

# Finance Sub-Committee

## Agenda

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**Date:** Wednesday, 6th July, 2022  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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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.

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 3 - 24)

To approve as a correct record the minutes of the meeting held on 1<sup>st</sup> June 2022.

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

5. **Provisional Financial Outturn 2021/22** (Pages 25 - 106)

To consider a report which provides a pre-audited overview of the Cheshire East Council outturn for the financial year 2021/22.

6. **UK Shared Prosperity Fund - Cheshire East Allocation**

To receive a verbal briefing.

7. **Work Programme** (Pages 107 - 114)

To consider the Work Programme and determine any required amendments.

8. **Procurement Pipeline** (Pages 115 - 126)

To receive an update on the procurement pipeline for the Council, the contracts awarded since April 2022 and procurement activity.

9. **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**

10. **Procurement Pipeline** (Pages 127 - 188)

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

11. **Wholly-owned Companies Matters**

To receive a verbal update.

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

**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Finance Sub-Committee**  
held on Wednesday, 1st June, 2022 in the Committee Suite 1, 2 & 3,  
Westfields, Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor A Stott (Chair)

Councillors J Clowes, S Gardiner, N Mannion, C Browne (for Cllr Goldsmith),  
L Crane (for Cllr Carter), K Flavell (for Cllr Puddicombe) and S Holland (for Cllr  
Brown)

**OFFICERS**

David Brown, Director of Governance and Compliance

Peter Skates, Director of Growth and Enterprise

Paul Goodwin, Head of Financial Services and Deputy Chief Finance Officer

Andy Kehoe, Head of Estates

Julie Gregory, Legal Team Manager

Paul Mountford, Democratic Services

**APOLOGIES**

Councillors D Brown, S Carter, M Goldsmith and B Puddicombe

The Chair announced that Councillor Mark Goldsmith had been appointed to the Sub-Committee in place of Councillor Quentin Abel. The Chair placed on record her thanks to Councillor Abel for his contribution to the work of the Sub-Committee.

**1 DECLARATIONS OF INTEREST**

Councillor S Gardiner declared a non-pecuniary and non-prejudicial interest in relation to a number of properties referred to in the confidential appendix to a report on Acquisition and Disposal of Assets. He also made a declaration as Vice-Chair of the Strategic Planning Board on the basis that some of the properties referred to in the report may be the subject of future planning applications which would come before the Board.

Councillor S Holland declared a non-pecuniary and non-prejudicial interest in relation to a property referred to in the appendix to the Acquisition and Disposal of Assets report.

**2 PUBLIC SPEAKING/OPEN SESSION**

There were no public speakers.

### 3 MINUTES OF PREVIOUS MEETING

#### RESOLVED

That the minutes of the meeting held on 2nd March 2022 be approved as a correct record.

### 4 REVIEW OF MEDIUM-TERM FINANCIAL STRATEGY CONSULTATION PROCESS

The Sub-Committee considered a report which reviewed the consultation process for the Medium-Term Financial Strategy, to identify what, with whom and when consultation should take place for the 2023/24 process. The report also sought approval for the outline stakeholder analysis and engagement proposals for the consultation, and a programme of activity that widened engagement with the process.

Officers advised that there would be an opportunity in the consultation period for committees to be engaged with the process. Members asked that this be made explicit in the quarterly progress reports to committees.

Members asked that the public consultation documents be concise and user-friendly, and have relevance at the local level.

#### RESOLVED (unanimously)

That the Sub-Committee

1. approves the following principles of the Medium-Term Financial Strategy consultation process for 2023/24:
  - (a) Target an increased number of meaningful responses to the consultation process compared to 2022/23.
  - (b) Use the current version of the 2023/24 Budget (as contained within the Medium-Term Financial Strategy 2022 to 2025) to support early engagement with stakeholders (Appendix A to the report).
  - (c) Increase the range of opportunities for stakeholders to engage with the process via surveys, face-to-face, plus virtual meetings and use of social media
  - (d) Ensure communications, associated with budget setting, inform stakeholders of the range of Council services and how the Council prioritises activity
  - (e) Use regular and accessible communications to share knowledge of potential opportunities and risks associated with the Council's financial plans to support informed responses to the consultation process.

