022/23
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	8,073	8,331	368	7,963	20,000
TOTAL	8,073	8,331	368	7,963	20,000

- 13.58 When considering making commercial investment loans, there will always be a Council policy-related objective (e.g.

regeneration or economic development) in addition to the objective of financial benefit (yield) to the Council's Revenue Account (i.e. interest received) being greater than the costs to the Revenue Account (e.g. debt financing).

- 13.59 In considering commercial loan investment opportunities, the Council will adopt a prudent approach, with two underlying objectives:
- **Security** – protecting the capital sum invested from loss
 - **Liquidity** – ensuring the funds invested are available when needed
- 13.60 **Risk assessment:** The Authority assesses the risk of loss before entering into commercial loans with a thorough due diligence process by: assessing the proposition, taking into consideration the market (the nature and level of competition, how the market/ customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements); using external advisors, where specialist knowledge/ intelligence is required in each case; and receiving and analysing information on financial and operational performance against plan, and updated business plans, on a regular basis.
- 13.61 Each application for a loan will require completion of a business case. Each loan application is considered on a case by case basis. For commercial loans, the intent is that they will be approved in line with those rules being developed in accordance with Section 10 below. Currently, the approval route will be based upon the source of the funding identified for the Loan.

7. Loan Commitments and Financial Guarantees

- 13.62 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council is acting as Entrusted Entity to a £20m European Regional Development Fund (ERDF)-supported 'Evergreen' Development Fund, which has commenced and is in the process of making distributions from its first £5m drawdown of funding. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.
- 13.63 The Fund is designed to provide loan finance to specific projects across Cheshire and will not generate a return for the Authority. As such the balances are not included in the investment tables above. The workings of the fund are subject to detailed scrutiny and are managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

8. Proportionality

- 13.64 A major concern for external governing bodies is the extent to which Authorities are dependent upon investment income to fund services. Proportionality will form a key component of the proposed new Prudential Code.

13.65 The Authority is not materially dependent on return-generating investment activity to achieve a balanced revenue budget, in respect of Place Services. Within the Authority the proportion is consistently below 2.5% and is deemed immaterial. Such is the low proportion that it represents, should it fail to achieve the expected net return, the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

9. Borrowing in Advance of Need

13.66 Government guidance is that local authorities must not borrow more than, or in advance of their needs purely to profit from the investment of the extra sums borrowed. This has been strengthened in recent Government announcements effectively prohibiting investing for yield, and in the proposed new Prudential Code. The Council is not exposed to this as it currently follows this guidance and ensures that investments are made to meet the strategic needs of the Authority, its residents and local businesses.

10. Capacity, Skills and Culture

13.67 **Elected members and statutory officers:** Adequate steps are taken to ensure that those elected Members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to: 1. take informed decisions as to whether to enter into a specific investment; 2. to consider individual assessments in the context of the strategic objectives and risk profile of the local authority; and 3. to enable them to

understand how the quantum of these decisions have changed the overall risk exposure of the local authority.

13.68 The Finance Sub Committee comprised of Members, supported by officers and where necessary, external advisors, provides oversight of the Investment Strategy and acts on recommendations from officers that consider opportunities to enhance the Revenue and Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.

13.69 The Authority continues to identify best practice from across the sector and will incorporate this into the evolving Investment Strategy.

13.70 It is recognised that in order to support decision making there will be a need to engage external advisors from time to time. The Authority has appointed Arlingclose Ltd as treasury management advisors and receives specific advice on investment, debt and capital finance issues. Other consultants, such as property consultants, are engaged as required.

13.71 **Commercial deals:** Steps have been taken to ensure that those negotiating and reporting commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. A team of officers from Place, Finance, Legal, and Procurement are responsible for ensuring that the framework is followed. Where appropriate staff are provided with additional training and up to date skills via CIPFA and other providers.

13.72 **Corporate governance:** Corporate governance arrangements have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Council's corporate values and Constitution.

13.73 The MHCLG requirement to produce an Investment Strategy, approved annually by Full Council is a key component of the corporate governance framework.

11. Investment Indicators

13.74 The Authority has set the following quantitative indicators to allow elected Members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

13.75 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £'000

Total investment exposure	31/03/21 Actual	31/03/22 Forecast	31/03/23 Forecast
Treasury management investments	44,150	20,000	TBC
Service investments: Loans	6,604	6,432	TBC
Service investments: Shares	3,410	3,410	TBC
Commercial investments: Property	27,653	27,653	TBC
Commercial Investments: Loans	8,073	8,271	TBC
TOTAL INVESTMENTS	89,890	65,766	TBC
Commitments to lend	2,439	2,439	TBC
TOTAL EXPOSURE	92,329	68,205	TBC

- 13.76 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Currently the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £'000 (TBC)

Investments funded by borrowing	31/03/20 Actual	31/03/21 Forecast	31/03/22 Forecast
Treasury management investments			
Service investments: Loans			
Service investments: Shares			
Commercial investments: Property			
Commercial Investments: Loans			
TOTAL FUNDED BY BORROWING			

- 13.77 **Rate of return received:** In part this indicator shows, for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the nature of the local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

- 13.78 The return for Service Investments: Loans and Service Investments: Shares are not true, realised returns but are instead the % fluctuation in the underlying value of the new assets within the Life Science Fund and Alderley Park Holdings Limited. As such they do not reflect actual cashflows. That said the negative return on the Alderley Park shares is noteworthy. It is based upon a best estimate of the unaudited accounts which has seen a substantial downward revaluation of property assets and increased vacant properties. This is expected to reverse in 2022 and 2023 but it does distort the % rate of return for this year.

- 13.79 The major assets included within Commercial Investments: Properties, representing over 90% of the value in that classification, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a tenant goes into liquidation or is subject to a (lower) rent review.

- 13.80 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both of these have thus far weathered the local economic effects of the COVID-19 pandemic though we might expect further reductions in asset value in this financial year.

- 13.81 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. The change in reported return from 2019/20 is due in part to fully accounting for revenue financing costs on the primary asset. This has reduced the net income figure used for the returns calculation, when

compared to that previously reported. Across other properties occupancy and rents received are holding up.

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

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	1.62%	2.44%	2.20%
Service investments: Loans	8.46%	-4.10%	0.25%
Service investments: Shares	28.04%	-71.03%	0.00%
Commercial investments: Property	2.81%	3.22%	3.24%
Commercial Investments: Loans	0.91%	3.22%	3.41%

12. Glossary of Terms

Investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party. The term does not include *pension funds* or *trust fund investments*, which are subject to separate regulatory regimes and therefore are not covered by this guidance.

A **credit rating agency** is one of the following three companies: Standard and Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd.

A **loan** is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

Specified Investments

An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling
- The investment is not a long-term investment (the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option)
- The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended]*
- The investment is made with a body or in an investment scheme described as high quality; or with one of the following bodies:
 - i. The United Kingdom Government;
 - ii. A local authority in England or Wales (as defined in section 23 of *the 2003 Act*) or a similar body in Scotland or Northern Ireland; or
 - iii. A parish council or community council
- should define high credit quality (definition incorporates ratings provided by credit rating agencies)

The **Treasury Management Code** means the statutory code of practice issued by CIPFA: *"Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition"*.

The **Prudential Code** means the statutory code of practice, issued by CIPFA: *"The Prudential Code for Capital Finance in Local Authorities, 2017 Edition"*.

The **Capital Strategy** is the strategy required by the updates to the Prudential Code and Treasury Management Code.



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5 th January 2022
Report Title:	Draft Reserves Strategy 2022/23
Report of:	Alex Thompson, Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	FSC/20/21-22
Ward(s) Affected:	Not Applicable

1. Executive Summary

- 1.1. The Sub-Committee is being asked to review the Council's Reserves Strategy as part of the consultation process for the Medium Term Financial Strategy (MTFS). The Reserves Strategy forms a key part of the Council's MTFS alongside the Capital, Treasury Management and Investment Strategies. Each of these strategies are reviewed each year.
- 1.2. The MTFS will be recommended to Council for approval on the 24th February 2022 by the Corporate Policy Committee.
- 1.3. The report provides information about the requirements to maintain financial reserves and to provide statements on the types of reserves and current and predicted balances. The strategy identifies the potential use of reserves in the medium term.

2. Recommendations

That Finance Sub Committee:

- 2.1. Note and comment on the draft Reserves Strategy for 2022/23 set out in Appendix 1.

3. Reasons for Recommendations

- 3.1. A function of the Finance Sub-Committee is to make recommendations to the Corporate Policy Committee regarding the development of the

Medium Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.

4. Other Options Considered

- 4.1. None.

5. Background

- 5.1. The Council Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 5.2. The Strategy identifies two types of reserves:

- **General Reserves**

Balances in this category are not identified for specific purposes but will be used to cushion against the impact of emerging events or genuine emergencies.

- **Earmarked Reserves**

Balances in this category have been set aside for a specific purpose and will either be spent on that purpose or otherwise returned to General Reserves.

- 5.3. Supporting the Council's budget with adequate reserves is a key element to creating financial resilience and a flexible approach to transferring money from general and earmarked reserves provides protection for council taxpayers against year on year fluctuations in expenditure.
- 5.4. The strategy is that variations between outturn and the core budget will, in the first instance, be managed through the MTFS Earmarked Reserve. Variations in the Capital Financing Budget will be managed through the Financing Earmarked Reserve and variations in the Collection Fund will be managed through the Collection Fund Reserve. The COVID-19 Reserve is used to receive and allocate grant funding associated with the Council's activities related to the Pandemic. If any of these activities are unmanageable through the use of the named reserves, then the impact would have to be managed through the use of General Reserves.
- 5.5. Cheshire East Council's general reserve is low compared to other similar authorities at only 3.6% of the net revenue budget. The 2021-25 MTFS included a proposal to increase general reserves from £10.3m to £11.5m over the two financial years 2021-23. Due to an improved outturn position

in 2020/21 the opportunity was taken to increase general reserves to £11.5m as at 31st March 2021.

5.6. The 2022-25 Reserves Strategy sets out to maintain the general reserve at the risk assessed level of £11.5m.

5.7. Earmarked reserves are set out in Table 6 of the Strategy.

6. Consultation and Engagement

6.1. The Reserves Strategy forms part of the consultation process of the Medium Term Financial Strategy which ran from 24 November 2021 to 4 January 2022. During this time, residents, members and stakeholders were able to provide their views in a number of ways.

7. Implications

7.1. Legal

7.1.1. Under Section 25(1) of the Local Government Act 2003, the Section 151 Officer is required to report on the robustness of the estimates in the budget and the adequacy of the proposed reserves.

7.2. Finance

7.2.1. Contained within the report.

7.3. Policy

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

7.4. Equality

7.4.1. None.

7.5. Human Resources

7.5.1. None.

7.6. Risk Management

7.6.1. The Council has a track record of balancing the revenue budget, spending in-line with the forecasts and maintaining adequate reserves to protect against risk and provide necessary investment, although in recent years this has proven to be a significant challenge requiring in-year mitigating activity.

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

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children & Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no direct implications on public health.

7.10. Climate Change

7.10.1. There are no direct implications on climate change.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) alex.thompson@cheshireeast.gov.uk
Appendices:	Appendix 1: Draft Reserves Strategy 2022/23
Background Papers:	Medium Term Financial Strategy 2021-25 2021/22 In-Year Review of Finance

DRAFT

Reserves Strategy

Executive Summary

1. Cheshire East Council is maintaining adequate reserves for two main purposes:
 1. To protect against risk, and;
 2. To support investment and transformation
2. This strategy reflects how these two purposes are intrinsically linked as financial risks will reduce through appropriate investment in schemes that will generate sustainable returns.
3. The most significant risks to the Council's financial strategy are:
 - a. COVID-19 costs exceeding available grants
 - b. The review of Local Government financial models reduces grant income to the Council (such as Fairer Funding / Business Rate Retention).
 - c. Demand and complexity in services increases at rates in excess of current forecasts.
 - d. Economic factors, such as Inflation and Interest Rates, negatively impact on expenditure and income.
 - e. An end to the current accounting override for negative reserves linked to the Dedicated Schools Grant
4. The most significant single elements of the Council's budget therefore have named reserves to manage these risks. This includes reserves to managing Capital Financing, Collection Fund, MTFS annual variations as well as for General purposes. The exception is that there is no specific reserve to manage the emerging deficits within DSG.
5. The Reserves Strategy presents information about the requirements to maintain financial reserves and provides statements on the types of reserves and current and predicted balances.
6. The Strategy is revised annually, in line with the process to determine the Council's Budget and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances in the medium term.
7. Cheshire East Council's Reserve Strategy was last approved at Council on 17th February 2021.
8. The financial review process informs the Council's thinking on reserves and an updated Reserves Strategy for 2022-26 is being reported to Council in February 2022.
9. This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.
10. Additional detailed analysis of trends within the Council's finances is provided in the Council's [Value for Money](#) publication demonstrating the sound financial position of the Council.

Alex Thompson

Alex Thompson FCPFA, IRRV(Hons)

Director of Finance and Customer Services (Section 151 Officer)

1. Introduction

Types of Reserves

11. When reviewing medium term financial plans and preparing annual budgets the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

12. This represents the non-ring-fenced balance of Council funds. There are two main purposes of general reserves: firstly, to operate as a working balance to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing; and secondly to provide a contingency to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:
13. Increasing General Reserves
 - Planned repayment as set out in the Medium-Term Financial Strategy, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
 - Allocation of an operating surplus at the close of the financial year.
14. Decreasing General Reserves
 - Planned draw-down of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.

- Allocation of an operating deficit at the close of the financial year.

Earmarked Reserves (see Section 3)

15. These provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves and this Strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

16. In order to assess the adequacy of unallocated general reserves when setting the budget, the Section 151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.
17. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Section 151 Officer ensures that the Authority has put in place effective arrangements for internal audit of the control

environment and systems of internal control, as required by professional standards.

18. Setting the level of general reserves is just one of several related decisions in the formulation of the Medium-Term Financial Strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
19. **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow.
20. These factors can only be assessed properly at a local level. A considerable degree of professional judgment is required. The Section 151 Officer may choose to express advice on the level of balances in cash and / or as a percentage of budget (to aid understanding), so long as that advice is tailored to the circumstances of the Authority for that particular year.
21. Advice will be set in the context of the Authority's process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short-term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium-Term Financial Strategy.

Table 1:

Holding adequate reserves will depend on a number of key factors
Budget Assumptions

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings / productivity gains
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments
- The availability of other funds to deal with major contingencies and the adequacy of provisions

Financial Standing and management

- The overall financial standing of the Authority (including: level of borrowing, debt outstanding and council tax collection rates)
- The Authority's track record in budget and financial management including the robustness of the medium-term plans
- The Authority's capacity to manage in-year budget pressures
- The strength of the financial information and reporting arrangements
- The Authority's virement and end of year procedures in relation to budget under / overspends at authority and service level
- The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA – LAAP Bulletin 55, 2003

22. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purposes

23. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
- Emergencies
 - In-year emerging financial issues
 - Reacting to investment opportunities
24. The Finance Procedure Rules set the parameters for access to general reserves.
25. The in-year use of general reserves requires approval within the limits set by the Constitution and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance.
26. In all cases the use of reserves should be approved by the Section 151 Officer.

Opening Balances

27. The Council currently holds general reserves as at 1st April 2021 of £11.5m.

28. Following a review of the risk assessed minimum level requirement general reserves will remain at £11.5m.
29. At 1st April 2022, it is anticipated that the Council will hold general reserves of £11.5m, as calculated in **Table 2**.

Table 2		Estimated Balance
		1 st April 2022
		£m
Amount of General Fund Balance available for new expenditure		11.5
The impact of performance against the 2021/22 Revenue Budget		0.0
		11.5

Estimated Movement in Reserves (2021/22 onwards)

30. **Table 3** summarises the current estimated movements in general reserves from 2022 to 2026.
31. The level of reserves needed is assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).
32. During 2019 CIPFA published a financial management code designed to support the Local Government sector as it faces continued financial challenge, the Code recognises 'that using

the financial reserves to finance a deficit or to avoid difficult decisions around spending cuts provides temporary relief, but is *not sustainable in the long term.*'

33. This guidance from CIPFA follows the National Audit Office (NAO) report on financial sustainability in local authorities. This indicated that there is a heightened risk of more Council's over the coming years falling into special measures as a result of not reconciling the pressure on budgets.
34. The reserves position will continue to be monitored as part of the in-year review of financial performance and risk management. A level of £11.5m remains adequate assuming budget proposals are achieved and risks appropriately managed. General reserves of £11.5m as a proportion of net revenue expenditure is 3.6%.

Table 3: The level of reserves will be maintained in the medium term	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Estimated Balance @ 1 st April	11.5	11.5	11.5	11.5	11.5
Estimated Impact of Spending	0.0	0.0	0.0	0.0	0.0
Planned Contribution	0.0	0.0	0.6	0.6	0.0
Forecast General Reserves @ 31st March	11.5	11.5	11.5	11.5	11.5
Risk Assessed Minimum Level	11.5	11.5	11.5	11.5	11.5

Source: Cheshire East Finance

35. The level at which reserves are set for 2022/23, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow.

General Fund Reserves – Risk Assessment

36. The risks facing each local area will vary. In the case of Cheshire East, the impact of rising demand for services, the economic climate, COVID-19, emerging Government policies (particularly in relation to business rates), and pressure on public services to reduce overall expenditure are relevant, and these present the potential for significant emerging risk.

37. The minimum target level of reserves is quantified by a detailed risk assessment. This approach allows the Council to take account of local circumstances and the impact of economic forecasts.
38. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume an appropriate level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year thereby smoothing the impact on citizens.
39. Risks are categorised, and potential values are applied to them. This presents the potential exposure to financial risk. **Table 4** shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.
40. The Risk Assessment for 2022/23 provides for the Minimum Level to be set at £11.5m. This is considered an adequate overall target for reserves at 3.6% of the net budget.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.
 - Maintained schools are predicting significant deficit budget positions in their three-year forecasts as a result of staffing
41. It is also possible that a number of events could happen in a single year and the Council could be exposed to new unidentified risks. For this reason, the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.8%).
42. Risks will be included and managed using the following basic principles:
- a. The risk may impact within the medium term.
 - b. Risks are potential one-off events.
 - c. The risk will have genuine financial consequences beyond insurance cover.
 - d. Mitigating actions will be in place to minimise the potential requirement for financial support.
 - e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.
 - f. Emerging risks will be addressed from an in-year surplus or virement before any request to allocate general reserves.

Table 4: A robust level of reserves is guided by an assessment of potential risks

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	% Risk (a)	Value of Risk Area (b)	Value of risk retained (a x b)	Sub-Total	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	7.0%	£1,000,000	£70,000	£120,000	£100,000
	Lost reputation / Effect on recruitment	Additional cost of new advertising to regain confidence and recruit staff / Effective Communication Plans and Employment option plans	25.0%	£200,000	£50,000		
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	10.0%	£1,000,000	£100,000	£410,000	£400,000
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	28.0%	£1,000,000	£280,000		
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	5.0%	£594,000	£30,000		
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	2.0%	£11,500,000	£230,000	£2,852,000	£2,800,000
	Savings proposals challenged by changing priorities.	Impact of 2021/22 outturn / robust remedial plans and monitoring of progress	0.2%	£311,000,000	£622,000		
	Forecast deficit budgets in maintained schools	In-Year emerging issues / Robust plans and monitoring of progress	10.0%	£7,200,000	£720,000		
	Higher than anticipated inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	2.0%	£50,000,000	£1,000,000		
	Potential decrease in Council Tax and Business Rates collection rate	Lower than forecast income or increased reliefs/ robust assessment criteria and debt recovery procedures	0.1%	£280,000,000	£280,000		
Legal & IT costs	Legal challenges to Council service delivery / charges for services	Court costs and claims for financial settlement / clear processes and good workforce management	50.0%	£750,000	£375,000	£3,077,000	£3,100,000
			30.0%	£1,000,000	£300,000		
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	10.0%	£500,000	£50,000		
	Industrial relations / External organisations	Disruption to service and possible costs of arbitration / tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay costs / emergency planning	1.6%	£147,000,000		
Strategic Reserve		Strategic / Emergency risk cover, potential further invest to save options and future pay and structure changes Impact of EUExit on national and local economy	0.8%	£641,000,000	£5,128,000	£5,128,000	£5,100,000
OVERALL RISKS						£11,587,000	£11,500,000
% of Net Revenue Budget							3.6%

43. The outcome of this analysis has been to place an estimated total value on the range of risks that may arise, and which are not covered by insurance. This is equivalent in total to £11.5m.
44. It should be noted that these risks reflect the net effect of issues relating to sustainable performance against the 2022/23 Revenue Budget. The key factors are:
- The capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely.
 - Potential underachievement of cost reduction targets following consultation processes.
 - Demand for services rising above estimated trends.
 - Changes to Government settlements.
47. The Secretary of State in England has reserve powers to specify in regulations a statutory minimum level of reserves that will be used if authorities fail to remedy deficiencies or run down reserves against the advice of the Section 151 Officer. The Government has undertaken to apply this only to individual authorities in the circumstances where an authority does not act prudently and disregards the advice of its Section 151 Officer.
- therefore be against the promotion of local autonomy and would conflict with the financial freedoms offered to local authorities.

Adequacy of General Reserves

45. The Local Government Finance Act 1988 and 1992 and the Local Government Act 2003 emphasise the importance of sound and effective financial management in England and Wales by the statutory duty of the Section 151 Officer to report to the authority, at the time the budget is considered and the council tax set, on the robustness of the budget estimates and the adequacy of financial reserves.
46. CIPFA and the Local Authority Accounting Panel consider that local authorities should establish reserves including the level of those reserves based on the advice of their Section 151 Officer. There is no statutory or recommended minimum level of reserves as they are established by the Section 151 officer making judgements on such matters taking into account all the relevant known and expected local circumstances. Imposing a statutory minimum would

3. Earmarked Reserves (Revenue)

Purpose

48. The purpose of an earmarked reserve is:
- To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
 - To set aside amounts for projects which extend beyond one year.
49. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Section 151 Officer, to ensure balances are spent in line with their purpose.
50. **Table 5** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.
51. **For** each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:
- the purpose of the reserve,
 - how and when the reserve can be used,
 - procedures for the reserve's management and control,
 - a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
 - clear indication of payback periods and approach (if applicable).