2. approves the Medium-Term Financial Strategy process for the 2023/24 budget including:

- (a) The Business Planning Timetable (Annex B), and;
- (b) The Stakeholder Analysis (Annex C)

## 5 **APPOINTMENT OF DIRECTORS FOR ORBITAS BEREAVEMENT SERVICES LIMITED**

The Sub-Committee considered a report on the appointment of Directors for Orbitas Bereavement Services Limited following the receipt of notification of the resignation from office of two Directors of Orbitas Bereavement Services Limited to take effect from 1 June 2022. The Sub-Committee was invited to consider whether to appoint directors following these resignations.

### **RESOLVED**

That

1. it is resolved unanimously that two elected councillors be appointed to the Board of Directors of Orbitas Bereavement Services Limited as non-executive Directors;
2. the following councillors be appointed to the Board:

Councillor Mark Goldsmith  
Councillor Lata Anderson

## 6 **WORK PROGRAMME**

The Sub-Committee considered its work programme for 2022/23.

It was noted that Item FSC/3/22-23 – Procurement Working Group Feedback should be scheduled for the meeting on 7<sup>th</sup> September 2022 and not 6<sup>th</sup> July; the work programme would be amended accordingly.

Members asked if the Procurement Working Group, when established, could, as part of its remit, consider whether there were any implications arising from the Procurement Bill. Officers undertook to consider the matter further.

### **RESOLVED (unanimously)**

That the work programme for 2022/23 be noted and approved.

## **7 ACQUISITION AND DISPOSAL OF ASSETS**

The Sub-Committee considered a report on property acquisitions and disposals undertaken by the Council in the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2022. The report also provided information on pending transactions and a potential pipeline of further activity. Appendix C to the report contained commercially sensitive information on property transactions that were ongoing; the Appendix would be considered in part 2 of the meeting.

### **RESOLVED**

That the Sub-Committee

1. notes the acquisition and disposal activity of the Council for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2022 as identified within the Appendices:
  - Appendix A - Summary of Acquisitions
  - Appendix B - Disposals completed in 2020 to 2021 Financial Year.
  - Appendix C - Disposals completed in 2021 to 2022 Financial Year (subject to further detailed consideration in part 2)
2. notes the pipeline of property transaction activity and the potential impact on the MTFS.

## **8 WHOLLY-OWNED COMPANIES MATTERS**

The Sub-Committee considered a report on two separate matters in respect of the Council's wholly-owned companies, one relating to payments for employees and the other in respect of company tax status. The report also described related matters for year-end accounting and financial reporting.

In connection with the report, an extract from the Shareholder Agreement relating to matters requiring the consent of the Shareholders was circulated at the meeting.

The balance of the report, its appendices and recommendations would be considered in Part 2 of the meeting as they contained exempt information relating to the business affairs of the wholly-owned companies.

## **9 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 Paragraph 3 of Part 1 of

Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

## 10 ACQUISITION AND DISPOSAL OF ASSETS

The Sub-Committee considered Appendix C to the Acquisition and Disposal of Assets report.

Members suggested that consideration should be given to other options for the use of land when considering disposals. Officers advised that a Disposals Policy would be submitted to a future meeting of the Economy and Growth Committee.

### **RESOLVED**

That the contents of Appendix C to the report be noted.

## 11 WHOLLY-OWNED COMPANIES MATTERS

The Sub-Committee gave further consideration to the report introduced in part 1 of the meeting.

### **RESOLVED**

That

1. with regard to the matter relating to payments for employees of wholly-owned companies:
  - (a) the content of the letter referred to in Appendix 1 to the report be noted; and
  - (b) in accordance with recommendation 3.1.2 (b), an alternative amendment be proposed as agreed at the meeting and as set out in the confidential minute;
2. it be noted that, following an HMRC review, ALMO status will not apply to Cheshire East Council wholly-owned companies for transactions arising on or after 1 April 2021 (therefore relating to the accounts and tax computations for year ended 31 March 2022) (Appendix 2);
3. it be noted that closing transactions between the Council and its companies, for the year ending 31 March 2022, for services provided to or for the Council will be managed on an 'at cost' basis, and that any financial benefit from expenditure being lower than the management fee will be returned to the single entity of the Council; and
4. it be noted that the new 'model contract' currently being developed with Ansa Environmental Services Ltd will reflect the change in ALMO status and include appropriate arrangements as described in

resolutions 3 and 4, and will be a basis for future change to contracts with other wholly-owned companies of the Council.