Table 5: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA – LAAP Bulletin 55, 2003

52. When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.
53. The protocol for Cheshire East Council earmarked reserves is set out below. The Section 151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.
54. Earmarked Reserves will be:
- Set up by Full Council, on recommendation by the Section 151 Officer,
 - Supported by a business case,
 - Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
 - Reviewed at least annually by the Full Council.
 - Aligned to Committee budgets by the Finance Sub-Committee, and subsequently reviewed regularly by the relevant Committee.
55. Services may also carry forward balances in accordance with Financial Procedure Rules.
56. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget setting process, to ensure that they are still appropriate, relevant and adequate for the intended purpose.
57. Service Committees will receive regularly reports to monitor spending, benefits and current levels of aligned reserves.
58. The 2021/22 position on earmarked reserves is reported in the 2021/22 Financial Review Report, as part of the 1st December, Finance Sub Committee report.
59. All reserves will be subject to revised business cases to ensure that only the required levels are carried over into 2022/23.
60. At 1st April 2022, it is anticipated that balances on existing earmarked reserves held by Cheshire East Council will be £59.3m. It is estimated that balances will reduce by £14.4m by the end of 2022/23. **Table 6** (overleaf) shows the position on each earmarked reserve.
61. The opening balances also includes COVID-19 grants in the region of £4.7m, which are expected to be fully utilized in 2022/23.

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
Corporate Policy Committee				
Corporate Directorate	1,285	(155)	1,130	To support a number of widespread projects within the Corporate Directorate
Collection Fund Management	16,478	(3,346)	13,132	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	7,098	(914)	6,184	To provide for financing of capital schemes, other projects and initiatives.
Brighter Future Transformation Programme	2,050	0	2,050	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
Pay Structure (M Grade Review)	366	(184)	182	To fund ongoing changes to pay structure.
Insurance Reserve - Cheshire East & Cheshire County Fund	6,048	158	6,206	To settle insurance claims and manage excess costs.
Other Useable reserves (<£500,000 in value)	278	(27)	251	Includes General Elections & HR programme
MTFS Reserve	7,881	0	7,881	To support the financial strategy and risk management.
Revenue Grants	2,175	(905)	1,270	Unspent specific use grant carried forward into 2022/23.
Revenue Grants - Covid-19	4,653	(4,653)	0	Covid (Unringfenced) reserve carried forward into 2022/23
Adults and Health Committee				
Adults Directorate	1,020	0	1,020	To support a number of widespread projects within the Adults, Health and Integration Directorate.
DOL's Assessments	300	(300)	0	Reserve required due to delays in closure and will run across two years up to 2022/23.
PFI Equalisation - Extra Care Housing	2,715	80	2,795	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
NHB Community Grants Staffing	132	0	132	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects.
Public Health	2,540	(1,270)	1,270	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues. Anticipated that the carry forward ringfenced grant will be spent across 2022/23 and 2023/24.

Name of Reserve	Opening Balance 1st April 2022 £000	Forecast Movement in Reserves 2022/23 £000	Forecast Closing Balance 31st March 2023 £000	Notes
Children and Families Committee				
Childrens Directorate	422	0	422	To support a number of widespread projects within the Children and Families Directorate
Transformation Funding	750	(750)	0	Service is planning to spend half of 1.5m in 2021/22 and half in 2022/23.
Other Useable reserves (<£500,000 in value)	135	(49)	86	Includes Domestic Abuse Partnership; Skills & Lifelong Learning; School Organisation & Capital Service
Highways and Transport Committee				
Other Useable reserves (<£500,000 in value)	973	(922)	51	Includes: Flood Recovery Works; Well Managed Highway Infrastructure Delay; Highways Procurement Proj; HS2; Parking Pay and Display Machines / Parking Studies
Economy and Growth Committee				
Place Directorate	899	(339)	560	To support a number of widespread projects within the Place Directorate
Investment (Sustainability)	490	(490)	0	To support investment that can increase longer term financial independence and stability of the Council.
Legal Proceedings	110	(110)	0	To enable legal proceedings on land and property matters.
Environment and Communities Committee				
Strategic Planning	443	(215)	228	To meet costs associated with the Local Plan - site allocations and minerals and waste DPD
Other Useable reserves (<£500,000 in value)	54	(54)	0	Includes: Air Quality; Licensing Enforcement
TOTAL	59,295	(14,445)	44,850	

4. Capital Reserves

- 62. Capital receipts received in-year are fully applied to finance the capital programme. A small amount of capital receipts are held in reserve to cover future commitments where receipts are to be used flexibly to fund transformational projects.
- 63. Where revenue contributions are used to finance capital expenditure these will be held in reserve until such time as the expenditure is incurred.

5. Reserves Strategy Conclusion

- 64. Overall, Cheshire East Council is establishing reserves that match the minimum risk levels while retaining flexibility to react to investment opportunities. This approach can be supported during the medium term based on recent performance against budget.
- 65. This recognises local issues and allows the Section 151 Officer to report favourably on the adequacy of reserves. The full report of the S.151 Officer is provided on Page X of the MTFS Full Report.
- 66. The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves positions will continue to be reviewed throughout the financial year.

Background Papers

- 67. General Fund Reserves – Risk Assessment Working Papers 2021.
CIPFA Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves and Balances (2003).
CIPFA Financial Management Code 2019
Cheshire East Draft Statement of Accounts 2020/21

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Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5 th January 2022
Report Title:	Draft Treasury Management Strategy 2022/23
Report of:	Alex Thompson, Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	FSC/11/21-22
Ward(s) Affected:	Not Applicable

1. Executive Summary

- 1.1. The purpose of this report is to review the draft Treasury Management Strategy 2022/23, as part of the performance management framework, during the Consultation Period of the Medium Term Financial Strategy.
- 1.2. The CIPFA Treasury Management Code of Practice requires all local authorities to make arrangements for the scrutiny of treasury management. At Cheshire East Council this role is the responsibility of the Finance Sub-Committee.
- 1.3. The Treasury Management Strategy forms part of a range of financial strategies which will be reported as part of the Medium Term Financial Strategy to Corporate Policy Committee on 10th February 2022 and then on to Full Council for approval on 24th February 2022. Full Council are required to approve the Strategy. The Finance Procedure Rules provide the Chief Finance Officer with the delegated authority to manage the Council's treasury activity within the parameters of the approved strategy.
- 1.4. Despite significant disruption to financial markets and the Council's cashflows, during the last 18 months, due to the pandemic, there is no material amendment required to the Treasury Management Strategy.
- 1.5. The key themes of the Strategy are:

- 1.5.1. Borrowing to continue from internal resources such as reserves and working capital, where available.
- 1.5.2. Borrowing to remain short term to take advantage of the on-going low interest rate environment and keep financing costs low
- 1.5.3. Investments remain low risk to prioritise security and liquidity of cash, based on credit assessment of the Treasury Management advisors.
- 1.5.4. Investments only made with counterparties that qualify under the strict criteria of credit quality stated within the Strategy.
- 1.5.5. Investment returns from treasury activity are bolstered by higher returns from strategic fund investments and will continue to mitigate the impact of the Capital Financing Budget as part of the Council's MTFS.

2. Recommendations

That Finance Sub Committee:

- 2.1. Note and comment on the draft Treasury Management Strategy for 2022/23 set out in Appendix 1.

3. Reasons for Recommendations

- 3.1. The report presents the 2022/23 draft Treasury Management Strategy Statement (TMSS), required under Part 1 of the Local Government Act 2003.
- 3.2. The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2022/23. The Strategy reflects the views on interest rates of leading market forecasts by Arlingclose, the Council's advisor on treasury matters. It also includes the Prudential Indicators relating to Treasury Management. The advice from Arlingclose, based on current economic forecasts and Council spending plans, does not require material amendments to the strategy.

4. Other Options Considered

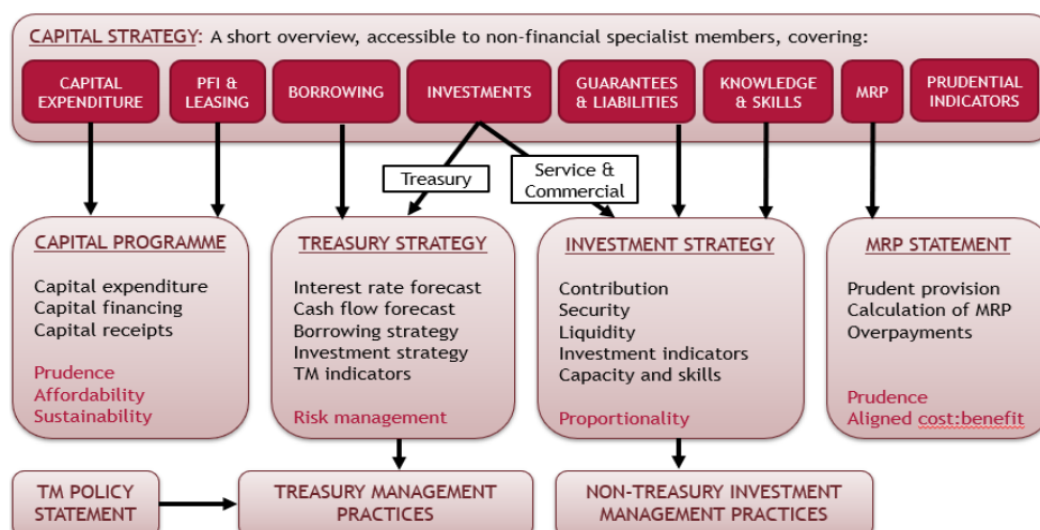
- 4.1. The Council could review debt and investment levels and consider restructuring. This is not recommended as the financial consequences of penalties or increasing interest rates from long term borrowing is not financially beneficial.
- 4.2. Counterparty lists and parameters could be extended to further increase or decrease levels of risk. The strategy reflects a balance of risk and return based on market advisors which is deemed an appropriate way to manage the counterparty list.

- 4.3. Returns on investments could be separated from the Capital Financing Budget as part of the MTFS. This is not recommended as capital spending and balance sheet management is intrinsically linked to investment returns. As such the risk of year-on-year variations in investment returns should not have a direct impact on service levels, but rather be managed as part of the wider impact of the Capital Strategy over a rolling four year period.

5. Background

- 5.1. The Treasury Management strategy is an important element in the overall financial health and resilience of Cheshire East Council. The strategy focuses on the management of the Council's investment and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. Treasury risk management 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 Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 5.2. The Treasury Management Strategy forms part of the overall financial strategy of the Council, effectively supporting the Capital Strategy in management of short and long term cashflow. This approach aligns with guidance from CIPFA. Diagram 1 (below) shows the links between the various strategies within the overall MTFS.

Diagram 1: Financial Strategies link together to ensure financial impacts are transparent and properly accounted for:



- 5.3. The treasury management team work closely with the Council's advisors Arlingclose to gain the maximum benefit from their expertise and guidance, including benchmarking performance against other local authorities.
- 5.4. The Treasury Management Strategy takes into account future borrowing requirements, based on the Council's four year spending plans, projected cash flow requirements and money market opportunities. The aim is to maintain control over borrowing activities, with particular regard for longer term affordability; but also to allow sufficient flexibility to respond to changes in the capital and money markets as they arise.
- 5.5. The balance sheet forecast and liability benchmark in Section 3 will be updated when the capital programme is agreed, therefore the Strategy is currently in a draft stage.

6. Consultation and Engagement

- 6.1. The Council will engage in the consultation processes undertaken by CIPFA with regard to the Code of Practice for Treasury Management and related strategies.

7. Implications

7.1. Legal

- 7.1.1. As noted in paragraph 4.51 of the Finance Procedure Rules in the Council's Constitution, the Council has adopted CIPFA's *Code of Practice for Treasury Management in Local Authorities* as this is recognised as the accepted standard for this area. Paragraphs 4.52 – 4.55 provide further information relating to treasury management practice, and the Code itself will have been developed and based upon relevant legislation and best practice. This report will be presented to Finance Sub Committee under rule 4.54.

7.2. Finance

- 7.2.1. Contained within the report.

7.3. Policy

- 7.3.1. The treasury management strategy has been prepared in accordance with the Treasury Management Policy Statement and Treasury Management Practices (TMPs).

7.4. Equality

- 7.4.1. None.

7.5. Human Resources

7.5.1. None.

7.6. Risk Management

7.6.1. The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.

7.6.2. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.

7.6.3. To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.

7.6.4. The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children & Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no direct implications on public health.

7.10. Climate Change

7.10.1. There are no direct implications on climate change.

Access to Information	
Contact Officer:	<p>Alex Thompson</p> <p>Director of Finance and Customer Services (Section 151 Officer)</p> <p>alex.thompson@cheshireeast.gov.uk</p>
Appendices:	Appendix 1: Draft Treasury Management Strategy 2022-23
Background Papers:	<p>Medium Term Financial Strategy 2021-25</p> <p>2021/22 In-Year Review of Finance</p>

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Treasury Management Strategy

1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 In preparing this strategy the Council has had regard to the advice received from its appointed Treasury Management advisors, Arlingclose Ltd who have helped shape the content of this strategy. At the time of preparing this strategy, the current contract for advice expires 31st December 2021 and an invitation to tender has been issued for a replacement contract for 4 years commencing on 1st January 2022.
- 1.4 Investments held for service purposes or for commercial profit are considered in the Investment Strategy (see **Annex 13**).

2. External Context

- 2.1 **Economic background:** The ongoing impact on the UK from coronavirus, together with higher inflation, the likelihood of higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.
- 2.2 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 and maintained its Quantitative Easing programme at £895 billion. The Monetary Policy Committee voted 8-1 to increase the bank rate and unanimously to maintain the asset purchase programme. Despite uncertainties regarding the spread of COVID over the next few months, the higher than expected Consumer Price Inflation (CPI) at 5.1% and worries about wage inflation caused by labour shortages in some sectors were the over-riding concern.
- 2.3 UK CPI for September 2021 registered 3.1% year on year, slightly down from 3.2% in the previous month. The most recent labour market data for the three months to August 2021 showed the unemployment rate fell to 4.5% while the employment rate rose to 75.3%. Both measures were helped by the extension of the Government's furlough scheme, but this ended in September 2021 and while this may put some pressure on the jobs market, it is not expected to be material, with the BoE forecasting unemployment will only increase modestly in Q4 2021 according to its November 2021 Monetary Policy Report but remain low overall.
- 2.4 In August 2021, the headline 3-month average annual growth rate for wages were 7.2% for total pay and 6.0% for regular pay. In real terms, after adjusting for inflation, total

pay growth was up 4.7% while regular pay was up 3.4%. These figures should be interpreted with caution, however, as pay growth is now being impacted by base effects compared to 12 months ago when earnings were first affected by the coronavirus pandemic. Moreover, there has also been a fall in the number and proportion of lower paid jobs, helping to push up the average earnings figure.

- 2.5 Gross Domestic Product (GDP) grew by 5.5% in the second quarter of 2021, compared to a fall of -1.6% q/q in the previous 3 month, with the annual rate jumping to 23.6% from -6.1%. Here too, base effects from 2020 have resulted in the high Q2 2021 data. Monthly GDP estimates have shown the economy is recovering, with the economy now just 0.8% below its pre-pandemic level. Looking ahead, the BoE's November 2021 Monetary Policy Report forecasts economic growth will rise by 1.5% in Q3 2021, 1.0% in Q4 2021 with the economy expected to get back to its pre-pandemic level in Q1 2022. GDP growth is now expected to be around 5% in 2022 (revised down from 6%), before slowing to 1.5% in 2023 and 1% in 2024.
- 2.6 GDP growth in the euro zone increased by 2.2% in Q3 2021 following a gain of 2.1% in Q2 2021 and a decline of -0.3% in Q1 2022. Headline inflation has been strong, with CPI registering 4.1% year-on-year in October, the fourth successive month of inflation. Core inflation CPI inflation was 2.1% y/y in October, the third month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's (ECB) target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.
- 2.7 The US economy expanded at an annualised rate of 2.0% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in

the previous two quarters. In its November 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme. Having bought \$120 billion of bonds each month during the pandemic to keep interest rates low, the Fed that purchases would be scaled back, starting with a \$15 billion reduction in November 2021. In terms of the timing of any interest rate hikes, Fed Chair Jerome Powell said the central bank can be patient about doing so.

- 2.8 **Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and have steadily edged down throughout the year to almost pre-pandemic levels. The improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
- 2.9 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable.
- 2.10 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under

regular review and will continue to reflect economic conditions and the credit outlook.

- 2.11 **Interest rate forecast:** The Authority's treasury management adviser, Arlingclose Ltd, is forecasting that Bank Base Rate will rise in Q2 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 2.12 Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks shift towards the downside.
- 2.13 Gilt yields had increased sharply on the back of higher inflation and anticipated central bank action, however in its November MPC meeting, the committee noted that market expectations for rates were excessive, and yields have since fallen back. Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.60%, 1.0%, and 1.35% respectively. The risks around the gilt yield forecast are judged to be broadly balanced in the near-term and to the downside over the remainder of the forecast horizon. As ever, there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 2.14 A more detailed economic and interest rate forecast provided by Arlingclose Ltd is attached at **Annex A**.
- 2.15 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at

an average rate of 2.20%, which takes into account strategic fund investments, and that new borrowing in the form of short term loans will be borrowed at an average of 0.10%.

3. Local Context

- 3.1 As at 26th November 2021 the Authority currently has borrowings of £166m and treasury investments of £38m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1**.

Table 1: Balance Sheet Summary and Forecast

	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m
General Fund CFR					
Less: Other long-term liabilities *	(21)	(20)	(19)	(18)	(17)
Loans CFR					
Less: External borrowing **	(113)	(77)	(77)	(77)	(77)
Internal (over) borrowing					
Less: Usable reserves					
Less: Working capital					
Treasury Investments (or New borrowing)					

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

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

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to **£XXm** over the forecast period.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2022/23.
- 3.5 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m	31/03/26 Estimate £m
Loans CFR					
Less: Usable reserves					
Less: Working capital					
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark					

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

Chart 1: Liability Benchmark Chart

To Follow

4. Borrowing Strategy

- 4.1 The Authority currently holds loans of £166m. Over the last 10 years PWLB debt has been reducing but no significant repayment are now due for several years. Cash flow shortfalls arising from past debt repayments and capital spending are currently being funded through cheaper short-term borrowing. Throughout the COVID pandemic, Government grants received in advance of payment has limited the amount of borrowing required to cover cash shortfalls. The Authority may also borrow additional sums to pre-fund future years' requirements providing this does not exceed the authorised limit for borrowing.
- 4.2 The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.
- 4.3 Given the significant cuts to public expenditure and in particular to Local Government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. 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 use both internal resources and to borrow short-term loans instead.
- 4.4 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into

future years when long-term borrowing rates are forecast to rise modestly. Our treasury advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.5 The Authority will consider sources other than PWLB when raising long term loans including banks, pension funds and Local Authorities and will investigate the possibility of issuing bonds and similar instruments in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

4.6 Alternatively, the Authority may arrange forward starting loans during 2022/23, 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.

4.7 In addition, the Authority may borrow further short-term loans to cover unexpected or planned temporary cash flow shortages.

4.8 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB Lending facility (formerly the Public Works Loan Board)
- Any UK public sector body

- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Cheshire Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Salix Finance Ltd energy efficiency loans

4.9 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

4.10 **Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing

the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report.

- 4.11 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's have options during 2022/23, and although the Authority understands that the lender is unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.
- 4.12 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 4.13 **Debt Rescheduling:** The PWLB allows authorities to repay **loans** before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or reduction in risk.

5. Treasury Investment Strategy

- 5.1 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £20m and £82m with peaks in cash associated with receipt of COVID-19 related grants prior to expenditure. Levels of around £40m are expected to be maintained in the forthcoming year.
- 5.2 The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 5.3 **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.
- 5.4 Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority will maintain a £20m diversified core investment in higher

yielding asset classes. The remaining surplus cash will be invested for liquidity purposes in short-term unsecured bank deposits, money market funds and with other Local Authorities and pension funds.

- 5.5 Under the new IFRS9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 5.6 The Authority may invest its surplus funds with any of the counterparties in table 3 below, subject to the cash limits (per counterparty) and time limits shown.

Table 3: Treasury Investment Counterparties and Limits

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Government	50 years	Unlimited	n/a
Local Authorities and other Government Entities	55 years	£12m	Unlimited
Secured Investments*	£25 years	£12m	Unlimited
Banks (unsecured)*	13 months	£6m	Unlimited
Building Societies (unsecured)*	13 months	£6m	£12m
Registered Providers (unsecured)*	5 years	£6m	£25m
Money Market Funds*	n/a	£12m	Unlimited
Strategic Pooled Funds	n/a	£12m	£50m
Real Estate Investment Trusts	n/a	£12m	£25m
Other investments*	5 years	£6m	£12m

This table must be read in conjunction with the notes below.

- 5.7 *** Minimum Credit Rating:** Treasury Investments in sectors marked with an Asterix will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the

counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- 5.8 **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

- 5.9 **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.

- 5.10 **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.

- 5.11 **Registered Providers (unsecured):** Loans to, and bonds issued or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing and, as providers of public services, they retain the likelihood of receiving Government support if needed.
- 5.12 **Money Market Funds:** Pooled funds that offer same day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risk, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.13 **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 Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.
- 5.14 **Real estate investment trusts (REITs):** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing

demand for the shares as well as changes in the value of the underlying properties.

- 5.15 **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 Authority's investment at risk.
- 5.16 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to the lowest practical levels per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 5.17 **Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and;
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.18 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.

5.19 **Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential Government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management advisor. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.20 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 Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will

cause investment returns to fall but will protect the principal sum invested.

5.21 **Investment Limits:** The Authority’s revenue reserves available to cover investment losses are forecast to be **£131m** on 31st March 2022. In order that no more than **5%** of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured to any one organisation (other than the UK Government) will be £6m. Secured investments will have a higher limit of £12m per organisation. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional Investment Limits

Type of Counterparty	Cash Limit
Any group of pooled funds under the same management	£25m per manager
Negotiable instruments held in a broker's nominee account	£25m per broker
Foreign countries	£12m per country

- 5.22 **Liquidity management:** The Authority maintains a cash flow forecasting model to determine the maximum period for which funds may prudently be committed. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

6. Treasury Management Indicators

- 6.1 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 6.2 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£462,500
Upper limit on one-year revenue impact of a 1% fall in interest rates	£0

- 6.3 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates. The Council is expected to remain a net borrower in 2022/23 so a fall in rates would lead to savings rather than incurring additional cost.
- 6.4 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper	Lower
Under 12 months	70%	0%
12 months and within 24 months	35%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	0%
20 years and above	100%	0%

6.5 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively high as there is no shortage of liquidity in the market and short-term funding is currently considerably cheaper than alternatives. This will enable the Council to finance temporary cashflow shortfalls at year end more economically. This will be kept under review as it does increase the risk of higher financing costs in the future.

6.6 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£25m	£15m	£10m

6.7 The Authority has not adopted the voluntary measures disclosures on security of investments or liquidity.

6.8 Security of investments can be measured by the credit rating assigned to the counterparty but for many of our investments (principally other Local Authorities and strategic high yielding funds) there are no assigned credit ratings. Also, the credit rating assigned to Money Market Funds is typically AAA, but the underlying investments are considerably lower. Any measure adopted would therefore add little value.

6.9 Liquidity is a self-imposed measure generally on the minimum value of funds which the Council must keep as being immediately available in order to meet unexpected payments. Alternatively, a measure linked to borrowing may be considered. In practice the Councils cash varies throughout the year meaning that at certain times the focus of liquidity is on investments and at other times on borrowing. Setting a minimum amount to hold for liquidity purposes may mean that the Council has to borrow unnecessarily to cover short periods. For example, if a liquidity limit of £10m is set and cash is predicted to fall to say £4m for a few days we would have to borrow the additional £6m usually at a slightly higher cost than we receive for investment due to commissions payable. In the unlikely event that an unexpected payment would result in a need to borrow then availability of funds from inter LA markets is high, and borrowing would be limited to need. Cash flow forecasting is carried out daily thereby allowing any borrowing to be planned and limited to need.

7. Other Items

7.1 The CIPFA code requires the Authority to include the following in its treasury management strategy.

7.2 **Policy on Use of Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (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).

- 7.3 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 7.5 In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 7.6 **External Funds:** The Authority acts as the accountable body for Cheshire & Warrington Local Enterprise Partnership (CW LEP) and for the Evergreen Fund. The Council holds significant cash balances on their behalf prior to expenditure which is either invested short term or has reduced the need for external borrowing. For CW LEP, the

Authority shares the interest benefit based on an agreed method for each fund which is either the average rate achieved on the Councils in-house (non-strategic) investments or an agreed market indicator rate. Surplus Evergreen Fund balances are required to be invested by the fund so the Council acts as a borrower with an agreed variable interest rate based on the average rate achieved on the Councils in-house (non-strategic) investments.

- 7.7 **Markets In Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services including advisers, banks, brokers and fund managers, allowing it to access a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, this seems to be the most appropriate status.

8. Financial Implications

- 8.1 Anticipated investment income in 2022/23 is £890,000, based on an average investment portfolio of £40 million at an interest rate of 2.20%. The budget for debt interest paid in 2022/23 is £3.8 million, based on an average debt portfolio of £177 million at an average interest rate of 2.15%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Annex A: Economic and Interest Rate Forecast

Underlying assumptions:

- The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit.
- While Q2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support.
- Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher.
- The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-

based increase in wages is possible given the pressures on businesses.

- Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled-down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.
- The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

Forecast:

- Arlingclose Ltd expects Bank Rate to rise in Q2 2022, driven as much by the Bank's desire to move away from emergency levels as by fears of inflationary pressure.
- Investors have priced in multiple rises in Bank Rate to 1% by 2024. While we believe Bank Rate will rise, it is by a lesser extent than expected by markets.
- Gilt yields have risen sharply as investors factor in higher interest rate and inflation expectations. From here, we believe that gilt yields will be broadly steady, before falling as inflation decreases and market expectations fall into line with our forecast.

- The risk around our forecasts for Bank Rate is to the upside over the next few months, shifting to the downside in the medium term. The risks around the gilt yield forecasts are initially broadly balanced, shifting to the downside later.

DRAFT

Treasury Advisor, Arlingclose Ltd, 3 Year Interest Rate Forecast

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.15	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	-0.15	-0.15	-0.15	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
3-month money market rate													
Upside risk	0.10	0.15	0.20	0.20	0.30	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	0.10	0.15	0.35	0.40	0.45	0.60	0.65	0.65	0.60	0.60	0.60	0.60	0.60
Downside risk	0.00	-0.05	-0.25	-0.25	-0.30	-0.45	-0.50	-0.50	-0.45	-0.45	-0.45	-0.45	-0.45
5yr gilt yield													
Upside risk	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.65	0.65	0.65	0.65	0.65	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Downside risk	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40
10yr gilt yield													
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
Arlingclose Central Case	1.05	1.05	1.05	1.05	1.05	1.05	1.00	0.95	0.95	0.95	0.90	0.90	0.90
Downside risk	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.30	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.40	1.40	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	-0.35	-0.40	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
50yr gilt yield													
Upside risk	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.30	1.30	1.30	1.30	1.25	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Downside risk	-0.35	-0.35	-0.35	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

PWLB certainty rate = relevant gilt yield + 0.80%

Annex B: Existing Investment and Debt Portfolio Position

	26/11/2021 Actual Portfolio £m	26/11/2021 Average Rate £m
External Borrowing:		
PWLB - Fixed Rate	60	4.50%
Local Authorities	64	0.10%
LOBO Loans	17	4.63%
Other	3	0.02%
Total External Borrowing	144	2.42%
Other Long-Term Liabilities:		
PFI	21	-
Finance Leases	1	-
Total Gross External Debt	166	-
Treasury Investments:		
<i>Managed in-house</i>		
Short-term investments		
Instant Access	13	0.02%
Fixed Term Deposits	5	0.03%
<i>Managed externally</i>		
Multi Asset Fund	5	5.26%
Property Fund	8	3.91%
Equity Fund	2	6.20%
Global Income Fund	4	4.98%
Corporate Bond Fund	1	3.49%
Total Investments	38	2.44%
Net Debt	128	-



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5 th January 2022
Report Title:	Medium Term Financial Strategy 2022/23 – 2025/26
Report of:	Alex Thompson, Director of Finance and Customer Services (Section 151 Officer)
Report Reference No:	FSC/13/21-22
Ward(s) Affected:	Not Applicable

1. Executive Summary

- 1.1. The purpose of this report is to capture the Sub-Committee members' response to consultation on the Medium-Term Financial Strategy 2022 to 2026.
- 1.2. The Council's Medium-Term Financial Strategy sets out the financial implications of the Council's Corporate Plan and how spending plans can be funded over the next four years. The Council is required by law to approve a balanced budget, where gross expenditure is matched by gross income and appropriate use of reserves, on an annual basis.
- 1.3. The consultation document includes proposals to update the current MTFS that was approved by Council in February 2021.
- 1.4. The current MTFS was balanced over the four-year period 2021 to 2025 and assumed that spending linked to the pandemic would be matched by government funding. The proposals recognised the risk of ongoing reductions in Government Grants as well as growth in demand, particularly within Adult and Children's and Waste services. Additional impacts were included for inflation such as staff pay and spending on utilities. Mitigation for increasing costs included savings, and additional income from some user charges. Mitigation also included increases in Council Tax of 4.99% for 2021/22 and a further annual increase of 1.99% from 2022/23.

- 1.5. The MTFS 2022 to 2026 consultation reflects financial pressures identified in the In-Year Review of Finance. The consultation also recognises high-level implications of the 2021 Central Government Spending Review.
- 1.6. This report sets out the activities to date and current estimated timescales and assumptions. All Committees are being asked to provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in July 2021.
- 1.7. Responses to the consultation will be reported to the Corporate Policy Committee to support that Committee in making recommendations to Council on changes to the current financial strategy. The Chief Finance Officer will report on the robustness of estimates and the adequacy of reserves in relation to the final proposals.

2. Recommendations

That Finance Sub-Committee:

- 2.1. Review the MTFS 2022 to 2026 Consultation Document (**Appendix 1**) and provide feedback to the Corporate Policy Committee on the proposals relevant to the responsibilities of the Sub-Committee as outlined in the Constitution, which are:
 - 26) Minimum Revenue Provision (page 26)
 - 27) Changes to unringfenced specific grant estimates (page 26)
 - 28) Council Tax (page 27)
 - 29) Business Rates Retention Scheme (page 27)
 - 30) Central Pension Adjustment (page 28)
 - 31) Bad Debt Provision – change in provision (page 28)
 - 32) Use of Earmarked Reserves (page 28)
- 2.2. Note the impact of the local government financial settlement as provided at **Appendix 2** on the MTFS Consultation Document.
- 2.3. Comment on any other element of the MTFS Consultation Document related to the responsibilities of the Sub-Committee (including WOC Business Plans, and Reserves levels).
- 2.4. Note that the minutes of this meeting will form the consultation response of the Sub-Committee for consideration by the Corporate Policy Committee.

3. Reasons for Recommendations

- 3.1. The Council is required to consult on the proposals within the annual budget. This is required in general terms with businesses but may also

require consultation with service users on specific proposals, although where proposals relate to universal services the requirements can be covered through a single consultation document on the overall budget.

- 3.2. The Council must set a balanced budget for each financial year based on robust estimates and supported by adequate reserves. This requirement is significantly supported by meaningful consultation as this improves the assurance that proposals will be delivered within manageable levels of risk.
- 3.3. Establishing key dates for the consultation process manages expectations for stakeholders.
- 3.4. The financial parameters within the MTFS have been reviewed and options for proposals that could be included in a revised MTFS have been put forward.
- 3.5. **Appendix 1** contains the Budget Engagement document including the survey questions that have been used during the consultation period (closed 4 January 2022).

4. Other Options Considered

- 4.1. Delay the publication of budget proposals until after the local government finance settlement had been confirmed, which is usually late December, and adopt the minimum level of engagement. This was not desirable because it is not transparent and does not give enough time to consider future budget changes by stakeholders.

5. Background

- 5.1. Proposals to vary the current budget have been set out as part of the Budget Engagement document that was launched on 24th November 2021. These are continuing to be developed in line with the priorities included within the Corporate Plan and refined as further funding announcements are confirmed.
- 5.2. Proposals will recognise growth and savings requirements to ensure the published MTFS is both robust and transparent and supports members in making informed decisions.
- 5.3. On 27 October, the Chancellor announced the spending review 2021 that will cover the next 3 years (2022/23 to 2024/25). Details of the actual funding allocations for each local authority were not announced until the provisional settlement on 16 December 2021. At the time of publishing the Budget Consultation in November it had been confirmed that broadly

there is due to be an extra £1.6bn for local authorities in each of the next three years. This funding will help the council in managing the increasing costs of complex care, stabilisation of the care market and rising inflation as well as including funding to manage cyber threats.

- 5.4. Planning for the MTFS is an ongoing process, and the Council has, in most years, followed a path of establishing the parameters for the planning process, then proposing variations to achieve a sustainable strategy and then consulting on the proposals. The launch of the consultation process has taken place in November/December in recent years and for the 2022-26 MTFS, the consultation launched on 24 November 2021 and ran until 4 January 2022.
- 5.5. The Provisional Settlement announced on 16 December has varied the assumptions contained in the Budget Engagement document. **Appendix 2** sets out the changes announced and the impact on the estimated funding envelope (Appendix to follow).
- 5.6. Corporate Policy Committee and each Service committee will provide feedback on their individual proposals and then Corporate Policy Committee will make the final recommendation to full Council at the February meeting.

6. Consultation and Engagement

- 6.1. The budget consultation involves engagement with local people and organisations to ensure that we seek feedback from all stakeholders:
 - 6.1.1. With regards to the Budget consultation, the 6-week public consultation period ran from 24 November 2021 to 4 January 2022. During this time, residents, members and stakeholders were able to provide their views in a number of ways.
 - 6.1.2. A dedicated engagement hub provided access for all stakeholders to get information about the proposals being consulted upon within the Budget consultation and encouraged the submission of comments, views and suggestions. The Council's social media accounts promoted the dedicated website.
 - 6.1.3. The Council's Digital Influence Panel, Councillors, Town and Parish Councils, Public Service partner agencies, voluntary, community and faith sector stakeholders and Trade Unions have also been invited to give their views. The Council also sought to engage with representative groups for young people, disabled people and older people in the community.

- 6.1.4. The feedback is being collated and analysed and used to enable transparent decision making.

7. Implications

7.1. Legal

- 7.1.1. The Medium-Term Financial Strategy is a part of the Council's Budget and Policy Framework and as such requires approval by Council.
- 7.1.2. The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.
- 7.1.3. Any legal implications arising from this report will be addressed through the budget setting process.

7.2. Finance

- 7.2.1. The current Medium-Term Financial Strategy estimates a balanced budget over the next four years.
- 7.2.2. The Budget Engagement document sets out the estimated revised position, based on up-to-date information and forecasts, and maintains that balanced four-year position.
- 7.2.3. Changes as a result of the provisional settlement are set out in Appendix 2.

7.3. Policy

- 7.3.1. The Corporate Plan sets out the vision, values, aims and priorities for Cheshire East. It is a sister document to the MTFS.

7.4. Equality

- 7.4.1. An Equality Impact Assessment will be completed to support the MTFS, setting out the implications and mitigation.

7.5. Human Resources

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

7.6. Risk Management

- 7.6.1. There are significant risks associated with the financial consequences of the pandemic, recovery and COVID-scarring. These are set out in more detail in the Strategic Risk Register.

7.7. Rural Communities

7.7.1. There are no direct implications for rural communities.

7.8. Children & Young People/Cared for Children

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

7.9. Public Health

7.9.1. The Coronavirus pandemic has had a significant impact on public health.

7.10. Climate Change

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

7.10.2. A number of priorities and activities are underway which will support the Council's commitment of being carbon neutral by 2025, including the delivery of an Environmental Strategy and a Carbon Action Plan.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) alex.thompson@cheshireeast.gov.uk
Appendices:	Appendix 1 – Budget Engagement Document Appendix 2 – Provisional Settlement
Background Papers:	Medium Term Financial Strategy 2021-25 2021/22 In-Year Review of Finance

Cheshire East Council

Budget Engagement 2022 - 26



Your **views** matter



Purpose of our Budget Engagement

The Council must set a balanced budget each year, meaning we cannot spend more than our income. To help improve value for money we need to seek the views of residents and businesses about priorities for the year ahead. Your views and feedback as local people, businesses, organisations, councillors and staff are very important and will help us to understand the impact of any changes required to achieve a financially balanced position.

We are responsible for managing annual expenditure of around **£700million**. After taking account of all the income we receive for specific purposes, such as conditional grants for schools, we have an annual net revenue budget of approximately **£300million**. This must be funded from the local taxes paid by households and businesses, and some general government grants, and will cover the day-to-day running costs of our vital services. The net budget equates to approximately **£16** per week for every resident living in the borough.

As well as providing day-to-day services to support children and adults who need our help, or emptying the

bins and managing the highways, the Council also manages a range of capital projects. These projects include building new schools, new roads, information and digital technology and regenerating our town centres. The total value of projects being managed over the next four years alone, is almost **£400million**.

This document outlines the key financial issues that we need to tackle, including those that relate to the ongoing pandemic. It also includes our proposed response to these financial challenges and our plans for spending next year. Your views will be captured and will help inform councillors in making the decisions regarding the council's budget.

Giving your feedback



This PDF document is for information only – to let us know what you think about this budget engagement document please use one of the methods below. Please submit your feedback by 4th January 2022:



- Complete a paper survey, available at all Cheshire East libraries, and return it to Research and Consultation, Cheshire East Council, Westfields, Middlewich Road, Sandbach, CW11 1HZ
- Email RandC@cheshireeast.gov.uk
- Write to Research and Consultation, Cheshire East Council, Westfields, Middlewich Road, Sandbach, CW11 1HZ
- Tweet [@CheshireEast](https://twitter.com/CheshireEast) #CECBudget

- Comment on our budget consultation comments board at www.cheshireeast.gov.uk/BudgetEngagement

For any queries about this engagement, for example if you would like to receive this questionnaire in an alternative format, or submit your response in a different way, please call Customer Services 0300 123 5500 or email our Research and Consultation Team

RandC@cheshireeast.gov.uk

Your confidentiality is assured

Any personal information you supply will remain strictly confidential and will be used in line with the Data Protection Act 2018.

To find out more about how we use your information see our privacy policy at

www.cheshireeast.gov.uk/Privacy



Content

This budget engagement document covers the below topics :

1 | Our corporate priorities

2 | Spending within resources

3 | Spending on our priorities for next year

4 | Summary position for 2022/23

5 | Open investment and savings proposals

6 | Fairer investment and savings proposals

7 | Greener investment and savings proposals

8 | Central budgets and funding activity

9 | Final budget consultation comments

1 | Our corporate priorities

Our corporate plan sets out the vision and priorities over the next four years. Our vision is for a more **Open**, **Fair** and **Green** Cheshire East.

Our Vision

An Open, Fairer,
Greener Cheshire East

Open

Fair

Green

Open - We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East.

Fair - We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents

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

- The vision is ambitious, long-term and includes actions that will help us towards achieving our priorities.

- Our ability to achieve them all will depend on the resources we have at our disposal. This means that our corporate plan and the budget are intrinsically linked.

- The plan also relies on the council demonstrating a set of values that support success.

Our Priorities

An open and enabling organisation

- Ensure that there is transparency in all aspects of council decision making
- Listen, learn and respond to our residents, promoting opportunities for a two-way conversation
- Support a sustainable financial future for the council, through service development, improvement and transformation
- Look at opportunities to bring more income into the borough
- Support and develop our workforce to be confident, motivated, innovative, resilient and empowered
- Promote and develop the services of the council through regular communication and engagement with all residents

A council which empowers and cares about people

- Work together with residents and partners to support people and communities to be strong and resilient
- Reduce health inequalities across the borough
- Protect and support our communities and safeguard children, adults at risk and families from abuse, neglect and exploitation
- Be the best Corporate Parents to our children in care
- Support all children to have the best start in life
- Increase opportunities for all children and young adults with additional needs
- Ensure all children have a high quality, enjoyable education that enables them to achieve their full potential
- Reduce the reliance on long term care by improving services closer to home and providing more extra care facilities, including dementia services

A thriving and sustainable place

- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- Reduce impact on the environment
- Be a carbon neutral council by 2025
- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all

Our Values

We are
flexible

We
innovate

We take
responsibility

We deliver
the **service**
that customers
need

We use
**effective
teamwork**

2 | Spending within resources

Cheshire East Council gets income from council tax, business rates, government grants and local fees and charges.

Since 1st April 2019 the council has not received any central government general-purpose revenue support grant (it was worth £55.9million to us in 2013/14). To maintain spending on vital services the council has therefore had to increase council tax and fees and charges.

We receive more money when new houses are built, and new residents begin to pay council tax. However, increasing population, and a population that is living longer with new needs, does increase overall costs of services. It is a difficult challenge to manage increases in demand as well as unavoidable costs such as inflation on the things we use and the wages we pay.

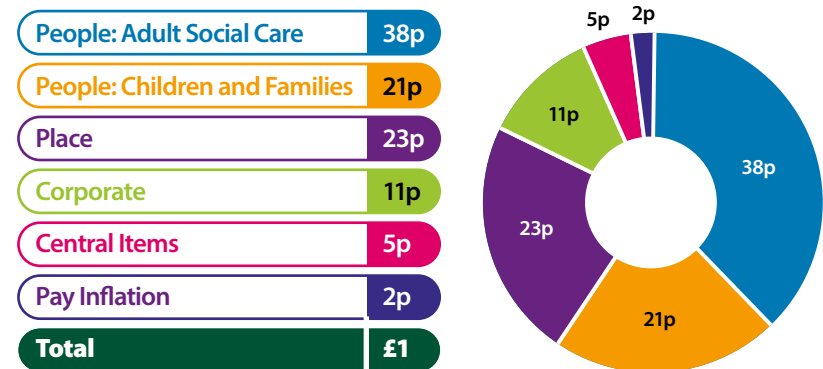
Almost 40% of the budget is spent on supporting older people in care homes or in the community, people with a physical or learning disability or mental ill health. About 20% is spent protecting our most vulnerable young people who need to come into the care of the local authority or ensuring our children with SEND (Special Educational Needs and Disability) are supported to live full and active lives.

The council's finances are audited, with reports to central government and independent external auditors that provide an opinion on the quality of the council's arrangements. Services are also inspected by external bodies such as OFSTED, CQC and the Local Government Ombudsman. If there ever is a risk that a council is not going to achieve a balanced budget in-year or in the future, it must take immediate action.

When the council agreed its budget in February 2021, it was balanced for a four year period. This consultation again sets out a balanced position, but with several potential changes within that reflecting improved estimates and emerging information on costs and financial pressures.

How is £1 of your Council Tax spent?

In February 2021, Cheshire East Council agreed it would spend each £1 of its budget for the year April 2021 to March 2022 in the following areas:



2 | Spending within resources cont'd

Within budget so far

The good news is that this year, the council is again living within its means. The Financial Review 2021/22 is balanced to within 0.7% of the revised budget that was agreed for the year. In-year spending on Children's Services reflects the most significant ongoing financial pressure. This challenge was identified at the end of last year and is a significant factor in the changes to the financial plans looking ahead. Mitigating action across all services will continue during the final quarter of the year to try and achieve an overall balanced position without having to rely on reserves.

COVID-19 continues to have a local impact, with council spending (or lost income) of £10m in excess of what would normally be expected. Government grants and good financial control locally means the council is currently forecasting that the impact of COVID-19 should not reduce council reserves. Longer term effects of COVID-19 are still a factor in public sector finances and the council continues to work with government and our partners to support local people and businesses in an appropriate affordable way.

Council Tax and funding allocations

Since setting the financial strategy in February 2021 the council has experienced ongoing increases in the costs of caring for children, and although the budget was increased for 2021/22 it has not been sufficient. The council is also having to manage increasing costs from a nationally negotiated pay award and local decisions not to increase income targets in car

parking. There is further significant financial pressure on some care providers partly due to changes brought about by COVID-19 and increases to minimum wages. There continues to be ongoing growth in costs for adult social care and waste services due to an increasing population. These financial pressures are addressed within this consultation document through efficiencies and increasing income from council tax and government grants.

On 27th October, the Chancellor announced the Spending Review 2021 that will cover the next 3 years (2022/23 to 2024/25). Details of the actual funding allocations for each local authority will not be announced until the provisional settlement in December 2021 but broadly there is due to be an extra £1.6bn for local authorities in each of the next three years. This funding will help the council in managing the increasing costs of complex care, stabilisation of the care market and rising inflation as well as including funding to manage cyber threats.

Council tax thresholds will remain at similar levels to recent years, with the threshold for "core" council tax increases remaining at 1.99%. There is also an expectation from central government that some demand growth in adult social care will be funded by a further annual precept of 1%.

Final confirmation of the threshold limits will be in the provisional settlement in December but for the purpose of presenting these budget estimates we have **increased council tax in each year by 2.99%** in order to manage ongoing demand for services.

Government have also made announcements about the Social Care Levy, funded from increasing national insurance contributions. The levy will support the NHS and help keep down the overall care costs for individuals. At this stage the full financial implications on the council are not known. This consultation therefore assumes that any new income from the new levy will be matched by expenditure. We have therefore taken the approach of not including it within this consultation. As more information is shared, we will be able to publicise the impact on local people and organisations.

Use of Reserves

It is essential to balance resources against forecast spending levels, as the council continues to have relatively low levels of reserves. Reserves cannot therefore be used to regularly manage the risk of potential reductions in income or unachievable savings proposals. Therefore, the proposals contained within this document aim to address all key areas of risk and cover the planned and estimated increases in spending to keep up with demand. Reliance on reserves is kept to a minimum to manage in-year variations and specific spending.