The meeting commenced at 2.00 pm and concluded at 4.36 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 <sup>st</sup> 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 1<sup>st</sup> April. The 31<sup>st</sup> 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 (31<sup>st</sup> 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 (EUUV):** 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**

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<b>Date of Meeting:</b>	6 July 2022
<b>Report Title:</b>	Provisional Financial Outturn 2021/22
<b>Report of:</b>	Alex Thompson: Director of Finance and Customer Services
<b>Report Reference No:</b>	FSC/4/22-23
<b>Ward(s) Affected:</b>	Not applicable

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### **1. Purpose of Report**

- 1.1. This report provides members with the pre-audited overview of the Cheshire East Council outturn for the financial year 2021/22. Members are being asked to note the positive financial performance of the Council. The report also proposes treatment of year end balances that reflects risks identified in the Medium-Term Financial Strategy which was approved by Council in February 2022.
- 1.2. Highlighting financial performance across all Departments, and within Central Budgets shows that the Council is achieving its financial strategies and managing financial control and accountability.
- 1.3. Reporting the financial outturn at this stage, and in this format supports the Council's vision to be an open Council as set out in the Corporate Plan 2021 to 2025. In particular, the priorities for an open and enabling organisation, ensure that there is transparency in all aspects of council decision making.

### **2. Executive Summary**

- 2.1. This report outlines how the Council managed its resources through sound financial planning, monitoring and reporting to achieve outcomes and value for money. The report includes a narrative from the Council's Draft Group Accounts, to highlight financial performance within the year, as well as associated appendices to show how the Council has achieved against the

priorities contained within the Corporate Plan as well as other important financial matters.

**2.2.** The Outturn is reported as part of the Statutory Accounts and is therefore subject to audit. The audited Accounts will be presented to the Audit and Governance Committee on 24 November 2022.

**2.3.** The appendices attached to this report set out details of the Council's financial performance in 2021/22:

**Appendix 1 – Narrative from the Draft Group Accounts** – Provides context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2021 to 31 March 2022.

**Appendix 2 – Grants and Requests for Supplementary Revenue Estimates** – includes details of revenue grants received during 2021/22.

**Appendix 3 – Debt Management**

**Appendix 4 – Capital Outturn and Requests for Supplementary Capital Estimates and Virements**

**Appendix 5 – Reserves Strategy**

**Appendix 6 – Treasury Management Strategy**

**Appendix 7 – Investment Strategy**

### **3. Recommendations**

Finance Sub-Committee is asked to:

**3.1.** Note the overall financial performance of the Council in the 2021/22 financial year, as contained within the report, as follows:

3.1.1. A Net Revenue Underspend of £1.1m against a revised budget of £297.4m (0.4%).

3.1.2. Increase in General Reserves from £11.5m to £12.6m (further recommendation at 3.5.3).

3.1.3. Capital Spending of £84.5m against an approved programme of £144.9m (58.4%)

**3.2.** Note the contents of each of the following appendices:

3.2.1. **Appendix 1 – Narrative from the Draft Group Accounts** – Provides context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2021 to 31 March 2022.

3.2.2. **Appendix 2 – Grants and Requests for Supplementary Revenue Estimates** – includes details of revenue grants received during 2021/22 and provides supplementary revenue request relating to grants received in addition to existing budget.

- 3.2.3. **Appendix 3 - Debt Management** – provides a debt summary by directorate.
- 3.2.4. **Appendix 4 – Capital Outturn and Requests for Supplementary Capital Estimates and Virements** – includes an update on the capital programme and details requests for supplementary capital estimates and virements.
- 3.2.5. **Appendix 5 – Reserves Strategy** – details the reserve outturn position.
- 3.2.6. **Appendix 6 – Treasury Management Strategy** – year end Treasury Management report including an economic outlook, borrowing and investing strategies and treasury management indicators.
- 3.2.7. **Appendix 7 – Investment Strategy** – provides details about different types of investments that the Council holds.
- 3.3. Approve supplementary revenue estimates (SRE) up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 2**, Table 1.
- 3.4. Approve supplementary capital estimates (SCE) up to and including £1,000,000 and Capital Virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 4**, Annex C.
- 3.5. Recommend to Council approval of:
  - 3.5.1. Fully funded supplementary revenue estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in **Appendix 2**, Table 1.
  - 3.5.2. The virement of £2.3m in 2022/23 from the Medium-Term Financial Strategy Reserve to the General Reserve as detailed in **Appendix 5**, paragraph 4.