3 | Spending on our priorities for next year (Summary)

We will continue to invest in our priorities, support our most vulnerable residents and meet the needs of a growing population. Detailed proposals to change the 2022/23 budget are included in Section 5. Proposals previously consulted on are also included at [Appendix A](#). The total of all these budget changes result in a net change to each Directorate as follows:

Service Area (+£ Net increase)	Spending Priorities
+£2.9m in 2022/23 for Children's Services (Services include Social Care for Children, Education and Prevention services)	Despite significant financial challenges, we plan to invest in children's services. There will be increases in spending to meet the needs of the growing numbers of children in care, care leavers, education (including more school places) and early help. Social Care spending is proposed to increase by £4m, which is mitigated by lower travel costs and removing one-off transformation funding provided in 2021/22. There will also be investment in SEND services.
+£0.3m in 2022/23 for Adult Services (Services include Social Care for Adults, Public Health and Communities)	We plan to increase spending by £4m to meet the needs of the growing numbers of older people who often have complex care needs and younger adults who are living with very complex needs. However, we aim to transform care services where possible to mitigate some of the growing cost pressures and drive efficiencies in every aspect of the service to provide best value for money.
+£0.6m in 2022/23 for Place Services (Services include Highways, Waste, Environmental Management, Economic Development, Planning and Leisure)	As more houses are being built, we need to ensure we can increase the level of services such as waste collection to meet this demand. The financial strategy previously included additional potential income from car parking, but local decisions not to proceed with this approach mean income must be made up in other ways. These requirements will be offset by service reviews and efficiencies elsewhere within the Directorate.
+£0.4m in 2022/23 for Corporate Services (Services include Legal and Democratic Services, ICT, Finance, HR and Customer Services)	We continue to invest in modern technology and efficient ways of working. We have completely changed how we work since the pandemic and all staff who can work from home continue to do so for the majority of the time. This will help us to reduce our premises and mileage costs to allow us to invest in other parts of our support services.
+ Additional Budgets (Across all services to manage items such as pay inflation and the ongoing costs of the capital programme)	Pay inflation is set to increase the budget by £5.5m in 2022/23 as we also need to catch up from the unbudgeted, likely, nationally agreed pay increase from 2021/22. The costs of the capital programme which reflect the Council's requirement to borrow money to fund significant infrastructure schemes will also increase by £4m for next year.

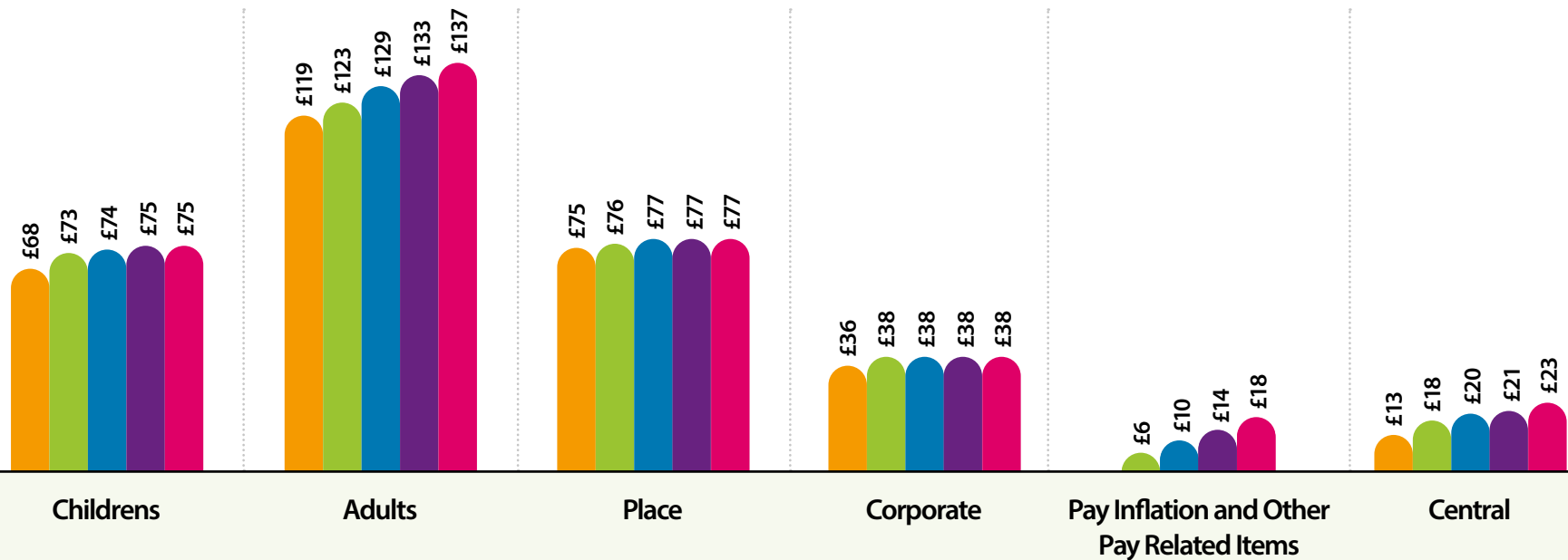
3 | Spending on our priorities for next year (Summary) cont'd

Revenue Budget (for day-to-day spending)

MTFS Budgets, by service area (£million)

This chart shows the proposed budget for each year up to 2025/26 for each of the directorates at Cheshire East, plus the planned budget increases required for pay inflation and central services.

There is planned increased investment overall in all areas over the medium term. The increase in budgets is growing at a faster rate in our people based services for Children and Adults.



● 2021/22 ● 2022/23 ● 2023/24 ● 2024/25 ● 2025/26

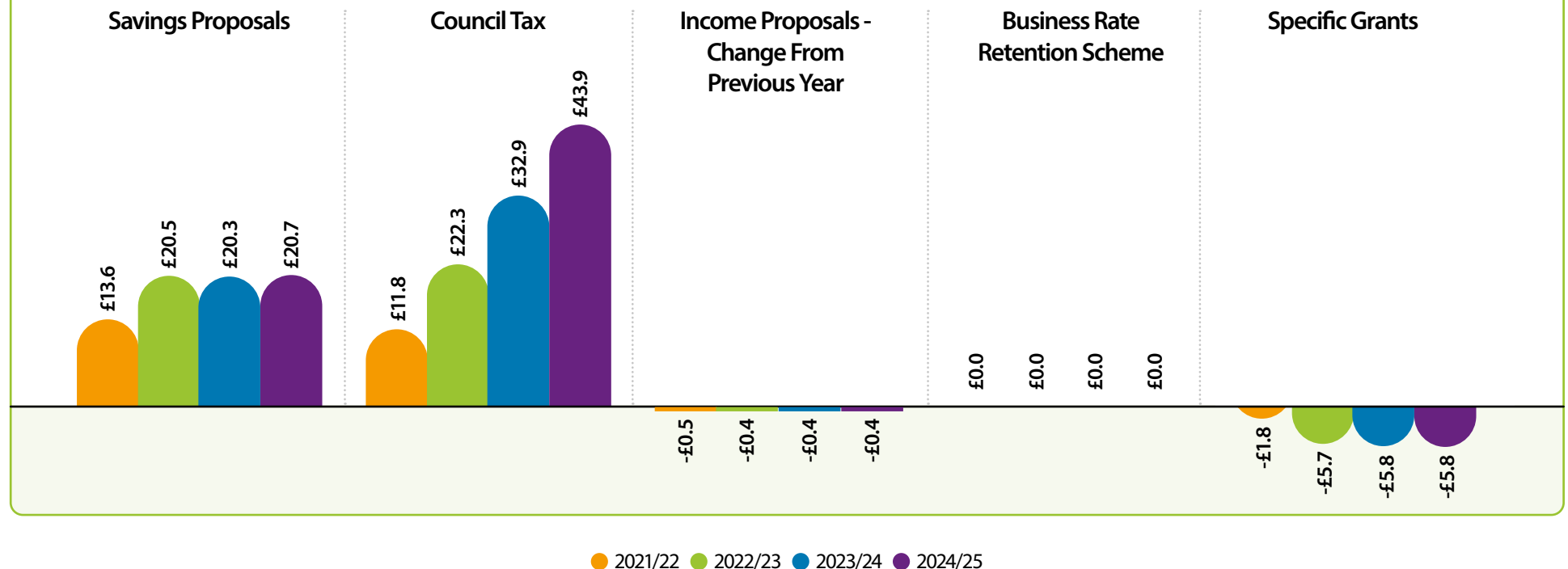
3 | Spending on our priorities for next year (Summary) cont'd

Funding, income and savings

Funding, income and savings proposals - cumulative change (£million)

This chart shows the change in funding, income and savings proposals over the medium term. Council tax is steadily increasing while business rates are forecast to plateau due to the uncertainties around the future of the Business Rates Retention Scheme. Specific grants available to support the general revenue budget continue to decline over the

medium term (although this remains a prudent estimate until firm allocations are released in December 2021). Some proposed car parking charge increases are no longer being implemented as planned (as shown by the negative income stream compared to current budget levels).



3 | Spending on our priorities for next year (Summary) cont'd

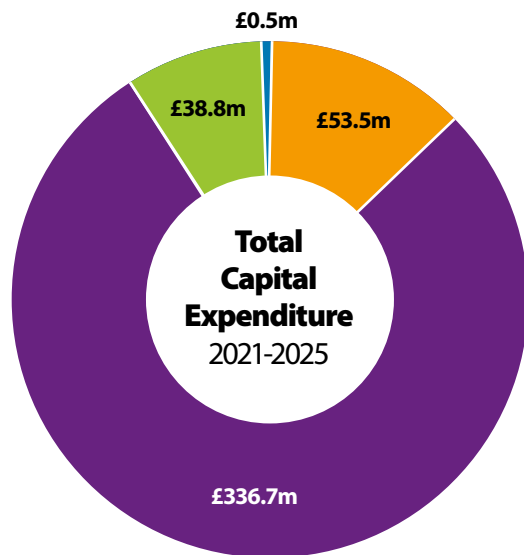
Capital Budget (for spending on projects)

These charts show the 2021-2025 Capital Programme expenditure for the council as well as how the programme is to be funded.

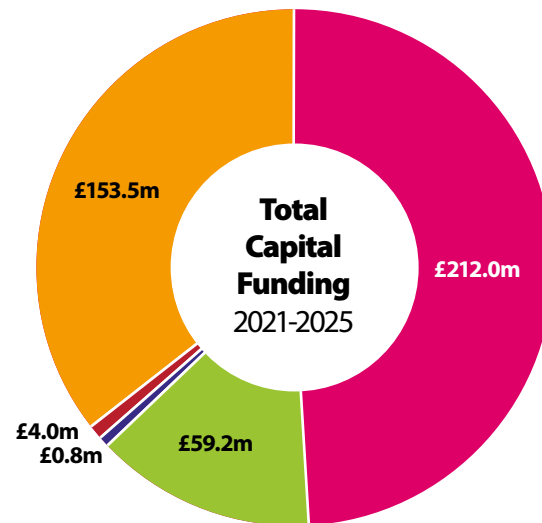
The Place Directorate, which is responsible for Highways and Regeneration projects, is responsible for almost 80% of the programme overall.

Over 60% of the programme is to be funded from external resources, such as government grants and contributions from developers.

Borrowing is mainly funded from the council's net budget.

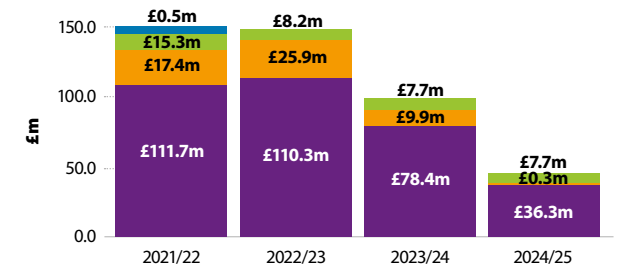


● Adults, Health and Integration
● Children's Services
● Place
● Corporate



● Government Grants
● Prudential Borrowing
● Revenue Contributions
● External Contributions
● Capital Receipts

Capital Expenditure
2021/22 to 2024/25



● Adults, Health and Integration
● Children's Services
● Place
● Corporate

4 | Summary position for 2022/23

We are consulting on our plans to increase spending each year across the range of council priorities.
To fund the increasing cost of services the council expects to increase council tax in line with government inflation targets.

Estimated Net Budget				
	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Service Budgets	298.5	309.1	315.5	324.6
Proposed changes as follows:				
Open	+2.2	+2.2	+4.2	+4.1
Fair	+6.6	+3.7	+4.5	+4.4
Green	+1.8	+0.5	+0.4	-
Total Service Budgets	309.1	315.5	324.6	333.1
Total Central Budgets (Net of Reserves)	12.1	12.1	13.7	16.1
TOTAL Service + Central Budgets	321.2	327.6	338.3	349.2
Funded by				
Council Tax	-254.7	-265.1	-275.8	-286.7
Business Rate Retention Scheme	-49.1	-49.1	-49.1	-49.1
Revenue Support Grant	-	-	-	-
Specific Unringfenced Grants	-17.4	-13.4	-13.4	-13.4
TOTAL Funded by	-321.2	-327.6	-338.3	-349.2
Balanced Position	-	-	-	-



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

To what extent do you agree or disagree that the council spends money wisely?

- ☐ Strongly agree
- ☐ Tend to agree
- ☐ Neither agree nor disagree
- ☐ Tend to disagree
- ☐ Strongly disagree
- ☐ Don't know

5 | Open Investment and Savings Proposals

New or revised investment proposals

The following table presents the 'Open' investment proposals that are new or revised within this year's budget setting process – you can comment on any of these proposals in the following survey. Investments are areas where the council is proposing to increase spending.

Please note within the following tables positive numbers represent a budget growth, while negative numbers represent a budget saving.

	Open – Investment	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Listen. Learn	1) Improving Digital Customer Experience [New for 2022/23 Budget] This proposal directly supports the implementation of the agreed Customer Experience Strategy which will improve customer responsiveness and delivery.	0.110	-	-	-
	2) Pay inflation [Change to item 3 in 2021/22 Budget] This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.2.5%. This may not apply evenly across pay bands due to implications of the Living Wage. The proposals recognise the additional delayed impact of the 2021/22 pay negotiations that also affect the 2022/23 budget.	5.536	3.873	3.964	4.062
Financial Sustainability	3) National Insurance increase at 1.25% for social care funding [New for 2022/23 Budget] The planned introduction of a national Social Care Levy will increase national insurance contributions for all employers. As the council is part of the public sector, government will provide compensation for such payments. Although not confirmed these costs are currently mitigated in full through increased grant.	0.913	-	-	-
	4) Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels [Change to item 16 in 2021/22 Budget] Improving debt collection will reduce income from court costs, which are already forecasting a budget shortfall. This is positive in many respects, although it does reflect an income deficit. The council will continue to innovate with debt collection improvements that recognise the circumstances of those in debt.	0.337	0.013	-0.024	-

5 | Open Investment and Savings Proposals cont'd

	Open – Investment	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Commercial Opportunities	5) Transactional Service Centre additional funding [New for 2022/23 Budget] Transactional Service is a shared service with Cheshire West and Chester. The TSC Team budget is again unbalanced due to a loss of income (primarily from schools opting out), additional costs of the new Unit4 governance and support team, and inflation costs to the base budgets.	0.238	-	-	-
	6) Vendor Management Phase 3 [New for 2022/23 Budget] Continuing improvements to the council procurement and contract management process have seen the rollout and adoption of a new system. The system, Atamis, is a cloud-based contract lifecycle management (CLM) solution across Cheshire East Council, by the Corporate Procurement Team.	0.175	-0.089	0.071	-
	7) Unified IT Communications [Change to item 44 in 2021/22 Budget] Additional funding required to modernise the communication systems including telephony and video conferencing, to further enable the Flexible and Mobile Working (FMW) strategy by enabling corporate calling from most devices in most locations and improve video calling between corporate locations.	0.110	0.009	0.017	-
Workforce	8) IT Security and Compliance [New for 2022/23 Budget] Cyber threats are increasing in both quantity and sophistication, with sources ranging from individuals, professional groups, and international actors. Additional investment would be needed from CEC to ensure the council continues to have an appropriate security and compliance posture, capability, and capacity across our ICT platforms.	0.097	0.006	0.006	-
	9) IT Procurements and Application Lifecycle Management [Change to items 45, 46, 47 in the 2021/22 Budget] Additional funding would be needed for the council's key line of ICT business systems from initial procurement, to implementation, maintenance and decommissioning. The benefits of robust Application Lifecycle Management (ALM) will be modern business systems that are secure, supportable and compliant.	0.075	0.075	0.078	-
	10) Information Assurance and Data Management Phase 3 [New for 2022/23 Budget] The Information Assurance and Data Management (IADM) programme phase 3, will deliver key projects that will underpin the safeguarding of information and enhance its use.	0.040	-	-	-
	Open – Investment	7.631	3.887	4.112	4.062

5 | Open Investment and Savings Proposals cont'd



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised investments under **Open?**

Investments are areas where the council is proposing to increase spending. Please tick one box only in each row:

	Support	Oppose	No opinion / Don't know
1 Improving Digital Customer Experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2 Pay inflation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3 National Insurance increase at 1.25% for social care funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4 Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5 Transactional Service Centre additional funding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6 Vendor Management Phase 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7 Unified IT Communications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8 IT Security and Compliance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9 IT Procurements and Application Lifecycle Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10 Information Assurance and Data Management Phase 3	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you wish to comment on any of the new or revised investments under **Open** please do so below – Please clearly state which investment you are commenting on. Please write in below:

5 | Open Investment and Savings Proposals cont'd

New or revised savings proposals

The following table presents the 'Open' savings proposals that are new or revised within this year's budget setting process – you can comment on any of these proposals in the following survey. Savings are areas where the council is proposing to decrease spending.

	Open – Savings	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Financial Sustainability	11) Removal of temporary implementation budget and investment to run the new Financial System [Change to Item 5 in the 2021/22 Budget] Implementation costs for the council core financial system can now be removed from the ongoing revenue budget. Inflation costs of the new system need to be reflected to ensure estimates are robust in respect of the whole life costs of the system.	-0.453	0.006	0.006	0.006
Workforce	12) Staff Travel and related savings [Change to item 14 in the 2021/22 Budget] Staff travel savings will be derived from changes to working practices since COVID-19, some of which will continue in the future. A review of other terms and conditions will be undertaken to ensure that the council is aligned with other Local Authorities in its application of terms and conditions.	-0.525	-	-	-
	Open – Total savings	-0.978	0.006	0.006	0.006
	Open – Net budget change	6.653	3.893	4.118	4.068

5 | Open Investment and Savings Proposals cont'd



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised savings under **Open?**

Savings are areas where the council is proposing to decrease spending. Please tick one box only in each row

11 | Removal of temporary implementation budget and investment to run the new Financial System

Support

☐

Oppose

☐

No opinion / Don't know

☐

12 | Staff Travel and related savings

☐
☐
☐

If you wish to comment on any of the new or revised savings under **Open** please do so below – Please clearly state which savings you are commenting on. Please write in below:

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Previously agreed proposals

The following table presents the '**Open**' investment and savings proposals agreed during last years' budget setting process that have not changed since then. Detail on these can be found in the [MTFS 2021-25](#).

	Open – Previously approved MTFS proposals – February 2021	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
	See Appendix A (for further details see MTFS 2021-25)	-4.394	-1.656	0.076	-

6 | Fair Investment and Savings Proposals

New or revised investment proposals

The following table presents the 'Fair' investment proposals that are new or revised within this year's budget setting process – you can comment on any of these proposals in the following survey. Investments are areas where the council is proposing to increase spending.

Please note that within the following tables positive numbers represent a budget growth, whilst negative numbers represent a budget saving.

	Fair – Investment	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Reduce Reliance	13) Investment in Adult Social Care [Change to item 57 in the 2021/22 Budget] The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of social care in Cheshire East is driven by two main factors: increasing demand for services and the increasing costs of providing them. Unit costs are driven mainly by workforce costs and reflect current difficulties with the recruitment of staff. Demand for social care is related directly to the number of people who need personal care or support to help them live their lives.	4.000	3.500	4.000	4.000
	14) Care fee uplifts [New for 2022/23 Budget] Cheshire East Council has a duty under the Care Act 2014 to “promote the efficient and effective operation of a market in services for meeting care and support needs.” In delivering this obligation, councils must ensure the sustainability of the market and that there are sufficient high-quality services available to meet the care and support needs of adults in the area. This business case proposes a fee uplift for delivering care at home.	-	2.000	-	-
Safeguard Children	15) Investment in Cared for Children and Care Leavers and other pressures [Change to items 75, 77 in the 2021/22 Budget] Cheshire East Council has corporate parenting responsibility for over 500 cared for children and young people. The COVID-19 pandemic has increased demand and complexity across the spectrum of need. The pandemic has also impacted upon our ability to recruit new foster carers at the pace that we require and fully mobilise our block residential contract, resulting in a financial pressure. The impact of the pandemic remains visible nationally in relation to demand for statutory services and sufficiency challenges. Figures are under review and may be revised following further analysis of demand and pressures.	4.000	0.400	0.400	0.400

6 | Fair Investment and Savings Proposals cont'd

	Fair – Investment	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Safeguard Children	16) Increase capacity to support Statutory SEND service [New for 2022/23 Budget] Additional SEND service capacity required due to the growth in the number of children with Education Health and Care Plans (EHCP) and the need to comply with statutory timescales for annual reviews, ensure co-production and improve communications with families. Figures are under review and may be revised following further analysis of demand and pressures.	0.400	0.200	0.120	-
	17) Revenue costs for Crewe Youth Zone [New for 2022/23 Budget] Growth for running costs of Crewe Youth Zone for three years (to be funded through restructure of Early Help Budget).	-	-	-	0.400
	18) Safeguarding Children – legacy staffing pressure [New for 2022/23 Budget] In previous years children's social care has increased its frontline capacity due to increased demand and particularly in relation to the need for agency placement. The service continues to experience high demand and is not in a position to offset legacy savings. This has been exacerbated by the impact of the pandemic where complexity across the spectrum of need has increased and frontline capacity is essential.	0.390	-	-	-
	19) Growth in Children & Families Commissioning Contracts [New for 2022/23 Budget] Growth to correct a legacy pressure in the Children and Families commissioning budget.	0.180	-	-	-
	20) Increase capacity to support Statutory Education Psychology Service [New for 2022/23 Budget] Growth in the number of children with Education Health and Care Plans requires additional Educational Psychology capacity to carry out statutory work. Figures are under review and may be revised following further analysis of demand and pressures.	0.125	0.063	-	-
	Fair – Total investment	9.095	6.163	4.520	4.800

6 | Fair Investment and Savings Proposals cont'd



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised investments under Fair?

Investments are areas where the council is proposing to increase spending. Please tick one box only in each row.

	Support	Oppose	No opinion / Don't know
13 Investment in Adult Social Care	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14 Care fee uplifts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15 Investment in Cared for Children and Care Leavers and other pressures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16 Increase capacity to support Statutory SEND service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17 Revenue costs for Crewe Youth Zone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18 Safeguarding Children – legacy staffing pressure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19 Growth in Children & Families Commissioning Contracts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20 Increase capacity to support Statutory Education Psychology Service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you wish to comment on any of the new or revised investments under **Fair** please do so below – Please clearly state which investment you are commenting on: Please write in below:

6 | Fair Investment and Savings Proposals cont'd

New or revised savings proposals

The following table presents the 'Fair' savings proposals that are new or revised within this year's budget setting process – you can comment on any of these proposals in the following survey. Savings are areas where the council is proposing to decrease spending.

	Fair – Savings	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Safeguard Children	21) A redesign of Early Help Services into a Locality model [Change to items 10, 11, 50, 72 in 2021/22 Budget] We will redesign Early Help Services to a Locality Model. This will support us to achieve better outcomes for children as it will enable services to be strongly connected to communities which will support strong joint partnership working and information sharing. The redesign will result in a reduction in the budget for Early Help Services, but this will be offset by funding from external grants, including the Supporting Families Grant.	-0.424	-	-	-
	22) Restructure Early Help Budget to fund Crewe Youth Zone [New for 2022/23 Budget] Restructure of Early Help Budget to fund Crewe Youth Zone for three years.	-	-	-	-0.400
	Fair – Total savings	-0.424	-	-	-0.400
	Fair – Net budget change	8.671	6.163	4.520	4.400

6 | Fair Investment and Savings Proposals cont'd



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised savings under Fair?

Savings are areas where the council is proposing to decrease spending. Please tick one box only in each row.

	Support	Oppose	No opinion / Don't know
21 A redesign of Early Help Services into a Locality model	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22 Restructure Early Help Budget to fund Crewe Youth Zone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you wish to comment on any of the new or revised savings under Fair please do so below – Please clearly state which savings you are commenting on: Please write in below:

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Previously agreed proposals

The following table presents the 'Fair' investment and savings proposals agreed during last years' budget setting process that have not changed since then. Details on these can be found in the [MTFS 2021-25](#).

	Fair – Previously approved MTFS proposals	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
	See Appendix A (for further details see MTFS 2021-25)	-2.100	-2.450	-	-

7 | Green Investment and Savings Proposals

New or revised investment proposals

The following table presents the 'Green' investment proposals that are new or revised within this year's budget setting process – you can comment on any of these proposals in the following survey. Investments are areas where the council is proposing to increase spending.

Please note that within the following tables positive numbers represent a budget growth, whilst negative numbers represent a budget saving.

	Green – Investment	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Transport	23) Parking service – postponement of review of charges [Change to item 88 in 2021/22 Budget] This business case updates a prior year's proposal to align parking operational arrangements with corporate priority outcomes through changes to the borough's car parking provision. Following a decision at the Highways Committee in September 2021, these proposals will not be taken forward at this time.	0.504	-	-	-
	24) Local Supported Buses [Change to item 89 in 2021/22 Budget] The planned efficiency savings are no longer considered to be achievable at this time following market testing of options and taking into account the bus sectors prolonged recovery from the pandemic.	0.008	-0.012	-	-
	25) School Transport [Change to item NEW in 2021/22 Budget] Review of current school transport budget requirements as a result of an increase in eligible children, in particular those with SEND, and rising costs of school transport provision. Figures are under review and may be revised following further analysis of demand and pressures.	0.150	-0.050	-0.150	-
	Green – Total investment	0.662	-0.062	-0.150	-

7 | Green Investment and Savings Proposals cont'd



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised investments under **Green?**

Investments are areas where the council is proposing to increase spending. Please tick one box only in each row.

23 | Parking service – postponement of review of charges

Support

Oppose

No opinion / Don't know

☐
☐
☐

24 | Local Supported Buses

☐
☐
☐

25 | School Transport

☐
☐
☐

If you wish to comment on any of the new or revised investments under **Green** please do so below – Please clearly state which investment you are commenting on: Please write in below:

7 | Green Investment and Savings Proposals cont'd

New or revised savings proposals

There are no new or revised Green savings proposals being put forward this year.

Previously agreed proposals

The following table presents the 'Green' investment and savings proposals agreed during last years' budget setting process that have not changed since then. Detail on these can be found in the [MTFS 2021-25](#).

	Green – Previously approved MTFS proposals	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
	See Appendix A (for further details see MTFS 2021-25)	1.158	0.524	0.536	-

7 | Green Investment and Savings Proposals cont'd

As part of our Environment Strategy, the council has committed to its operations becoming carbon neutral by 2025 and to influencing carbon reduction across the borough.



We are also proposing that as part of our Medium-Term Financial Strategy (MTFS), we assess the estimated 'net carbon impact' of all new saving and investment proposals that are put forward, to understand how they will contribute to carbon reduction, or the extent of any work we will need to do to compensate for any additional carbon.



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Generally speaking, do you support or oppose the introduction of “net carbon impact” assessments for all new saving and investment proposals that are put forward?

Please tick one box only

Support

Oppose

No opinion / Don't know



If you wish to you can comment on the introduction of “net carbon neutral” assessments for proposals below – this could include comments on anything you would like to see the council do to help combat climate change and reduce emissions. Please write in below:

8 | Central budgets and funding activity

To ensure openness and transparency the council identifies the use of reserves and other impacts of the council's balance sheet. It considers how these affect the overall requirement to raise council tax to fund local services in a sustainable way.

General reserves were increased by £1.2million at the end of 2020/21 which was achieved ahead of planned targeted increases as a result of a more favourable outturn in April 2021. This takes the level of general reserves to £11.5million to reflect the increasing size of the budget and the associated risks from managing demand led services. However, at the same time, built up reserves from COVID-19 Grants, capital spending and the collection fund will be used to manage the impact of COVID-19 and ongoing costs of borrowing to fund infrastructure costs.

Costs of capital financing will still increase significantly over the medium term though (costing £21million over four years).

The previous strategy for year-on-year increases to contributions to the pensions fund has created a more sustainable position and contributions do not need to continue increasing which will continue to save money over the MTFS (saving £4million over four years).

Council tax provides the most significant funding source for local services and cumulative increase over the MTFS as a result of increased homes and proposed 2.99% annual increases, which will be significant (providing £110million over four years).

Overall, unringfenced grant funding continues to reduce over the medium term despite Spending Review announcements that local government is due to receive an extra £4.8billion over the next three years. There is widespread uncertainty around the allocation methods and the future of the New Homes Bonus Grant and business rates, so at this stage the council is not factoring-in these additional grants.

If the government settlement provides additional funding compared to the forecasts in this document it will help the council improve funding for local priorities and create additional flexibility to respond to the consultation responses.

Investment proposals

The following table presents the 'central budgets and funding activity' investment proposals that are within this year's budget setting process – you can comment on any of these proposals in the following survey. Investments are areas where the council is proposing to increase spending.

Please note within the following tables positive numbers represent a budget growth or reduction in funding, whilst negative numbers represent a budget saving or increased income.

8 | Central budgets and funding activity cont'd

Central budgets and funding activity – Investment / reduction in income		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Financial Sustainability	26) Minimum Revenue Provision (MRP) Councils are required to charge a minimum amount to their revenue account each year, to finance the cost of capital expenditure. This ensures that the revenue costs of repaying debt are spread over the life of the asset. The budget for MRP is included in the capital financing budget along with interest charges, offset by income received on investments. MRP will rise significantly over the period of the MTFS due to the number of major schemes in the capital programme that are to be funded by borrowing. These include: Highways Improvements; Crewe and Macclesfield Town Centre regeneration schemes; Congleton Leisure Centre; Poynton Relief Road and investment in the council's assets and ICT infrastructure.	4.000	1.000	1.000	-
	27) Changes to unringfenced specific grant estimates Unringfenced grant funding estimates continue to reduce over the medium term despite Spending Review announcements that local government is due to receive an extra £4.8billion over the next three years. Prudent estimates have been factored in at this stage due to uncertainties around allocation methods and the future of the New Homes Bonus Grant.	1.755	3.969	0.046	-
Central budgets and funding activity – Total investment / reduction in income		5.755	4.969	1.046	-



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised investments under 'central budgets and funding activity'?

Investments are areas where the council is proposing to increase spending. Please tick one box only in each row

Support

Oppose

No opinion / Don't know

26 | Minimum Revenue Provision



27 | Change to unringfenced specific grants estimates



If you wish to comment on any of the new or revised investments under 'central budgets and funding activity' please do so below – Please clearly state which investment you are commenting on: Please write in below

8 | Central budgets and funding activity cont'd

Savings proposals

The following table presents the central budgets and funding activity savings proposals that are within this year's budget setting process – you can comment on any of these proposals in the following survey. Savings are areas where the council is proposing to decrease spending.

Central budgets and funding activity – Investment / reduction in income		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Financial Sustainability	28) Council tax Each new home brings additional council tax revenue as well as a New Homes Bonus and Community Infrastructure Levy (if applicable). But homes also create additional costs, such as education, waste collection and highways. The council ensures that any subsidy from its general funding sources is carefully examined to achieve maximum value to ensure council tax increases for residents are kept to an overall minimum.	-4.527	-2.807	-2.728	-2.639
	Percentage increases in the base council tax charge brings in additional income to help fund demand growth in vital service areas but has to be considered against the impact on Cheshire East residents (1.99%). Extra adult social care precepts are ringfenced specifically to fund demand led growth in this area (1.00%).	-7.306	-7.622	-7.952	-8.293
	29) Business Rates Retention Scheme New commercial developments can result in additional income being retained to fund local services as well as benefiting local economic wellbeing. This supports the Council's approach to invest in economic growth through unlocking development land and supporting inward investment. Since the baseline funding level for business rates retention was set back in 2013/14, there have been many policy changes around reliefs for different business types. With each policy change, all local authorities are compensated for their share of business rates foregone. Up to and including 2018/19, these compensation grants have been set aside to help smooth changes in business rates that can arise when businesses are revalued or move out of the area. From 2019/20, some of the compensation grants being received are being used to fund the revenue budget. There are no changes forecast to the budget over the medium term due to uncertainties around the future of the Business Rates Retention Scheme.	-	-	-	-

8 | Central budgets and funding activity cont'd

Savings proposals

The following table presents the central budgets and funding activity savings proposals that are within this year's budget setting process – you can comment on any of these proposals in the following survey. Savings are areas where the council is proposing to decrease spending.

Central budgets and funding activity – Investment / reduction in income		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Financial Sustainability	30) Central Pension adjustment For 2020/21 and 2021/22, the past service deficit element of the draw from service budgets is clawing back more than is required to be paid over to the Pensions Service. This is due to the fact the service pension oncost rate was calculated then the rate required by Pensions was reduced. This will result in three years' worth of over recoupment from service budgets from 2020/21 to 2022/23 (if budgets remain at current levels). This is creating a surplus in the central pension budget which is available to support the wider revenue budget.	-2.500	2.100	-	-
	31) Bad Debt Provision – change in provision Outstanding debt is reviewed on a quarterly basis and the bad debt provision is adjusted to reflect the current position. The provision generally increases during the year and this proposal provides an annual budget for a low level of increase to the provision during the year. There is also a plan to reduce adult social care debt by £800,000 by 2023/24.	0.200	-0.800	0.600	-
	32) Use of Earmarked Reserves Some of the proposals within this budget will be funded from specific earmarked reserves set aside to cover planned expenditure, or conversely, money is being put aside to cover future planned projects. Over the medium term, money that has been set aside to cover COVID-19 related shortfalls is being released to help smooth the transition back to normal activity levels. The council continues to have relatively low levels of reserves therefore they cannot be used to regularly manage the risk of potential reductions in income or unachievable savings proposals. Reliance on reserves is kept to a minimum.	-2.270	-2.252	-0.066	2.465
Central budgets and funding activity – Total savings / increases income		-16.403	-11.381	-10.146	-8.467

8 | Central budgets and funding activity cont'd



Your views matter

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

Do you support or oppose each of the new or revised savings under 'central budgets and funding activity'?

Savings are areas where the council is proposing to decrease spending. Please tick one box only in each row.

	Support	Oppose	No opinion / Don't know
28 Council tax	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29 Business rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30 Central Pension adjustment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31 Bad Debt Provision – change in provision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32 Use of Earmarked Reserves	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

If you wish to comment on any of the new or revised savings under 'central budgets and funding activity' please do so below – Please clearly state which saving you are commenting on: Please write in below

9 | Final budget engagement comments

For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

If you would like to comment on any other aspect of this budget engagement, please write in below:



Your views matter

On a scale of 0 to 10 how do you rate this budget engagement overall, where 0 is "not good at all", and 10 is "very good"? Please tick one box only:

- ☐ 1 Not good at all
 - ☐ 2
 - ☐ 3
 - ☐ 4
 - ☐ 5 Average
 - ☐ 6
 - ☐ 7
 - ☐ 8
 - ☐ 9
 - ☐ 10 Very Good

How could we improve the way we conduct budget engagements? Please write in below

[illegible]

10 | About you



For options on how to complete this survey, including digitally or in paper format, please see 'Giving your feedback' on page 2.

It would help us to check that we are providing services fairly if you would answer the questions below.

Information you give will be used to see if there are any differences in views for different groups of people, and to check if services are being delivered in a fair and accessible way. You do not need to answer any of the following questions if you do not wish to.

Which of the following best describes how you are you responding to this consultation.

(Please write in the space below):

- ☐ On behalf of a group, organisation or club
- ☐ On behalf of a local business
- ☐ As an individual (e.g. local resident)
- ☐ As a Cheshire East Council employee
- ☐ As an elected Cheshire East Ward Councillor, or Town/Parish Councillor
- ☐ Other (Please write in the space below):

If you are responding on behalf of a group, organisation, club, business, Town / Parish Council, or a Ward please state the name and postcode below if you wish to (you do not need to complete the rest of the 'About you' section).

(Please write in the space below):

What is your home postcode?

We ask this so we can be sure we have obtained a range of views from across the borough.

(Please write in the space below):

What is your gender identity? Please tick one box only:

- ☐ Male
- ☐ Female
- ☐ Prefer not to say
- ☐ Prefer to self-describe (Please write in the space below):

What age group do you belong to?

Please tick one box only:

- ☐ 16-24
- ☐ 25-34
- ☐ 35-44
- ☐ 45-54
- ☐ 55-64
- ☐ 65-74
- ☐ 75-84
- ☐ 85 and over
- ☐ Prefer not to say

10 | About you cont'd



Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

This includes problems related to old age.

Please tick one box only:

- ☐ Yes
- ☐ No
- ☐ Prefer not to say

What is your ethnic origin?

Please tick one box only

- ☐ White British / English / Welsh / Scottish / Northern Irish / Irish
- ☐ Any other White background
- ☐ Mixed: White and Black Caribbean / African / Asian
- ☐ Asian / Asian British
- ☐ Black African / Caribbean / Black British
- ☐ Prefer not to say
- ☐ Prefer to self-describe (Please write in the space below):

Which of the following best describes your religious belief / faith?

Please tick one box only:

- ☐ Buddhist
- ☐ Christian
- ☐ Hindu
- ☐ Jewish
- ☐ Muslim
- ☐ Sikh
- ☐ None
- ☐ Prefer not to say
- ☐ Prefer to self-describe (Please write in the space below):

.....

.....

.....

Do you look after, or give any help or support to, anyone because they have long-term physical or mental health conditions or illnesses, or problems related to old age?

Please tick one box only:

- ☐ No
- ☐ Yes, 9 hours a week or less
- ☐ Yes, 10 to 19 hours a week
- ☐ Yes, 20 to 34 hours a week
- ☐ Yes, 35 to 49 hours a week
- ☐ Yes, 50 or more hours a week

Appendix A - MTFS approved February 2021

Open

Fair

Green

The following proposals were consulted on in developing the 2021/22 budget. Most are not proposed for amendment in 2022/23, but where changes are being proposed they are marked as 'Revised' and are included in the tables in the main part of this document. Please note the reference number in the tables below refers to last year's budget reference numbers.

Ref No	Detailed list of proposed budget changes – service budgets - Open	2022/23 £m	2023/24 £m	2024/25 £m
[NEW]	CSC Transformation and OFSTED Response	-1.500	-	-
3	Pay inflationary increase	Revised [see proposal number 2]		
5	Core Financial System	Revised [see proposal number 11]		
6	Mitigation of reduction in the Dedicated Schools Grant (Corporate Services)	0.042	0.033	0.027
7	Mitigation of the year-on-year reduction in the Dedicated Schools Grant (ICT)	0.065	0.089	0.109
9	Continuing Healthcare Reviews	-1.000	-0.500	-
10	Prevention and Early Help Service – Reduction in the cost of Prevention Services	Revised [see proposal number 21]		
11	Reduce the numbers of Business Support Staff in line with the repurposing of Children and Family Centres	Revised [see proposal number 21]		
12	Reduce Base budget assigned to Community Grants	-0.100	-	-
13	Efficiency savings and Restructures within Corporate Services	-0.350	-	-
14	Review Staff Terms and Conditions	Revised [see proposal number 12]		
15	Shared services review	-	-0.200	-
16	Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	Revised [see proposal number 4]		
21	Review of corporate subscriptions	-0.015	-	-
24	Improving customer experience – Highways correspondence	Removed		
25	Transfer of Congleton Visitor Information Centre	-0.020	-0.010	-0.020
26	Regulatory Services and Environmental Health ICT procurement	-0.009	-	-
27	CCTV migration to wireless networks	-0.085	-	-

Appendix A - MTFS approved February 2021

Open

Fair

Green

Ref No	Detailed list of proposed budget changes – service budgets - Open	2022/23 £m	2023/24 £m	2024/25 £m
29	Orbitas income and management fee	0.021	-	-
31	Everybody Sport and Recreation Annual Management Fee	-0.042	-0.041	-0.040
34	Brighter Futures Together Programme Customer Experience	-0.133	-0.081	-
37	Establish an Education Psychologist traded service to enable a proactive early support and intervention offer	-0.025	-0.075	-
38	Establish a traded service for non-statutory elements of Attendance Service	-0.035	-0.035	-
39	Review of governance of ASDVs and seeking increased opportunities for savings/ commercial opportunities	-0.225	-0.100	-
42	Strategic Leisure Review	-0.250	-	-
43	Infrastructure Investment Programme	0.127	0.224	-
44	Unified Communications	Revised [see proposal number 7]		
45	People Directorate - ICT Procurements	Revised [see proposal number 9]		
46	Place Directorate - ICT Procurements	Revised [see proposal number 9]		
47	Corporate Directorate - ICT Procurements	Revised [see proposal number 9]		
48	Productivity and Efficiency in Adult Social Care	-0.500	-0.500	-
49	Estates Transformation - Office Accommodation	-0.100	-0.460	-
50	Prevention and Early Help Service – Locality working and changes to the management structure of the Family Service	Revised [see proposal number 21]		
51	Neighbourhood Estate Review	-0.260	-	-
Total service budget change (February 2021)		-4.394	-1.656	0.076

Appendix A - MTFS approved February 2021

Open

Fair

Green

Ref No	Detailed list of proposed budget changes – service budgets - Fair	2022/23 £m	2023/24 £m	2024/25 £m
57	Investment in Adult Social Care	Revised [see proposal number 13]		
61	Direction of travel for the Communities Team to focus more on the Intervention and Prevention Agenda to make cost savings, growth and future cost avoidance	-0.500	-0.750	-
63	Day Opportunities, Redesign, Strategy and Savings	-0.070	-0.150	-
64	Mental Health Services Review	-0.500	-	-
67	Electronic Call Monitoring Reclamation	-0.030	-	-
72	Move to Integrated Early Help Locality Service model	Revised [see proposal number 21]		
73	Learning Disabilities Future Service Development and Review	-1.000	-1.250	-
75	Reduction in cost of external placements for cared for children	Replaced [see proposal number 15]		
76	Development and Partnerships Service	-	-0.300	-
77	Investment in Cared for Children and Care Leavers	Revised [see proposal number 15]		
Total service budget change (February 2021)		-2.100	-2.450	0.000

Appendix A - MTFS approved February 2021

Open

Fair

Green

Ref No	Detailed list of proposed budget changes – service budgets - Green	2022/23 £m	2023/24 £m	2024/25 £m
80	Tatton Park	-0.006	-0.028	-0.046
81	Asset / Service Transfer	-0.030	-0.020	-
84	Waste Contract Inflation and Tonnage Growth	0.644	0.657	0.613
85	Environment Strategy and Carbon Neutrality	0.020	-0.081	-
86	Tree Risk Management	0.500	-	-
87	Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units	0.030	-0.004	-0.031
88	Parking Strategy	Replaced [see proposal number 23]		
89	Local Supported Buses	Replaced [see proposal number 24]		
[NEW]	Review of Children and Families Transport Policies and delivery arrangements	Replaced [see proposal number 25]		
Total service budget change (February 2021)		1.158	0.524	0.536



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5th January 2022
Report Title:	Re-procurement of a Construction Related Consultancy Services Framework 2022-2026
Report of:	Alex Thompson - Director of Finance & Customer Services
Report Reference No:	FSC/21/21-22
Ward(s) Affected:	All Wards

1. Executive Summary

- 1.1.** The Council undertakes a significant capital spend on construction works each year. To facilitate these works construction consultants (e.g. architects, engineers, surveyors, etc.) are required to undertake feasibility studies and design activities. These services are currently commissioned via the Construction Related Consultancy Services Framework which expires on 31st October 2022.
- 1.2.** This report reviews the available options for undertaking construction related consultancy services beyond this date with a recommendation to procure a replacement framework.
- 1.3.** This paper requests that the Council establishes a new framework and seeks delegated authority to award and enter into contracts to the Executive Director of Corporate Services in consultation with the Chair of the Finance Sub-Committee.
- 1.4.** The Council's Corporate Plan 2021-25 sets out our vision for a more open, fairer, greener Cheshire East. The plan sets out a number of priorities under the three broad aims. The replacement framework will contribute to a number of priorities under "a thriving and sustainable place".

2. Recommendations

2.1. Committee are recommended:

- 2.1.1.** To approve the procurement of a Framework Agreement for construction related consultancy services.
- 2.1.2.** To delegate authority to the Executive Director of Corporate Services in consultation with the Chair of the Finance Sub-Committee to award and enter into Framework Agreements with successful suppliers who meet the procurement criteria and the requirements of the Framework.