#### **4. Reasons for Recommendations**

- 4.1. The Finance Sub-Committee has a responsibility to ‘coordinate management and oversight of the Council’s Finances’ (Cheshire East Council Constitution – Chapter 2, Part 4). In managing this responsibility the Sub-Committee receives reports, and provides appropriate decisions at each stage of the Council’s financial cycle. The recommendations in this report support the ‘Reporting’ element of the financial cycle.
- 4.2. The overall process for managing the Council’s resources focuses on value for money, good governance and stewardship. The approach to these responsibilities is captured in the Medium-Term Financial Strategy. Financial changes take place during the year and are authorised in line with the Constitution. This report sets out where further approvals are required.

- 4.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.
- 4.4. Outturn reporting provides an opportunity to check performance and management of risks against the Medium-Term Financial Strategy. The four year MTFFS is balanced and approved by Council, but risks were identified as part of this process which could require access to reserves. Members had regard to such risks as the deficit in Dedicated School Grant reserves and potential liabilities associated with the Extra Care Housing PFI Scheme when approving the budget. To ensure transparency on management of such risks it is proposed that the improvement in the outturn supports an increase in the General Reserves of the Council which enhances overall financial stability.

## **5. Other Options Considered**

- 5.1. Outturn reporting could be delayed until post audit, to avoid the risk of provisional figures changing. This is not a recommended option as the audit completion certificate is not expected until November 2022. Delaying the reporting element of the financial cycle minimises the ability to react to issues during in-year monitoring. Provisional reporting has historically been very accurate so it is appropriate to react to the financial information provided in this report.
- 5.2. Positive variances, compared to the third quarter forecasts in 2021/22, could be allocated to budgets or reserves other than general reserves. This is not recommended as the MTFFS has been agreed by Council with clear recognition of emerging risks that require mitigation. General Reserves are used to manage risk, in accordance with the Reserves Strategy. In the Planning cycle for the 2023/24 MTFFS members will have to re-consider the robustness of all estimates and the overall adequacy of reserves based on up to date information and forecasts, which will include a review of the level of General Reserves.

## **6. Background**

- 6.1. The recommendations within the 2021/22 Financial Review and the Medium-Term Financial Strategy (MTFS) were clear in the treatment of the outturn and future reserve balances:
  - 6.1.1. COVID-19 related spending or income losses should be isolated and set against COVID-19 funding. Any surplus or deficit should be managed via the COVID-19 Earmarked Reserve.
  - 6.1.2. Any deficit in non-COVID-19 related budgets should be managed via the MTFFS Earmarked Reserve.
  - 6.1.3. The MTFFS recognised emerging risks such as inflation and particularly the DSG deficit, which highlighted there is no alternative funding.

- 6.2.** The COVID-19 emergency started to impact on the Council's finances in March 2020. Central Government has provided emergency grant funding throughout the pandemic with £8.5m being received in 2021/22. Pandemic related expenditure and income losses are therefore funded from grant income and do not affect the Council's outturn or general reserves position. For transparency COVID-19 spending is shown under the relevant Directorates, but this is matched by grant income in each case.
- 6.3.** COVID-19 financial updates have been presented at Corporate Policy Committee meetings during the year and mitigating activity was identified to minimise the financial impact on the Council's reserves. The overall position has improved throughout the year; management and sound financial control over the funding has been highly effective in mitigating the risks to the MTFs. At outturn COVID-19 funding of £0.8m is available to carry forward to the reserve increasing it to £6.0m.
- 6.4.** The financial outturn for Cheshire East Council, excluding COVID-19 expenditure and income, is an underspend of £1.1m. This is net of appropriate allocations to useable reserves. Further detail is provided in the following table and Appendix 1.