3. Reasons for Recommendations

- 3.1.** It is essential that a mechanism is in place so that the Council can continue to commission consultants to assist in effectively delivering its construction projects.
- 3.2.** To avoid the need for time consuming and costly individual procurements that would be required for each consultancy service on each construction project.
- 3.3.** To ensure, where possible, that design teams are repeatedly engaged engendering a collaborative environment where lessons learned are shared and taken forward through subsequent projects in line with construction industry best practice.
- 3.4.** The replacement framework will contribute to the Council's strategic aim of providing a thriving and sustainable place and in particular will contribute to:
 - 3.4.1.** creating a great place for people to live, work and visit
 - 3.4.2.** reducing impact on the environment
 - 3.4.3.** being a carbon neutral Council by 2025

4. Other Options Considered

- 4.1.** An analysis of options has been undertaken (Appendix 1) and the available options are listed below:
 - 4.1.1.** Option 1 – In-house provision, including substantial insourcing
 - 4.1.2.** Option 2 – Tender consultancy services for each project separately
 - 4.1.3.** Option 3 – Procurement of a Cheshire East Council framework
 - 4.1.4.** Option 4 – Cheshire East corporate consultant contract (Bloom)
 - 4.1.5.** Option 5 – External frameworks, e.g. CCS, SCAPE etc.
 - 4.1.6.** Option 6 – A single service provider
 - 4.1.7.** Option 7 – A joint venture for the full range of consultancy services

- 4.2.** The recommendation is to deliver option 3 i.e. a replacement framework. Of the other options available several were discounted due to the heavy reliance on significant resources being available to develop and progress. Options 1 and 7 would require significant investment to address staffing and recruitment and/or adversely, staffing consultations, and is currently at odds with the Council's Strategic Commissioning approach. Options 2, 4 and 5 are generally more expensive and provide limited opportunities to build on Continuous Improvement and option 6 limits the opportunities for SME's.
- 4.3.** The main benefits of Option 3, a replacement framework, are:
- 4.3.1.** Tailored to suit the Council's particular requirements, values, policies, climate neutral agenda and Government best practice etc.
 - 4.3.2.** Ability to benchmark performance, develop ongoing relationships, build specific loyalty to the Council within a clear mechanism for continuous improvement.
 - 4.3.3.** Prompt methodology for appointment of consultants through the direct award mechanism.
 - 4.3.4.** Ability to reopen competition to maintain competitive tension.
 - 4.3.5.** Obligation on Framework Management Group to meet the framework strategic aims.
 - 4.3.6.** Of interest to regional companies as well as SME's
- 4.4.** The establishment of a replacement framework is considered to be the most cost-effective solution in comparison to the more likely alternatives of the Cheshire East corporate consultant contract or the use of external frameworks.

5. Background

- 5.1.** The current arrangements for the commissioning of construction related consultancy services are generally undertaken via the Council's own Framework Agreement. This Agreement expires on 31st October 2022 and cannot be extended within Public Contract Regulations 2015.
- 5.2.** The current framework consultants have been commissioned on construction projects related to schools, leisure centres, town centre regeneration projects, Tatton Park, ground remediation, heritage projects, demolition schemes, farms, carbon reduction schemes and environmental and ecological surveys. The framework end date was recently extended to the maximum four years allowable based, in part, on the KPI scores attained at that date. The scores for eight client satisfaction KPIs demonstrated good performance and averaged between 8.79 and 9.31, with a score of 9.00 equating to totally satisfied.
- 5.3.** Taking into account changes to the framework operation to incorporate lessons learned and innovation, and an allowance for inflation, the new

framework will be for a maximum value of between £3.00million and £4.00million over the four year life of the framework (including an extension option).

- 5.4.** The aggregated financial value of the services to be procured through the proposed framework means that it will be subject to UK Public Contract Regulations 2015 rules and will require a contract notice to be published on the Find a Tender website. The procurement timetable (Appendix 2) requires a Find a Tender Notice to be published by 10th January 2022 to ensure that the new arrangements are in place when the existing framework expires.

6. Implications

6.1. Legal

- 6.1.1.** The Regulations allow local authorities to enter into Framework Agreements with a number of service providers, following a competitive tendering process, and thereafter select from those service providers, as and when required, for a maximum period of four years. The Council can call off contracts under the Framework Agreement primarily by direct award, via a ranking system, based on the award mechanism established in the framework tender process. Where a provider is appointed by direct award the commission will be based on the pricing and/or other information established in the original tender process. If the price cannot be directly determined, or in order to ensure best value, the Council can hold a mini competition between the providers appointed to the framework in order to award a call off contract.
- 6.1.2.** Officers will ensure that call-off contracts will contain provisions such that the contract can be terminated in the event that the service cannot be provided on terms which remain acceptable to the Council. The Framework Agreement will not contain a guarantee of a certain volume of required services to the appointed providers and can be utilised in conjunction with other options.
- 6.1.3.** Officers will ensure that the Council's duties, under the Public Services Social Value Act, Modern Slavery Act and Bribery Act (2010) as they apply to framework agreements, are fulfilled.

6.2. Finance

- 6.2.1.** The recommendations within this report support the delivery of construction projects and ensure that the providers selected for the Framework Agreement satisfy the requirements of the Council's Financial Rules and comply with Public Procurement Regulations.
- 6.2.2.** The proposed procurement process will be undertaken by Officers and will incur no external costs. The "opportunity cost" of undertaking this work in officer time has been estimated at £80,000 - £90,000 and will be met from existing Estates revenue budgets.

- 6.2.3.** Value for money will be assured by using framework tendered percentages and rates. Where the price cannot be directly determined, or in order to ensure best value, the Council will also undertake further mini competitions between the providers appointed to the framework.
- 6.2.4.** Although the framework value of between £3.00million and £4.00million will need to be stated on the Find a Tender notice the framework itself does not have a contractual cost attached to it. The framework does not guarantee any work and any commissions that do call off from the framework will require individual business cases and their own approved budgets.
- 6.2.5.** The recommendations to the Committee do not require amendments to the Medium-Term Financial Strategy. The recommendations focus on a cost-effective way to manage future contracts. The values are indicative based on forecast demand for this type of work. Spending within the framework is either within existing budgets approved by Council and aligned to Committees, or will support additional spending that will have to be authorised via decisions made in advance of spend and in line with the constitution

6.3. Policy

- 6.3.1.** The recommendations in this report support the delivery of the council's priorities by ensuring that key compliant mechanisms are in place to enable the controlled delivery of construction related consultancy services.
- 6.3.2.** The replacement framework will contribute to the Council's strategic aim of providing a thriving and sustainable place and in particular will contribute to:
- 7.3.2.1** creating a great place for people to live, work and visit
 - 7.3.2.2** reducing impact on the environment
 - 7.3.2.3** being a carbon neutral Council by 2025

6.4. Equality

- 6.4.1.** There are no equality implications.

6.5. Human Resources

- 6.5.1.** There are no Human Resources implications.

6.6. Risk Management

- 6.6.1.** A failure to establish a Framework Agreement for construction related consultancy services through which these services can be purchased will mean that alternative external frameworks will have to be used or each commission will need to be tendered individually.

6.6.2. As with any public procurement there is the risk that an award may be challenged which could halt the process or have the award set aside. To mitigate this risk the Estates team will work closely with Procurement and Legal Services to ensure the documentation is robust and procurement processes are followed.

6.7. Rural Communities

6.7.1. There are no direct implications for rural communities.

6.8. Children and Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health

6.9.1. There are no direct implications for public health.

6.10. Climate Change

6.10.1. In line with the Council's policies Officers will ensure that the Council's Environmental Strategy and Carbon Neutrality Action Plan form part of framework procurement process. The Framework Agreement will contain strategic aims specifically capturing these policies and the scope of services for call off contracts will be drafted to ensure these policies are considered for each individual commission.

Access to Information	
Contact Officer:	Alex Thompson - Director of Finance & Customer Services,
Appendices:	Appendix 1 – Options Analysis Appendix 2 – Procurement timetable
Background Papers:	None

Construction Related Consultancy Services Framework 2022-2026

APPENDIX 1 – Option Analysis

Option	Advantages	Disadvantages
1 – In-house provision, including substantial staff recruitment	<ul style="list-style-type: none"> • Direct control over resources and priorities. • Familiarity and greater understanding of CEC processes, values and ways of working. • Same teams working together, sharing lessons learned into future projects. 	<ul style="list-style-type: none"> • Inflexible resource levels with costs incurred even when workload reduces. • Recruitment difficulties with specialist staff. • Doesn't fit with Strategic Commissioning Council model.
2 – Tender each commission (do nothing option)	<ul style="list-style-type: none"> • Greater market choice. • Ultimate competition achieved with every project open to the entire market. 	<ul style="list-style-type: none"> • Time and resources required to procure each consultant on a project would be cost and programme prohibitive. • Potential non-compliance with CEC Contract rules and UK procurement regulations regarding sub-division of similar work and aggregated spend. • Provides no ongoing relationship, so cannot develop a partnership approach with continuous improvement in line with Government Best Practice. • Limited transparency where consultants are repeatedly used.
3 – CEC Framework (Business as Usual)	<ul style="list-style-type: none"> • Tailored to suit CEC's particular requirements, values, policies, climate neutral agenda and Government best practice etc. • Ability to benchmark performance, develop ongoing relationships, build specific loyalty to CEC within a clear mechanism for continuous improvement. • Prompt methodology for appointment of consultants through the direct award mechanism. • Ability to reopen competition to maintain competitive tension. • Obligation on Framework Management Group to meet the framework strategic aims. • Of interest to regional companies as well as SME's. 	<ul style="list-style-type: none"> • Costs and resources associated with bespoke procurement of CEC framework (estimated £85k or 2.5% of Framework fee value). • Need to have sufficient throughput to maintain the interests of consultants.

Option	Advantages	Disadvantages
4 – CEC corporate consultant contract (Bloom)	<ul style="list-style-type: none"> • Greater market choice. • Competition achieved with every project. • Allows the ability to directly appoint consultants, reducing the commissioning period. • Managed procurement process. • “Approved list” can be established within the contract. • Of interest to regional companies as well as SME’s. 	<ul style="list-style-type: none"> • Less opportunity than option 3 to build continuous improvement. • Limited pre-qualification. • Charge to use Contract included within Consultants overhead charge (Bloom charge 5% of fee value). • Collateral Warranties to be executed for each consultant commission.
5 – access other frameworks/ contracts e.g. CCS / SCAPE	<ul style="list-style-type: none"> • Maintains competitive tension amongst framework consultants. • Allows ability to directly appoint in certain circumstances. • Potential for reduced costs by avoiding costly procurement. 	<ul style="list-style-type: none"> • Less chance than option 3 to build continuous improvement. • Consultants more likely to be large national companies. • Charge to use Frameworks either direct or indirect (e.g. SCAPE charge 3% of fee value).
6 – single service provider	<ul style="list-style-type: none"> • A single point of contact • No delays in appointing at the earliest opportunity for each project • Ultimate opportunity to build partnership working with ongoing relationships and shared objectives 	<ul style="list-style-type: none"> • Would need to attract the interest of large multi-disciplinary consultants/consortia able to provide the full range of services. • Limits opportunities for SME’s. • Need to have sufficient throughput to maintain the interest of consultants, particularly if they are a national concern without a local client base. • Difficult to address complacency by the single provider when competitive tension is not present during the life of the contract.
7 – strategic partner JV for the full range of asset management services	<ul style="list-style-type: none"> • Could provide a catalyst for wider outsourcing of Council asset management functions. 	<ul style="list-style-type: none"> • Long lead-in time including the requirement for a fundamental Service Review, staff consultation and subsequent UK Procurement process. • Similar transformational projects have required significant consultant support incurring substantial costs. • Usually undertaken as part of a large outsourcing initiative. CEC capital delivery capability is largely already outsourced – hence the requirement for this procurement.

APPENDIX 2 – Procurement timetable

Activity	Date
To Democratic Services	Tuesday 14 th December 2021
Finance Sub-Committee	Wednesday 5 th January 2022
Publish Notice	Monday 10 th January 2022
Evaluation and SQ feedback completed by	Wednesday 1 st June 2022
Request ITT submissions	Thursday 16 th June 2022
ITT evaluation and feedback completed by	Monday 10 th October 2022
Issue final award letters	Tuesday 25 th October 2022

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Work Programme – Finance Sub Committee – 2021/22

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
FSC/15/21-22	2 Mar 2022	Business Rates	<p>To review the approach and impact of Business Rates Forecasts on the MTFS.</p> <p>To review recent consultations and the latest Government guidance on business rate reform.</p> <p>To consider the areas of local discretion within the calculation of local business rates liabilities.</p> <p>To approve any proposed amendment of policies linked to the areas of local discretion.</p>	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/24/21-22	2 Mar 2022	Procurement Pipeline	To receive an update on the procurement pipeline of the Council, procurement activity to date and progress with the Council's procurement system implementation.	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/25/21-22	2 Mar 2022	Aligning the MTFS to the Committee Structure	To allocate revenue and capital budgets to committees.	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/26/21-22	2 Mar 2022	Asset Management	<p>To receive a report on the Council's acquisitions and disposals of property.</p> <p>To note or approve activity as required by the Constitution.</p> <p>To note the impact of this activity on the MTFS.</p>	Director of Growth and Enterprise		No	Yes	An open and enabling organisation	Yes, part exempt, para 3

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
FSC/27/21-22	2 Mar 2022	Extra Care Housing PFI Schemes	To receive an oral update on the Extra Care Housing PFI schemes.	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	Yes, paras 3 and 5
FSC/28/21-22	2 Mar 2022	Proposed Shareholder Resolution	To receive an oral update.	Director of Governance and Compliance (Monitoring Officer)		No	Yes	An open and enabling organisation	Yes, paras 3 and 5
FSC/29/21-22	2 Mar 2022	Aligning the Financial Cycle to the Finance Sub-Committee's Scheduled Meetings	To approve the sequence of financial reports for the financial year 2022/23.	Director of Finance and Customer Services (s151 Officer)		No	No	An open and enabling organisation	No



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	5 January 2022
Report Title:	Procurement Pipeline
Report of:	Alex Thompson: Director of Finance and Customer Service
Report Reference No:	FSC/22/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1.** The purpose of this report is to enable the Sub-Committee to fulfil its responsibilities in relation to oversight of the procurement pipeline of the Council. The report provides an update of the pipeline of procurement activity up to April 2024 (for all known re-procurements). Recommendations also require approval of, and classification of, certain procurements that are significant decisions. To enhance the oversight of procurement the report also contains information on contracts awarded by the Council since April 2021 and provides an update on the number of cases where and reasons why procurement activity has required the use of waivers.
- 1.2.** All waivers will be presented without any information redacted. However, they will be presented in Part 2 of the Committee as they may contain commercially sensitive information and/or Officer Details.
- 1.3.** Council approved on the 15th December 2021 to expand the definition of Significant Decision to provide greater clarity.

“A decision which is likely to result in the local authority incurring non-routine expenditure which is, or the making of non-routine savings which are, significant having regard to the Council’s budget for the service or function to which the decision relates; and / or is likely to be significant in terms of its effects on communities living or working in an area comprising one or more wards or electoral divisions in the area of the Council. For these purposes, savings and expenditure are ‘significant’ if they are equal

to or greater than £1,000,000, unless the context requires otherwise. For clarification, no decision previously approved by the Finance Sub-Committee, and no treasury management decision, shall constitute a Significant Decision”.

- 1.4. Significant Decisions are decisions that need to go to committee. There are no ‘Key Decisions’ in a committee system but clarity on where a decision should be made was requested. The previous definition was simplified to a decision over £1m unless the context required otherwise. This was causing unnecessary activity as the Council has regular ‘business as usual’ decisions over £1m which would still have required routine reports to committee. To ensure alignment with the Council’s vision to be Open the Sub-Committee has responsibility to oversee the procurement pipeline, This means members are sighted on all procurement activity, but the overall process remains proportionate.
- 1.5. This report supports the Council being open and working transparently with its residents, businesses and partners
 - 1.5.1. **Ensuring that there is transparency in all aspects of Council decision making** (page 3 and 13 Corporate Plan 2021 to 2025) by publishing a pipeline of procurement activity and contracts awarded on the Council’s Open Data.

2. Recommendations

- 2.1. That the Finance Sub Committee
 - 2.1.1. Note the procurement pipeline of activity in Appendix 1.
 - 2.1.2. Approve the business-as-usual procurements and the Significant Decisions which require service Committee approval, Appendix 1, column G.
 - 2.1.3. Note the contracts awarded by the Council since April 2021, Appendix 2.
 - 2.1.4. Note that purchase card expenditure above £500 is now published on the Council’s transparency pages.
 - 2.1.5. Note the reason for 17 waivers approved between 1st September 2021 and 30th November 2021 (27 in total in 2021/22)

3. Reasons for Recommendations

- 3.1. The sub-committee has responsibility for oversight of procurement. Procurement is the process of acquiring goods, works or services from third parties including wholly owned subsidiary bodies of the Council. The process spans the whole commissioning cycle and is generally covered by the Public Contract Regulations 2015 (PCR) 2015.

- 3.2.** To ensure compliance with the PCR, the Constitution and the Commissioning Framework a procurement pipeline of work is maintained which the Committee should review as part of their responsibilities. This is attached at Appendix 1.
- 3.3.** Column G of the pipeline identifies which procurements are categorised as business as usual and which are categorised as Significant Decisions and require service Committee approval. This is due to them incurring non-routine expenditure or having a significant effect on communities.
- 3.4.** To ensure the Council complies with the Local Government Transparency Agenda all contracts awarded are published on the Council's transparency pages on the website. Appendix 2 provides a list of all contracts awarded over £5000.
- 3.5.** The Local Government Transparency Agenda also requires publications of expenditure exceeding £500, this along with other procurement information is available on OpenData.
- 3.6.** The Council has recently enhanced its spending transparency by publishing all purchase card expenditure above £500. This is available of the Councils transparency pages, OpenData and responds to a question raised at the Council's Audit and Governance Committee.
- 3.7.** The contract procedure rules set out the necessary controls that are used to manage related spending. There are occasions where it is appropriate to waive these rules with the proper authority.
- 3.8.** Waivers are pre-approved variations from the Contract Procedure Rules, and these form part of the procurement process.

4. Other Options Considered

- 4.1.** There is an option not to publish a pipeline of procurement activity that classifies business as usual activity and significant decisions. This option would lead to all procurement activity requiring detailed reports to Committees in addition to the existing oversight from the Finance Sub-Committee and exception reporting to the Audit and Governance Committee. This would cause additional work for officers having to draft routine reports for committee for business-as-usual expenditure. This option is not recommended as the Finance Sub-Committee can provide suitable assurance that spending is, or is not, routine and within the Budget and Policy Framework. Audit and Governance Committee also provide assurance in their role of reviewing procurement activity where procedure rules are waived or not adhered to.
- 4.2.** The responsibility of the Sub-Committee is to establish a procurement forward plan, which is provided at Appendix 1. Other information such as the past spend, review of waivers and approval of significant decisions could therefore be removed from this report as an alternative option. This option is not recommended as the Corporate Plan supports transparency

which is enhanced by providing additional context around procurement activity.

5. Background

- 5.1. It is important for the Council to ensure proper oversight of procurement activity. Following the implementation of the Committee system, Key Decisions have been replaced within the Constitution by “Significant Decisions”.
- 5.2. Oversight is important as in a normal operating year the Council spends more than £350m with external parties which need to be procured in accordance with the PCR’s 2015 ensuring value for money and that the Council’s Social Value principles and objectives are achieved.
- 5.3. The procurement pipeline provides a list of all the Council’s scheduled procurement activity up to April 2024. The Committee should be reassured that significant decisions are well managed and therefore consider reviewing important or valuable contracts.
- 5.4. The Local Government Transparency Code was published in 2015 which details, amongst other things, the procurement information local authorities are required to publish. Cheshire East Council publishes a monthly spend report which details the previous months spend along with contracts awarded quarterly in arrears. The Council also complies with the PCR where all contracts above £25k are published and awarded on Contracts Finder and Find a Tender when above the PCR threshold.
- 5.5. At a recent Audit and Governance Committee it was requested that purchase card spending above £500 be published to enhance the spending transparency of the Council. This has now been implemented, but unfortunately, due to external supplier systems, the Council cannot provide the same level of detail for the purpose of the expenditure as seen in the standard £500 spend reports. This is due to the purchase card suppliers only having the software to enable level 1 card data reporting (total purchase amount, date, merchant category code and supplier/retailer name).
- 5.6. All waivers approved in the periods between Finance Sub-Committees will be presented to the next Committee meeting. The number of waivers to be reported to this committee is 17 (27 waivers in total to date).

5.6.1. Table 1: Waivers

Waivers	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	Apr-Oct 2021
	40	20	16	17	25	27

5.4.2 The number of waivers has increased in the past two years because of COVID and the impacts it has had. There have been 16 approved due to issues within the care market and the Council needing to secure beds at care homes, 3 for COVID testing and behavioural campaigns and 3 for support for the Government's Afghan citizens resettlement scheme.

6. Consultation and Engagement

6.1. Consultation and engagement have been undertaken with Cheshire East Council staff who have a role within Commission, Procuring and Contract Managing goods, services or works for the Council.

7. Implications

7.1. Legal

7.1.1. The Council's commercial legal team will work with procurement and seek to ensure that the Council's procurement activity complies with the PCRs and the Council's contract rules; and will look to advise on the appropriate form of contracts to be used.

7.2. Finance

7.2.1. The recommendations in this report do not impact on the Council's Medium Term Financial strategy (MTFS).

7.3. Policy

7.3.1. New policies regarding Contract Management and the roles and responsibilities.

7.4. Equality

7.4.1. All tenders issued by the Council include a Selection Questionnaire which asks bidders to confirm obligations in environmental, social and labour laws. This is a self-declaration which provides a formal statement that the organisation making the declaration has not breached any of the exclusion grounds, including Equality Legislation. If a serious misrepresentation is found in the Selection Questionnaire, bidder may be excluded from the procurement procedure, and from bidding for other contracts for three years.

7.4.2. All Cheshire East Council contracts have a clause stating "the supplier shall perform its obligations under the Contract in accordance with all applicable equality Law and the Council's equality and diversity policy as provided to the Supplier from time to time"

7.5. Human Resources

7.5.1. There are no direct implications for HR.

7.6. Risk Management

- 7.6.1.** Contract and supplier risks and issues will be managed through the new Contract Management System ensuring supply chain risks are monitored and managed appropriately with visibility across the Council.

7.7. Rural Communities

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

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

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

7.10. Climate Change

- 7.10.1.** Carbon and the environment form part of the Council's Social Value Policy and Framework. How the Council measures the outcomes and performance from the supply chain will be through the Contracts Management Framework.

Access to Information	
Contact Officer:	Lianne Halliday Lianne.halliday@cheshireeast.gov.uk
Appendices:	Appendix 1 Procurement Pipeline Appendix 2 Contracts awarded since April 2021
Background Papers:	None

Procurement pipeline of work

Directorate	Number of contracts to be procured	Total contract value (including the term)
Corporate	141	£140,282,576
Place	49	£53,038,000
Adults, PH, Communities	40	£680,944,800
Children's	18	£31,119,178
Total	248	£905,384,554

Contracts awarded since April 2021

Directorate	Number of contracts awarded	Total contract value
Total	287	£87,431,568

Data is available on the Cheshire East website, link below.