**6.5. Table 1: Total Net Revenue Budget is underspent by £1.1m**

2021/22 Outturn Review (GROSS Revenue Budget £492.7m)	Revised Budget (NET)	Outturn (Including Covid)	Covid related Expenditure Grant Funded	Net Outturn (excluding Covid)	Net Over / (Underspend)
	£m	£m	£m	£m	£m
<b>Service Directorates</b>					
Adults, Health & Integration	118.5	122.4	0.9	121.5	3.0
Children and Families	67.3	73.2	1.1	72.1	4.8
Place	74.3	74.3	4.3	70.0	-4.3
Corporate	35.8	34.2	1.0	33.2	-2.6
<b>Total Services Net Budget</b>	<b>295.9</b>	<b>304.1</b>	<b>7.3</b>	<b>296.8</b>	<b>0.9</b>
<b>Total Central Budgets</b>	<b>1.5</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.4</b>	<b>-1.9</b>
<b>Total Net Budget</b>	<b>297.4</b>	<b>303.7</b>	<b>7.3</b>	<b>296.4</b>	<b>-1.0</b>
Business Rates Retention Scheme	-13.4	-13.4	0.0	-13.4	0.0
Specific Grants	-41.7	-49.1	-7.3	-41.8	-0.1
Council Tax	-242.8	-242.8	0.0	-242.8	0.0
Sourced from Collection Fund	0.5	0.5	0.0	0.5	0.0
<b>FUNDING</b>	<b>-297.4</b>	<b>-304.8</b>	<b>-7.3</b>	<b>-297.5</b>	<b>-0.1</b>
<b>Net Position</b>	<b>0.0</b>	<b>-1.1</b>	<b>0.0</b>	<b>-1.1</b>	<b>-1.1</b>

- 6.6.** The overall underspend increases the General Reserves giving some future protection based on the risks identified in the MTFs. In February 2022 the forecast overspend for 2021/22 was £2.3m and this was to be funded from the MTFs earmarked reserve. The positive improvements in the final quarter of the year means this transaction is no longer required and it is proposed this funding is instead transferred to the General Reserve. This recognises emerging risks such as inflation and particularly the DSG deficit, which it was highlighted in the MTFs as having no alternative funding.

- 6.7.** The Council's wholly owned companies produced a positive outturn for the year, rebating £0.858m to the Council. This reflects the achievement of net cost savings against Council activities funded from the management fee and realising £0.047m in profits from commercial activities.
- 6.8.** Expenditure on the capital programme is £84.5m against a budget of £144.9m. Underspensing will be slipped into 2022/23 and budgets will be re-profiled as part of the outturn reporting. This level of slippage, at 42%, is higher than average, which has been only 32% over the last 5 years. This is mainly due to capacity and supply issues, both internally and externally. Capital receipts in year amounted to £2.6m against a forecast of £1m, in the first instance this improvement reduces potential borrowing costs. Treatment of capital receipts will be considered as part of the review of the Capital Strategy.
- 6.9.** In December 2021, the Department for Levelling-up, Housing and Communities (DLUHC) announced an intention for the following dates to apply for the 2021/22 accounts and audit process in England:
- 31 July 2022 - Publication of the unaudited statement of accounts
  - 30 November 2022 - Publication of the audited statement of accounts
- 6.10.** The budget and policy framework sets out rules for managing the Council's financial affairs and contains the financial limits that apply in various parts of the Constitution. As part of sound financial management and to comply with the constitution any changes to the budgets agreed by Council in the MTFS require approval in line with the financial limits within the Finance Procedure Rules.

## **7. Consultation and Engagement**

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

## **8. Implications**

### **8.1. Legal**

- 8.1.1.** The legal implications surrounding the process of setting the 2021 to 2025 Medium-Term Financial Strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the final outturn stage in 2021/22.
- 8.1.2.** Other implications arising directly from this report relate to the internal processes of approving supplementary revenue estimates,

supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.

## **8.2. Finance**

- 8.2.1. The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 8.2.2. The Council's Audit & Governance Committee is responsible for reviewing and analysing the Council's audited position at year-end. The Committee will receive the Draft Group Accounts on 28 July 2022, with final accounts due for approval by 24 November 2022 following public scrutiny, external auditing and any associated recommendations to the Committee.
- 8.2.3. The forecast outturn for 2021/22, as reported within the MTFs, was used to inform the budget setting process for 2022/23. Analysis of the final outturn helps to inform the Council of potential issues arising for the 2022/23 budget, or highlights potential underlying issues that can be managed in future budget setting cycles. It is important to note that the variations reported at outturn have not identified any significant risks to the 2022/23 budget.