<https://opendata-cheshireeast.opendata.arcgis.com/search?sort=name&tags=contracts%20register>

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Title	TEAM PLAN NAME	Date tender to be advertised	Estimated Contract Value	Estimated Contract Start Date	Contract Term	Significant decision for Committee Review
THE PROVISION AND SERVICING OF LIBRARY BOOKS AND MU	Place - Neighbourhood Services	Jan-22	£ 1,200,000.00	01/04/22	36	No - Business as usual
NHS Health Checks	People - Public Health	Jan-22	£ 1,400,000.00	01/04/22	60	No - Business as usual
Construction related Consultancy Services	Place - Estates	Jan-22	£ 3,800,000.00	01/11/22	48	No - Business as usual
Domestic Energy Efficiency Retrofit	Place - Housing	Jan-22	£ 9,600,000.00	03/01/22	15	Approved at E&G Committee November 2021
supply & delivery of multi temp foods	People - Children's Commissioning	Feb-22	£ 7,275,504.00	01/05/22	72	No - Business as usual
Integrated Carers Hub	People - Adults' Commissioning	Feb-22	£ 5,500,000.00	01/01/23	60	Yes
Direct payments	People - Adults' Commissioning	Mar-22	£ 1,500,000.00	01/09/22	36	Yes
Statutory Advocacy Service	People - Adults' Commissioning	Mar-22	£ 2,425,000.00	01/09/22	60	Yes
Electronic Cash Transaction Processing	Corporate - Financial Support and Procurement	Mar-22	£ 2,000,000.00	01/07/22	48	No - Business as usual
Adult's care at home	People - Adults' Commissioning	Apr-22	£ 65,000,000.00	03/09/22	48	Yes
Children's care at home	People - Children's Commissioning	Apr-22	£ 14,000,000.00	01/12/22	84	Yes
Day Opportunities - Complex Care, community inclusion	People - Adults' Commissioning	Apr-22	£ 13,300,000.00	29/07/22	48	Yes
Tatton Park Catering	Place - Culture and Tourism	May-22	£ 1,400,000.00	15/09/22	48	No - Business as usual
Bed-based Respite	People - Adults' Commissioning	Jul-22	£ 1,000,000.00	01/12/22	48	Yes
Vendor Neutral Solution for Agency Staff	Corporate - Human Resources	Sep-22	£ 60,000,000.00	01/04/24	48	No - Business as usual
Accommodation Based Respite Support for Adults with Comp	People - Adults' Commissioning	Oct-22	£ 1,500,000.00		48	Yes
Housing Related Support	Place - Housing	Nov-22	£ 5,000,000.00	01/04/23	60	Yes
Residential Childrens Homes	People - Cared for Children and Care Leavers	Nov-22	£ 1,439,400.00	01/04/23	24	No - Business as usual
Insurance - ALL	Corporate - Audit and Risk	Nov-22	£ 4,793,317.00	01/04/22	60	No - Business as usual
23 001 LAN Refresh with Gold Support and Maintenance	Corporate - ICT	Dec-22	£ 2,000,000.00	23/11/23	60	No - Business as usual
Bailiffs Services	Corporate - Customer Services	Feb-23	£ 4,800,000.00	01/11/23	48	No - Business as usual
Bailiff contract (secondary)	Corporate - Customer Services	Feb-23	£ 1,000,000.00	01/11/23	48	No - Business as usual
Substance Misuse Services	People - Public Health	Mar-23	£ 15,000,000.00	01/12/23	60	Yes
Domestic Abuse services	People - Children's Safeguarding	Mar-23	£ 3,000,000.00	01/03/24	48	Yes
Extra Care Housing - Care & Support	People - Adults' Commissioning	Apr-23	£ 6,000,000.00	01/08/23	48	Yes
Consultancy Vendor Neutral Solution	Corporate - Financial Support and Procurement	May-23	£ 40,000,000.00	01/09/23	4	No - Business as usual
Complex Needs	People - Adults' Commissioning	Jun-23	£ 370,000,000.00	25/11/23	36	Yes
Low Value Construction Framework	Place - Estates	Sep-23	£ 16,500,000.00	04/05/24	48	No - Business as usual
Provision of Occupational Health Services	Corporate - Human Resources	Sep-23	£ 1,075,000.00	01/09/24	36	No - Business as usual
Supply of Water and Waste Water Services	Place - Estates	Oct-23	£ 3,800,000.00	01/04/22	48	No - Business as usual
Housing Related Support 16+	People - Cared for Children and Care Leavers	Oct-23	£ 1,500,000.00	01/04/24	36	Yes
Universal Information & Advice	People - Adults' Commissioning	Oct-23	£ 1,108,000.00	01/04/22	48	Yes
Integrated Lifestyle Services (One You)	People - Adults' Commissioning	Jan-24	£ 5,500,000.00	01/11/24	60	Yes
Accommodation with Care	People - Adults' Commissioning	Mar-24	£ 180,576,000.00	30/09/24	48	No - Business as usual
Post and Print Daily and Annual Billing	Corporate - Customer Services	Jan-27	£ 1,400,000.00	01/10/27	84	No - Business as usual

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All Contracts Report

As of 2021-11-30 10:14:57 Greenwich Mean Time/GMT + Generated by Lianne Halliday

Filtered By

Show: All contracts

Date Field: Start Date equals Current FY (01/04/2021 to 31/03/2022)

Contract Ref	Contract/Contract Name	Status	Start Date	End Date	Contract Manager	Procurement Officer	Awarded Value	Department
C0859	The Supply of Liquid Fuels	Active	22/11/2021	21/11/2022	Steve Mellor	Steve Mellor	GBP225,000.00	Financial Support and Procurement
C0764	Waste Collection Service - Data Centre	Draft	01/11/2021	01/11/2022	Martin Potts	N/A		ICT Services
C0762	Crewe Town Centre Heat Network	Active	01/11/2021	31/10/2022	Steve Cottle	Steve Mellor	GBP174,353.83	Environmental Services
C0824	CRA 21 012 Purchase of Deckchairs	Draft	01/12/2021	01/02/2022	Jo Wise	Katie Griffin		Economic Development
C0850	Winter Pressure Beds	Active	01/10/2021	31/10/2022	Elizabeth Hopper	Emma Harris	GBP33,614.28	
C0862	Domestic Energy Return	Draft	01/07/2021	30/06/2022	Karen Whitehead	Alex Jones	GBP9,600,000.00	Housing
C0863	Handforth Garden Village	Draft	05/01/2022	28/02/2022	Phillip Riding	Alex Jones	GBP5,000,000.00	
C0938	Pre- Construction Services for the Design and Construction of the Conversion of	Pre-Start Date	06/12/2021	27/06/2022	Tim Allen	Steve Mellor	GBP132,766.53	Estates
C0856	Stationery, Print Consumables & Office Supplies	Draft	28/11/2021	27/11/2023	Michael Ashworth	Michael Ashworth	GBP180,000.00	Financial Support and Procurement
C0852	Winter Pressure beds	Active	01/10/2021	31/03/2022	Elizabeth Hopper	Emma Harris	GBP33,614.28	Integrated Commissioning
C0853	Short Stay Beds	Active	01/10/2021	31/03/2022	Elizabeth Hopper	Louise Fenn	GBP98,257.14	Integrated Commissioning
C0833	Aspire Property Inspection System	Active	19/10/2021	19/09/2022	Natalie Richards	Simon Hagan	GBP40,000.00	ICT Services
C0911	PXXX General Estates Support and Disposal	Draft	19/03/2022	18/03/2026	Joanne Jones	Michael Lees		Highways
C0763	Crewe Town Centre Heat Network - lot 3 QS Services	Active	01/10/2021	30/04/2023	Steve Cottle	Janet Ellison-Jones	GBP16,520.00	Environmental Services
C0891	Malkins Bank GC - Additional bench / site trials lot 8	Active	08/11/2021	30/06/2022	Robert Edwards	Steve Mellor	GBP75,778.89	Estates
C0822	Voucher Codes to enable recipients to exchange for supermarket gift vouchers	Active	15/11/2021	14/11/2022	Douglas Hubbard	Michael Ashworth	GBP2,000,000.00	Children in Need and Child Protection
C0907	Merchant Acquirer and PSP Provider for Verifone UX Card Readers	Draft	01/02/2022	31/01/2026	Lorraine Rushton	Michael Lees		Strategic Transport and Parking
C0831	Sharepoint Online	Draft	01/11/2021	31/10/2022	Paul Chadwick	Lydia Russell		ICT Services
C0776	Small Business Rates Relief SBRR	Active	30/09/2021	30/09/2023	Paul Manning	Michael Ashworth	GBP9,800.00	Revenue
C0894	CRA 21 017 Virtual Maintenance and Support	Draft	31/12/2021	31/12/2025	Li Davies	Li Davies		ICT Services
C0819	SANDWICHES AND FOOD TO GO	Active	01/10/2021	30/09/2023	Diane Clorley	Li Davies		
C0865	Mandatory Safeguarding Adults Review	Active	01/11/2021	01/05/2022	Sandra Murphy	Lydia Russell	GBP9,000.00	Adult Safeguarding
C0778	Employee Assistance Programme	Draft	01/09/2021	31/08/2024	Craig Hughes	Michael Lees	GBP70,005.00	Human Resources
C0826	VMware Cloud Management Solution	Draft	29/01/2022	28/01/2024	Martin Potts	Michael Ashworth	GBP190,000.00	ICT Services
C0765	Red Hat Linux	Active	17/10/2021	16/10/2022	Martin Potts	N/A	GBP443.07	ICT Services
C0793	Locum Educational Psychologists	Active	12/05/2021	30/09/2022	Alexandria Brightmore	Janet Ellison-Jones	GBP30,000.00	Adult Safeguarding
C0795	Locum Educational Psychologists	Active	01/09/2021	30/09/2022	Alexandria Brightmore	Janet Ellison-Jones	GBP60,000.00	Adult Safeguarding
C0794	Locum Educational Psychologists	Active	12/05/2021	30/09/2022	Alexandria Brightmore	Janet Ellison-Jones	GBP30,000.00	Adult Safeguarding
C0796	Locum Educational Psychologists	Active	06/07/2021	30/09/2022	Alexandria Brightmore	Janet Ellison-Jones	GBP30,000.00	Adult Safeguarding
C0832	Supply of Shuttle Bus	Active	25/10/2021	31/12/2021	Carolyn Latham	Katie Griffin		
C0919	Heritage Wall Crewe	Active	01/11/2021	31/10/2022	Jez Goodman	Lydia Russell	GBP5,000.00	
C0893	Enterprise Vault Maintenance	Active	18/10/2021	17/10/2022	Martin Potts		GBP11,468.00	
C0890	CRA 21 016 SUPPLY OF GAZEBO'S FOR EVENTS & COMMUNITY USE IN TOWN CENTRES	Draft	01/12/2021	01/03/2022	Jo Wise	Li Davies		Economic Development
C0895	P432 cdf. 3210 Electoral Services for Cheshire East Borough Council Electoral Ser	Draft	01/12/2021	30/12/2025	Diane Barnard	Michael Lees	GBP800,000.00	Governance and Democratic Services
C0892	Risk Assessment Training	Active	01/11/2021	01/04/2022	Joanne Rigg	Lydia Russell	GBP5,100.00	Children's Development and Partnerships
C0739	Low Value Construction Framework	Active	04/05/2021	03/05/2024	Andy Norton		GBP16,500,000.00	Infrastructure
C0835	Supply and Installation of Vertical Lifts	Draft	01/11/2021	31/10/2023	Karen Whitehead	Emma Harris	GBP400,000.00	Housing
C0899	Dairy House Farm Condition Survey (Feasibility Report) - Lot 6	Active	22/11/2021	21/07/2022	Robert Edwards	Steve Mellor	GBP20,176.73	Economic Development
C0836	Active and Installation of Stairlifts	Active	01/11/2021	31/10/2023	Karen Whitehead	Emma Harris	GBP800,000.00	Housing
C0698	P419 PR212 (3460) SMDA Master planning Inputs	Active	13/07/2021	31/03/2022	Phil Riding	Janet Ellison-Jones	GBP4,543.00	Economic Development
C0700	ICT Temporary Resource ACPH programme consultant	Active	01/04/2021	31/01/2022	Gwyn Arrowsmith	Michael Ashworth	GBP109,250.00	ICT Strategy
C0703	P399 Project 2910 SMDA Land Referencing – Parts 1-4	Active	17/05/2021	31/03/2022	Phil Riding	Janet Ellison-Jones	GBP27,596.00	Economic Development
C0705	Aftercare contract for victims of Rape and Sexual Abuse (RASASC)	Active	21/04/2021	31/03/2024	Kate Rose	Li Davies	GBP426,000.00	Children's Safeguarding
C0706	Dean Row Centre – Lot 1 Architectural Services Stage 0-1	Active	24/05/2021	31/01/2022	Tim Allen	Janet Ellison-Jones	GBP85,662.75	Education Infrastructure and Outcomes
C0707	Kindlinks Lapseware Software Licence	Active	01/04/2021	31/03/2023	Cath Sudbury	Louise Fenn	GBP10,991.40	ICT Strategy
C0717	Building Integrated PV SMMW Installation - Lot 8 Technical Advisor Services	Active	06/09/2021	30/03/2023	Andy Norton	Janet Ellison-Jones	GBP23,568.48	Environmental Services
C0840	Digital Process Automation Services (Council Tax and Business Rates)	Active	16/10/2021	15/10/2022	Paul Manning	Simon Hagan	GBP208,025.00	ICT Services
C0839	Communication Software	Draft	01/02/2022	31/01/2026	Michael Moore	Simon Hagan		ICT Services
C0768	Support for the Afghan Families Provision	Active	27/09/2021	16/01/2022	Paul Giotoliu	Li Davies	GBP42,000.00	Communities
C0767	Java Licences	Active	21/09/2021	20/09/2022	Amanda Curtis	Lydia Russell	GBP16,110.57	ICT Services
C0902	The Cheshire Association of Local Councils (ChALC) – member support & training	Draft	01/12/2021	30/11/2023	Fiona Seddon	Louise Fenn	GBP16,700.00	Contract Management and Quality
C0842	Provision of Mental Health Blocked Beds at Eden Mansions Care Home	Expired	19/07/2021	17/10/2021	Li Hopper	Louise Fenn	GBP187,200.00	Integrated Commissioning
C0867	Luminate- Libraries	Active	11/10/2021	14/01/2022	John Warburton	Lydia Russell	GBP14,995.00	Neighbourhood Services
C0868	Springfield School Expansions Feasibility - Lot 1 Architectural Services	Active	17/09/2021	02/05/2022	Alan Jackson	Janet Ellison-Jones	GBP6,187.50	Education Infrastructure and Outcomes
C0915	P414 Contract for the provision of collections services on behalf of CEC	Draft	01/12/2021	30/11/2022	Nova Pointon	Michael Lees	GBP1,500,000.00	Revenue
C0914	Acid Response care at home Lots 1-2	Active	01/11/2021	07/11/2022	Lindsey Macaulay	Louise Fenn	GBP206,906.40	Integrated Commissioning
C0916	Rapid Response care at home Lots 3-6	Active	01/11/2021	07/11/2022	Lindsey Macaulay	Louise Fenn	GBP348,909.45	Integrated Commissioning
C0897	Provision of Washroom Services	Active	16/08/2021	15/08/2024	Victoria Adjekum	Victoria Adjekum	GBP400,000.00	Financial Support and Procurement
C0898	Supply of Fuel Cards and Associated Services	Pre-Start Date	01/12/2021	22/03/2024	Victoria Adjekum	Victoria Adjekum	GBP150,000.00	Financial Support and Procurement
C0769	Support for the Afghan Families Provision	Active	08/10/2021	08/02/2022	Paul Giotoliu	Li Davies	GBP400,000.00	Integrated Adult Social Care
C0196	Active Hub	Active	02/08/2021	04/08/2022	Martin Potts	N/A	GBP172.38	ICT Services
C0273	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP105,036.00	Special Education Needs and Disabilities
C0276	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP105,292.00	Special Education Needs and Disabilities
C0133	Cheshire Integrated Community Equipment Service	Active	01/04/2021	31/03/2025	Steve Clews	Emma Harris	GBP25,000,000.00	Integrated Commissioning
C0141	Willmslow High School - Expansion	Active	28/06/2021	18/09/2024	Nick Cook	Steve Mellor	GBP760,428.28	Education Infrastructure and Outcomes
C0146	Beechwood Primary School - Replacement Nursery Facility	Active	19/04/2021	03/09/2022	Alan Jackson	Alan Jackson	GBP765,929.49	Education Infrastructure and Outcomes
C0281	Active & Web Content Filtering Service (Smoothwall)	Active	01/04/2021	09/04/2022	Martin Potts	Simon Hagan	GBP47,464.00	ICT Strategy
C0284	Contract for the provision of Parking Meter Tickets and Parking Stationery	Active	01/05/2021	30/04/2023	Carolyn Noonan	Victoria Adjekum	GBP75,000.00	Highways
C0206	Optimys3	Active	21/04/2021	20/04/2022	Andy Dennehy	N/A	GBP2,845.00	ICT Services
C0208	MAPINFO	Active	01/06/2021	31/03/2022	Paul Chadwick	N/A	GBP3,660.00	ICT Services
C0291	Short Breaks for Disabled Children	Active	01/04/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP153,200.00	Special Education Needs and Disabilities
C0295	ModGov Meeting Agenda Software	Active	01/04/2021	31/03/2022	Paul Mountford	Michael Ashworth	GBP43,000.00	ICT Strategy
C0259	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP283,748.00	Special Education Needs and Disabilities
C0217	Promodag Reports	Active	26/07/2021	21/07/2022	Martin Potts	N/A	GBP1,965.00	ICT Services
C0218	Energy Manager	Active	01/08/2021	31/07/2024	Lou Jones	Janet Ellison-Jones	GBP9,570.00	ICT Services
C0176	Active Directory Management	Draft	30/11/2021	29/11/2022	N/A	N/A	GBP1,011.00	ICT Services
C0226	Winter Pressure beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP10,140.00	Integrated Commissioning
C0264	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP30,000.00	Special Education Needs and Disabilities
C0269	Microsoft Unified Support	Active - Renewal in Progress	01/04/2021	31/03/2022	Roslin Lilley	Simon Hagan	GBP125,326.00	ICT Strategy
C0179	LY2 - Lyceum Square Arts and Events Space - Lot 2	Active	10/09/2021	20/12/2021	Steve Cottle	Steve Mellor	GBP27,650.13	Economic Development
C0183	Apple Developer Account	Active	17/06/2021	16/06/2022	Lou Jones	N/A	GBP79.00	ICT Services
C0184	Application - WiFi Analysis and Network Monitor	Active	20/07/2021	21/07/2023	Martin Potts	N/A	GBP1,992.00	ICT Services
C0185	United Utilities	Active	25/08/2021	25/08/2022	Neil Grundy	Katie Griffin	GBP10,000.00	Infrastructure
C0186	Desktop Hardware	Active	01/07/2021	30/06/2024	Amanda Curtis	Simon Hagan	GBP925,430.00	ICT Services
C0187	Bulk Short Message Service (SMS) provided to Local Authorities	Expired	01/04/2021	14/10/2021	Paul Chadwick	N/A	GBP0.00	ICT Strategy
C0188	Bull Escala hardware and software	Active	01/04/2021	31/03/2022	Martin Potts	Simon Hagan	GBP76,616.00	ICT Services
C0189	Single Person Discount Review	Active	20/07/2021	30/06/2023	Nova Pointon	Janet Ellison-Jones	GBP14,000.00	Customer Services
C0190	NF C13 Mobile Voice and Data Services	Active	01/07/2021	19/07/2023	Amanda Curtis	Simon Hagan	GBP267,175.00	ICT Services
C0191	Newsus Professional Feed	Active	22/07/2021	21/07/2022	Lucie Robinson	Lydia Russell	GBP1,863.33	ICT Services
C0192	Test and Trace Programme	Active	25/08/2021	31/03/2022	Lucie Robinson	Lydia Russell	GBP12,000.00	Public Health
C0193	Strategic IT Research and Advisory Services	Active	01/04/2021	31/03/2022	Paul Chadwick	Simon Hagan	GBP96,000.00	ICT Strategy
C0564	Cheshire Wildlife Trust	Active	01/04/2021	31/03/2022	Caron Corbin	Ian Barlow	GBP40,000.00	Environmental Services
C0565	Pollinating Cheshire 2021	Active	16/07/2021	01/03/2022	James Baggeley	James Baggeley	GBP34,835.00	Economic Development
C0403	3rd Ford Focus Estate Vehicle 1.0 Ecob 125 Zetec Edition 21A	Active	27/08/2021	26/08/2022	Andrew Bradford	Steve Mellor	GBP23,318.00	Integrated Commissioning
C0404	Fiat Doblo Combi Vehicle SWB 1.4 95 N1 SX 16	Active	27/08/2021	26/08/2024	Audra Cooke	Steve Mellor	GBP85,696.00	Integrated Commissioning
C0405	P423 PR3532 Dignity at Work Investigation (CS786)	Expired	26/03/2021	18/10/2021	Lisa Crisford	Janet Ellison-Jones	GBP12,600.00	Human Resources
C0429	Respite Care	Active	01/04/2021	01/04/2023	Stephen Pepper	Li Davies	GBP15,000.00	Children in Need and Child Protection
C0431	P417 CRF_2057 (3452) SMDA – Further Ecological Inputs	Active	02/07/2021	02/03/2022	Phil Riding	Janet Ellison-Jones	GBP19,246.63	Economic Development
C0432	P416 Pr2024 Executive Search – Executive Director Place	Active	23/06/2021	30/11/2021	Sara Duncaff	Janet Ellison-Jones	GBP10,000.00	Human Resources
C0433	P398 Information Assurance and Data Management Programme	Active	05/04/2021	31/03/2023	Keith Sutton	Janet Ellison-Jones	GBP127,200.00	ICT Strategy
C0450	Committee System Training	Expired	19/05/2021	18/10/2021	Martin Middleton	Janet Ellison-Jones	GBP15,000.00	Human Resources
C0436	P412- Project_3372 - NEPRO3 -Planning application services	Active	10/08/2021	31/03/2022	Peter Hooley	Lydia Russell	GBP208,802.49	Strategic Planning
C0438	P407 1787: Digital Programme Consultant (Active/Jeff Garratt)	Active	01/06/2021	31/03/2022	Gwyn Arrowsmith	Janet Ellison-Jones	GBP92,400.00	ICT Strategy
C0455	P389 PF1 Technical and Contractual Expert (Proj 2813, Con 4665)	Active	21/06/2021	19/10/2022	Sophie Middleton	Janet Ellison-Jones	GBP89,818.00	Estates
C0456	P394 Local Plan - Programme Officer - Administrative Services	Active	01/04/2021	31/03/2022	Allan Clarke	Janet Ellison-Jones	GBP9,678.00	Economic Development
C0458	P411 1884 Executive Search and Selection x 3 senior perm roles (3306)	Active	25/08/2021	30/11/2021	Sara Duncaff	Janet Ellison-Jones	GBP43,425.00	Human Resources
C0459	P402 Footfall & Visitor Intelligence in Cheshire East (Elandi LLP)	Active	01/04/2021	31/03/2022	Jo Wise	Janet Ellison-Jones	GBP15,000.00	Economic Development
C0513	Nantwich Pool - Expansions and Improvements	Active	04/05/2021	20/12/2022	Nick Cook	Steve Mellor	GBP1,319,063.12	Neighbourhood Services
C0604	Juniper Firewall Support	Active	01/04/2021	31/03/2022	Martin Potts	Janet Ellison-Jones	GBP19,614.84	ICT Strategy
C0607	Z0 C172 Supply of Redeployable CCTV Cameras	Active	18/05/2021	17/05/2026	Stuart Hobson	Katie Griffin	GBP115,000.00	Neighbourhood Services
C0359	Step down facility - self-contained flats at Ingersley Court	Active	14/07/2021	31/03/2022	Elizabeth Hopper	Louise Fenn	GBP148,114.28	Integrated Commissioning
C0360	Occupational Health Services	Active	01/09/2021	31/08/2024	Craig Hughes	Janet Ellison-Jones	GBP1,070,000.00	Human Resources
C0361	Van Spot Hire (van lease hire) WARM1229	Active	28/06/2021	28/12/2021	Lucie Robinson	Janet Ellison-Jones	GBP24,804.00	Public Health
C0362	Independent Chair for Pan Cheshire Child Death Overview Panel (CDOP)	Active	01/05/2021	31/03/2024	Alistair Jordan	Janet Ellison-Jones	GBP36,000.00	Children's Safeguarding
C0371	Land Use Assessments - Lot 8	Active	07/06/2021	09/01/2022	Andy Norton	Janet Ellison-Jones	GBP32,487.75	Environmental Services
C0444	Activating & Maintenance of Lifts & Hoists	Active	01/07/2021	30/06/2022	Andrew Bradford	Emma Harris	GBP50,000.00	Integrated Commissioning
C0445	Disability Adaptation Works SR2000966	Active	14/06/2021	14/06/2022	Karen Whitehead	Steve Mellor	GBP13,470.00	

C0387	P420 Handforth Garden Village – Further Masterplanning, Urban Design Inputs	Active	02/09/2021	31/03/2022	Phil Riding	Janet Ellison-Jones	GBP32,600.00	Economic Development
C0598	Seat Leon1.5TSI Evo SE Dynamic 5 door hatch Lease Vehicle	Active	01/04/2021	31/03/2022	Amanda Jones	Steve Mellor	GBP7,711.00	Adult Safeguarding
C0599	Get Safe On-line	Active	01/06/2021	01/06/2022	Richard Christopherson	Lydia Russell	GBP13,500.00	Adult Safeguarding
C0417	Export Stay Beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP143,000.00	Integrated Commissioning
C0418	Short Stay Beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP70,200.00	Integrated Commissioning
C0419	Winter Pressure beds	Expired	01/07/2021	30/09/2021	Liz Hopper	Emma Harris	GBP7,475.00	Integrated Commissioning
C0420	Short Stay Beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP49,400.00	Integrated Commissioning
C0421	Gateway review of the Middlewich Eastern Bypass project	Active	08/06/2021	31/03/2022	Nick Grundy	Katie Griffin	GBP19,550.00	Infrastructure
C0298	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP209,918.00	Special Education Needs and Disabilities
C0478	P409 1294. Strategic Development Advisor - Acquisitions & Disposals (Malahat)	Active	17/05/2021	31/03/2022	Phil Riding	Janet Ellison-Jones	GBP89,560.00	Economic Development
C0481	Public Funerals	Active	01/05/2021	30/03/2023	Nick Kelly	Katie Griffin	GBP65,000.00	Environmental Services
C0482	Waste Disposal of Lateral Flow Tests and PPE	Active	27/04/2021	27/04/2022	Lucie Robinson	Lydia Russell	GBP50,000.00	Public Health
C0300	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP99,600.00	Special Education Needs and Disabilities
C0484	Corporate Shredding (Confidential Waste Disposal)	Active	01/04/2021	31/03/2023	Alex Jones	Alex Jones	GBP30,000.00	Financial Support and Procurement
C0577	C621 of Works / MECA Supervisor Services 2021-22 - Lot 5	Active	01/04/2021	31/03/2022	Andy Norton	Janet Ellison-Jones	GBP21,237.00	Estates
C0485	Database/Software for Advice & Support Service, client caseload	Active	31/07/2021	30/07/2022	Karen Porter	Michael Ashworth	GBP550.00	Education Partnership and Pupil Support
C0583	Building Integrated PV 5MW Installation - Lot 8 Planning Consultancy Services	Active	26/04/2021	02/01/2022	Andy Norton	Janet Ellison-Jones	GBP40,762.00	Environmental Services
C0308	Short Breaks for Disabled Children	Active	01/06/2021	31/03/2022	Nick Lange	Tracy Roberts	GBP42,832.00	Special Education Needs and Disabilities
C0309	21 047 Digital Cheshire Masterclass Lot 2	Active	01/06/2021	30/09/2022	Phil Law	Michael Ashworth	GBP87,800.00	Economic Development
C0495	Remote back-up Licences and Support for Schools	Active	04/05/2021	31/08/2022	Amanda Curtis	Michael Ashworth	GBP106,000.00	ICT Strategy
C0332	Short Breaks for Disabled Children	Active	01/06/2021	31/05/2024	Nick Lange	Tracy Roberts	GBP118,820.00	Special Education Needs and Disabilities
C0314	21 047 Digital Cheshire Masterclass Lot1	Active	01/06/2021	30/09/2022	Phil Law	Michael Ashworth	GBP201,000.00	Economic Development
C0499	Dell Hardware Support	Active	01/04/2021	31/03/2022	Martin Potts	N/A	GBP3,890.00	ICT Strategy
C0594	Copyright Licence for Cheshire East Council	Active	01/04/2021	31/03/2022	Michael Moore	Michael Moore	GBP18,000.00	Business Change
C0351	Middlewich Eastern Bypass legal advice	Active	28/07/2021	27/07/2022	Mandy Withington	Mandy Withington	GBP13,500.00	Legal Services
C0352	Active Civic and Cultural Space - Lot 5 Lead Consultant	Active	02/08/2021	22/02/2022	Robert Edwards	Janet Ellison-Jones	GBP11,800.00	Economic Development
C0353	Short Stay Beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP239,200.00	Integrated Commissioning
C0354	Winter Pressure beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP16,250.00	Integrated Commissioning
C0355	Dairy House Farm - Heritage Works - Lot 3 Q5 Services	Active	12/07/2021	10/03/2022	Robert Edwards	Janet Ellison-Jones	GBP6,749.99	Economic Development
C0356	Schools online trading platform (CHES5)	Active	01/08/2021	31/07/2024	Mark Bayley	Lydia Russell	GBP84,950.00	ICT Strategy
C0562	Furniture supplies for Emergency Accommodation Hostel	Active	01/04/2021	31/03/2023	Karen Wild	Katie Griffin	GBP6,500.00	IT Strategy
C0350	Insight Software (Inc Autocad and Adobe)	Active	01/08/2021	31/07/2024	Tim Owen	Simon Hagan	GBP257,097.00	ICT Strategy
C0357	P413 3384 Digital technical consultancy advice (C5649)	Active	21/06/2021	29/04/2022	Vicki Godfrey	Michael Lees	GBP68,400.00	Economic Development
C0662	CCTV VMS Maintenance	Active	01/06/2021	31/05/2024	Stuart Hobson	Lydia Russell	GBP21,000.00	Neighbourhood Services
C0663	Missing From Home Contracts with Halton Borough Council	Active	01/07/2021	30/06/2022	Dave Leadbetter	Louise Fenn	GBP140,533.00	Children's Commissioning
C0665	Covid contact accommodation	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP10,515.05	Integrated Commissioning
C0680	P415 1010. (P437) Strategic Planning Advisor	Active	28/06/2021	31/10/2021	Phil Riding	Janet Ellison-Jones	GBP50,000.00	Economic Development
C0617	ICT ACPH Systems consultant	Active	01/04/2021	31/03/2022	Gwyn Arrowsmith	Michael Ashworth	GBP95,200.00	ICT Strategy
C0674	Surfacing Leighton FP2	Expired	01/06/2021	14/06/2021	Genni Butler	Nicola Swinnerton	GBP17,835.00	Culture and Tourism
C0644	Royal Arcade Redevelopment - Lot 7 Developer led due Diligence Services RIBA 2-6	Active	26/04/2021	01/01/2022	Steve Cottle	Janet Ellison-Jones	GBP6,000.00	Economic Development
C0649	P406 1863 Childrens Social Care	Expired	28/06/2021	05/11/2021	Kerry Birtles	Janet Ellison-Jones	GBP254,047.36	Children's Development and Partnerships
C0647	QCC Social Care Finances Systems	Active	01/04/2021	31/03/2023	Kerry Birtles	Simon Hagan	GBP34,321.00	Integrated Commissioning
C0618	20 093 Crowdfunding (Specative)	Active	01/04/2021	31/03/2023	Dan Coyne	Simon Hagan	GBP60,000.00	Economic Development
C0649	Tatton Park- Percy the Park Keeper	Active	01/04/2021	31/03/2022	Carole Hyde	Caroline Jackson	GBP5,000.00	Culture and Tourism
C0654	P361 ICT SharePoint Programme 2020/21	Active	31/01/2021	31/03/2022	Louise Murphy	Michael Lees	GBP163,612.00	ICT Strategy
C0657	P407 1787: Digital Programme Consultant	Active	01/06/2021	31/03/2022	Paul Chadwick	Janet Ellison-Jones	GBP92,400.00	ICT Strategy
C0614	Urban Design Advice	Active	01/06/2021	31/03/2022	Ian Dale	Steve Mellor	GBP8,250.00	Economic Development
C0626	Asportered Employment Staff Training	Active	31/07/2021	30/07/2022	Colin Jocklin	Lydia Russell	GBP10,000.00	Children's Commissioning
C0627	Docusign Electronic Signatures (Contracts)	Active	27/05/2021	17/05/2023	Stuart Horwood	Simon Hagan	GBP11,385.00	ICT Strategy
C0695	Disability Adaptation Works SR2001238	Active	18/05/2021	17/05/2022	Karen Whitehead	Emma Harris	GBP6,153.99	Housing
C0628	Test & Trace Programme Software	Active	12/05/2021	12/05/2022	Heidi Laffin-Greaby	Lydia Russell	GBP10,000.00	Public Health
C0630	Temporary ramp supply, removal, storage & re-install	Active	09/04/2021	08/04/2023	Katherine Hague	Steve Clews	GBP15,000.00	Integrated Commissioning
C0633	C621 2189. SMDA Utilities Services	Active	19/07/2021	29/07/2022	Phil Riding	Janet Ellison-Jones	GBP31,315.78	Economic Development
C0661	20 111. Total LMS upgrade	Active	01/07/2021	30/06/2023	Jo Rigg	Simon Hagan	GBP82,532.00	ICT Strategy
C0771	Residential Based Care	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP16,250.00	Integrated Commissioning
C0772	Winter Pressure Beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP16,250.00	Integrated Commissioning
C0904	Test & Trace Programme - local engagement	Active	12/05/2021	12/05/2022	Jill Stenton	Lydia Russell	GBP19,095.00	Public Health
C0773	Winter Pressure Beds	Expired	01/07/2021	30/09/2021	Elizabeth Hopper	Emma Harris	GBP16,250.00	Integrated Commissioning
C0770	Export Stay Beds	Expired	23/08/2021	31/10/2021	Elizabeth Hopper	Emma Harris	GBP51,000.00	Integrated Commissioning
C0901	Data Cabling	Expired	11/11/2021	11/11/2021	Martin Potts	N/A	GBP16,250.00	Integrated Commissioning
C0905	Cycle to Work Salary Sacrifice Scheme	Draft	01/12/2021	30/11/2025	Emma Cornwell	Michael Lees	GBP0.00	Human Resources
C0843	P433 Crewe Town Deal Business Case Appraisal	Draft	01/12/2021	30/09/2022	Carwyn Evans	Janet Ellison-Jones	GBP0.00	Economic Development
C0906	P436Treasury Management	Draft	01/01/2022	31/12/2025	Harvey Woodward	Michael Lees	GBP80,000.00	Financial Support and Procurement
C0741	Office Multifunctional Devices (printers)	Active	24/08/2021	23/08/2026	Kerry Renison	Emma Harris	GBP500,000.00	Estates
C0815	CRA 21 009 -Adverts Christmas 21 Campaign	Draft	10/11/2021	10/11/2022	Jo Wise	Katie Griffin	GBP0.00	Economic Development
C0786	Newspaper Licensing	Active	01/11/2021	31/10/2022	Michael Moore	Lydia Russell	GBP6,140.00	Economic Development
C0743	Lifelong Learning 2021	Active	01/08/2021	31/07/2022	Giles Sowden	Tracy Roberts	GBP289,498.00	Education Infrastructure and Outcomes
C0746	Lifelong Learning 2021	Active	01/08/2021	31/07/2022	Giles Sowden	Tracy Roberts	GBP135,838.00	Education Infrastructure and Outcomes
C0744	Information Request & Complaints Case Management System	Active	23/10/2021	22/10/2023	Beverly Murphy	Simon Hagan	GBP145,500.00	ICT Services
C0745	Lifelong Learning 2021	Active	01/08/2021	31/07/2022	Giles Sowden	Tracy Roberts	GBP199,680.00	Education Infrastructure and Outcomes
C0753	Rapid Response - Care at Home	Active	01/11/2021	07/11/2022	Lindsay Macaulay	Tracy Roberts	GBP693,753.00	Integrated Commissioning
C0790	Load Balancer Support	Active	01/10/2021	31/05/2022	Martin Potts	Michael Lees	GBP1,892.00	ICT Strategy
C0921	IRMS Corporate Subscription	Draft	23/12/2021	22/12/2022	Samantha Ryan	Michael Lees	GBP399.00	ICT Strategy
C0924	Pianos Crewe & Macc EROF	Active	17/11/2021	17/11/2022	Janey Moran	Katie Griffin	GBP8,000.00	Culture and Tourism
C0923	Children Picture Licensing	Active	01/01/2022	01/01/2023	Katie Boules	Katie Griffin	GBP7,048.87	Strategic Transport and Parking
C0925	Mural 86 Mill Street	Active	18/11/2021	18/11/2022	Janey Moran	Katie Griffin	GBP0.00	Culture and Tourism
C0761	Siklide web site monitoring	Active	30/09/2021	30/08/2022	Nickli Hughes	Lydia Russell	GBP5,242.49	Economic Development
C0927	LY2 Art Display Stands Crewe EROF	Active	08/11/2021	08/11/2022	Janey Moran	Katie Griffin	GBP24,000.00	Culture and Tourism
C0928	Advice on Unregistered payments (Legal)	Active	09/11/2021	10/12/2021	Deborah Nickson	Lydia Russell	GBP5,900.00	Legal Services
C0937	Supply of hand hygiene to schools	Active	29/11/2021	28/11/2022	Lucie Robinson	Lydia Russell	GBP7,000.00	Public Health
C0811	Arvel Access Showers WARR	Active	16/08/2021	31/03/2022	Karen Whitehead	Alex Jones	GBP400,000.00	Economic Development
C0870	CAR 21 013 Contract for outdoor exhibition infrastructure	Draft	01/12/2021	31/03/2022	Janey Moran	Li Davies	GBP0.00	Economic Development
C0808	B88206 - Oracle PaaS and IaaS Universal Credits	Draft	01/11/2021	31/01/2022	Chris Weedall	Michael Lees	GBP2,500.00	Economic Development
C0797	IKiosk Hardware and Software Support (7 months)	Active	01/09/2021	31/03/2022	Joanne Shannon	Michael Lees	GBP7,930.33	Economic Development
C0799	Locum Educational Psychologists	Active	13/07/2021	30/09/2022	Alexandra Brightmore	Janet Ellison-Jones	GBP30,000.00	Adult Safeguarding
C0883	IT Health Checks and Cyber Security Consultancy	Active	22/10/2021	22/10/2022	Martin Potts	Simon Hagan	GBP13,575.00	ICT Services
C0887	Short Stay Beds	Draft	01/11/2021	31/03/2022	Elizabeth Hopper	Emma Harris	GBP239,428.57	Integrated Adult Social Care
C0882	Short stay blocked booked beds	Draft	01/11/2021	31/03/2022	Elizabeth Hopper	Emma Harris	GBP129,428.57	Integrated Commissioning
C0885	Short Stay Beds	Draft	12/11/2021	31/03/2022	Elizabeth Hopper	Emma Harris	GBP29,400.00	Integrated Adult Social Care
C0884	Short Stay Beds	Draft	12/11/2021	31/03/2022	Elizabeth Hopper	Emma Harris	GBP29,400.00	Integrated Adult Social Care
C0888	Provision of Mental Health Blocked Beds at Eden Mansions Care Home	Active	04/10/2021	31/03/2022	Li Hopper	Louise Fenn	GBP565,128.57	Integrated Commissioning
C0807	THE PROVISION OF SERVICES FOR THE SUPPORT OF THE AFGHANISTAN FAMILIES	Aborted	08/10/2021	08/02/2022	Daniel Coyne	Li Davies	GBP42,000.00	Economic Development
C0930	Fostering winter campaign	Active	18/10/2021	06/01/2022	Stephen Kelly	Lydia Russell	GBP13,900.00	Economic Development
C0844	P434 Macclesfield Town Hall Options & Feasibility Study	Draft	01/12/2021	30/04/2022	Craig Wallace	Janet Ellison-Jones	GBP100,000.00	Economic Development
C0751	BACS Payments System	Active - Renewal in Progress	02/09/2021	01/09/2022	Cath Sudbury	Janet Ellison-Jones	GBP7,535.00	ICT Services
C0781	P429 Crt 2936. Heat Network Design Technical Advisor	Draft	11/10/2021	03/02/2022	Emma Williams	Janet Ellison-Jones	GBP20,000.00	Economic Development
C0816	CRA 21 010-Design work for comms campaign Christmas Adverts 2021	Draft	29/10/2021	28/11/2021	Jo Wise	Katie Griffin	GBP0.00	Economic Development
C0752	Contract for the Provision of Washroom Services	Active	23/08/2021	22/08/2023	Victoria Adjekum	Victoria Adjekum	GBP80,000.00	Financial Support and Procurement
C0780	P428 Prj 3726 Cheshire East COVID-19 Economic Recovery & Growth Programme	Active	05/11/2021	31/03/2022	Philip Kerr	Janet Ellison-Jones	GBP65,789.47	Economic Development
C0817	CRA 21 011 Promotional videos and online media for town centre Christmas 2021	Draft	01/11/2021	01/12/2021	Jo Wise	Katie Griffin	GBP0.00	Economic Development
C0784	Locum Educational Psychologists	Active	16/12/2021	30/09/2022	Alexandra Brightmore	Janet Ellison-Jones	GBP50,000.00	Economic Development
C0750	Diplomat Digital Microphone System	Active	18/08/2021	17/08/2024	Dave Bennett	Steve Mellor	GBP15,392.00	Estates
C0742	Arvel Access Showers	Active	16/08/2021	31/03/2022	Karen Whitehead	Steve Mellor	GBP400,000.00	Housing
C0747	Lifelong Learning 2021	Active	01/08/2021	31/07/2022	Giles Sowden	Tracy Roberts	GBP199,680.00	Education Infrastructure and Outcomes
C0748	Volunteer Family Support	Active	01/10/2021	30/09/2023	Kelly Brighthouse	Tracy Roberts	GBP239,106.00	Early Help and Prevention
C0749	Digital Cheshire Marketing	Active	02/09/2021	01/03/2023	Alex Buckley	Lydia Russell	GBP50,000.00	Economic Development
C0926	Practice Educator Course	Active	01/10/2021	01/06/2022	Sarah Flint	Lydia Russell	GBP9,666.00	Education Partnership and Pupil Support
C0812	Actaphish	Active	20/08/2021	19/08/2022	Keith Sutton	Lydia Russell	GBP9,500.00	Legal Services
C0869	Westlaw/Practical Law online resource	Active	01/10/2021	31/10/2022	Jamie Hollis	Lydia Russell	GBP14,000.00	Legal Services
C0871	CRA 21 014 Outdoor Exhibition Stands	Draft	19/11/2021	18/03/2022	Li Davies	Li Davies	GBP10,000.00	Economic Development
C0798	Locum Educational Psychologists	Active	07/07/2021	30/09/2022	Alexandra Brightmore	Janet Ellison-Jones	GBP30,000.00	Adult Safeguarding
C0875	Carbon Animation Video	Active	01/09/2021	31/12/2021	Mike Wynne	Katie Griffin	GBP8,645.00	Environmental Services
C0872	Scotlm Essential Membership 22	Draft	01/01/2022	31/12/2022	Paul Chadwick	Michael Ashworth	GBP1,995.00	Integrated Commissioning
C0804	Supply of Timber Components for Public Rights of Way	Active	01/10/2021	31/08/2022	Barry Poole	Katie Griffin	GBP92,000.00	Highways
C0877	Test and Test Covid campaign	Active	01/05/2021	01/05/2022	Stephen Warrick	Lydia Russell	GBP18,000.00	Integrated Commissioning
C0876	Trusted Assessor Services	Draft	01/01/2022	31/12/2023	Elizabeth Hopper	Louise Fenn	GBP0.00	Integrated Commissioning
C0878	Brereton Heath UNR fencing and ditch bridging	Active	22/11/2021	28/02/2022	Julie Molyneux	Li Davies	GBP6,985.90	Culture and Tourism
C0803	Egress Switch Secure Email & File Transfer for Schools	Draft	04/12/2021	03/12/2022	Amanda Curtis	Michael Ashworth	GBP9,900.00	ICT Strategy
C0881	Short stay blocked booked beds	Draft	01/11/2021	31/03/2022	Elizabeth Hopper	Emma Harris	GBP80,892.86	Integrated Commissioning
C0880	Repair and Maintenance of Catering Equipment	Draft	01/03/2022	28/02/2027	Elizabeth Hopper	Emma Harris		

C0900	LEIGHTON GRANGE BUILDING INTEGRATED SOLAR PV SCHEME		Pre-Start Date	01/03/2022	28/02/2025	Dan Griffiths	Victoria Adjekum	GBP4,000,000.00	
Total	Sum							GBP87,431,568.36	
	Count	287							

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