## **8.3. Policy**

- 8.3.1. This report is a backward look at Council activities during the final quarter.
- 8.3.2. The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2023-27 Medium-Term Financial Strategy.

## **8.4. Equality**

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

## **8.5. Human Resources**

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



**8.6. Risk Management**

- 8.6.1. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2021/22 budget and the level of general reserves were factored into the 2022/23 financial scenario, budget and reserves strategy.

**8.7. Rural Communities**

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

**8.8. Children and Young People/Cared for Children**

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

**8.9. Public Health**

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

**8.10. Climate Change**

- 8.10.1. There are no direct implications for climate change.

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a> 01270 685876
Appendices:	Appendix 1 – Narrative from the Draft Group Accounts Appendix 2 – Grants and Requests for Supplementary Revenue Estimates Appendix 3 – Debt Management Appendix 4 – Capital Outturn and Requests for Supplementary Capital Estimates and Virements Appendix 5 – Reserves Strategy Appendix 6 – Treasury Management Strategy Appendix 7 – Investment Strategy
Background Papers:	The following are links to key background documents: <a href="#">2021/22 Financial Year Review</a>



# Appendix 1

## Introduction to the 2021/22 Group Statement of Accounts

**Welcome to the consolidated group accounts for Cheshire East Council and its operating subsidiaries for the period 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022.**

The ongoing impact of the global Coronavirus pandemic means the Council has faced challenges in service delivery and financial uncertainty for the second year in a row. Since March 2020, the Council has worked alongside our partners to respond to the Coronavirus pandemic, protecting lives and managing essential services under national restrictions and economic shifts. The Council has still achieved significant outcomes through the provision of local services, protecting our most vulnerable people and supporting our communities and local businesses. The financial impact of the pandemic on the Council continues to be significant though. The net revenue budget for the Council was again significantly increased in-year with almost £100m being provided in COVID-19 related government grants. The majority of this funding being passported directly to local people and businesses.

The Council entered the year with a four-year balanced budget, approved in February 2021. In May 2021 the Council adopted a Committee System of governance, moving from the previous Cabinet system. Budgets were clearly aligned to the politically proportionate Committees in July. This approach has continued to support transparent decision making in line with the revised Constitution agreed by Council. The budget recognised the ongoing impacts of the pandemic and continued to isolate such costs to align them with government funding, aiming to minimise the impact on services funded locally.

The 2021/22 single year budget was robust relying on several key actions:

- Council Tax was increased by 4.99% including a 3% ring-fenced increase to fund increasing costs of Adult Social Care.
- The Council Tax Support scheme was reviewed to increase support to residents in 2022/23.
- Net Revenue Spending increased by £11m reflecting rising demand across key services, particularly Social Care for adults and children as well as increasing costs in waste services linked to housing growth.
- Proposals were subject to robust review to eliminate unachievable targets.
- Training and development in achieving financial control was enhanced to provide greater certainty over the achievement of value for money.
- Reserves were retained at relatively low levels based on the requirement to support front line services, but also in light of attempts to de-risk the financial plans.
- COVID-19 spending was isolated and aligned to COVID-19 funding

A revised Corporate Plan 2021-25 was approved by Council, alongside the MTFs, in February 2021. Agreeing a balanced budget for the four-year period of the new Corporate Plan has been a significant achievement, considering the financial uncertainties during the pandemic.

The financial outturn for 2021/22 presents an overall revenue budget underspend of £1.1m. Within this overall position there was overspending from pressure in care services, but with compensating underspending in other areas, significantly due to unplanned vacancies. The overall financial standing of the Council therefore remains significantly aligned to the Medium Term Financial Strategy. The strategy provides for significant growth in Children's and Adults Social Care to mitigate risks of ongoing demand, but this remains under constant review. In Adult services for example there was higher fourth quarter spending than forecast, and this must be closely analysed and monitored to understand any underlying additional pressure. The revised MTFs does not

remove budgets from services with unplanned vacancies, to ensure they are able to increase capacity and maintain vital services where possible.

These statements will help the reader understand the Group's finances and allow them to be compared with other local authorities. This report should give electors, local residents, Members, partners, other stakeholders and interested parties' confidence that public money received and spent by the Council is properly accounted for even in an exceptional year, and that its financial standing is secure and resilient for the future.

**The narrative report covers:**

- General information on the Group, the Council and a financial overview;
- Information on where expenditure was incurred and sources of income in 2021/22;
- Commentary on the financial statements; and
- Future opportunities and challenges for the Group and the Council.

*Alex Thompson*

**Alex Thompson** FCPFA

Director of Finance and Customer Services

(Chief Finance Officer - Section 151 Officer)

## Narrative Report

### An introduction to Cheshire East, the place

Cheshire East Council is an all-purpose 'unitary' local authority providing key public services to over 386,000 local residents in Northwest England. The borders include the towns of Macclesfield, Congleton and Crewe. The area lies between the urban areas of Manchester to the North and Stoke-on-Trent to the South. Cheshire East covers a largely rural area of approximately 117,000 hectares, this makes the Council one of the largest local authorities in England.

The Council operates a model which matches the most appropriate service provider in terms of quality and cost to meet the needs of residents. The Group now consists of the Council and its wholly owned companies and associate. The accounts for all these organisations, where significant, are combined with the Council's accounts to produce the Cheshire East Group accounts.

The Group is focused on achieving outcomes, in line with the Corporate Plan, by providing quality local services that maximises value for money for local taxpayers.

Cheshire East Council is a multifunctional and complex organisation; its policies are developed by elected Councillors and implemented by professional officers.

During 2021/22 one company, partially owned by the Council (Cheshire and Warrington Local Enterprise Partnership Limited) also provided services to residents of Cheshire West and Chester and Warrington and are jointly owned with those Councils.

The most significant services provided by the Group are:

- Social Care
- Education
- Planning
- Highways
- Waste Management
- Economic Regeneration

### Cheshire East, the people

**Population:** Office for National Statistics Mid-Year Estimates for 2020 shows an estimated population of 386,700. Cheshire East has a relatively older population than the England average..

**Economy:** Having a strong local economy is key to the Council's ambition to build economic growth; as is developing life skills to help people thrive and reach their potential. Economic data tells us:

- Cheshire East's unemployment rate is significantly below the regional and national averages. Average unemployment over the twelve-month period January to December 2021 was 6,600. This equates to 3.7% of the economically active (employed or unemployed) population aged 16 and above (compared to 3.6% in 2020). The current rate is below the regional and national averages of 4.6% for the North West and 4.4% for Great Britain.
- 6,200 of Cheshire East's residents were claiming out-of-work benefits as of March 2022, down from 6,320 in the previous month and 10,520 in March of 2021. this is still around a third higher than the number of claimants in March 2020 (4,655). These figures reflect the impact of COVID-19 on the local and national economy. 6,200 claimants equates to 2.7% of the Borough's working-age (16-64 year-old) population (down from 4.6% in March 2021, but higher than the 2.0% rate recorded in March 2020); this is significantly less than the rates in the North West and the UK as a whole (4.8% and 4.2% respectively). For the Borough's 18-24 year-olds, the claimant rate is 4.2% (up from 3.5% in March 2020, but lower than the 8.5%

rate recorded for March 2021). This is higher than for other age groups (0.1% for 16-17 year-olds, 3.2% for 25-49s and 1.8% for those aged 50 to 64), but is below the rates for this age group in the North West and the UK as a whole (5.9% and 4.9% respectively).

- Note that Government changes to the eligibility criteria for Universal Credit (in response to COVID-19) mean that claimants now include some people who are in work, but on low incomes.
- Average household income is high compared to the region and UK. Gross disposable household income (GDHI) per head of population was £25,500 in 2019 – 18.9% higher than in the UK as a whole (£21,400) and even further above the North West average (£18,600). Income levels vary widely within the Borough. In the financial year ending 2018, average (mean) gross annual household income in the Borough's MSOAs (Middle Super Output Area used by Office of National Statistics) varied from an average of £32,700 in Cheshire East MSOA 036 (an area in the north of Crewe between Bentley and the train station, including part of Coppenhall) to £60,000 in MSOA 014 (the Tytherington part of Macclesfield).

### The Political Structure of the Council

As a politically led organisation Cheshire East has 82 elected members selected from 52 wards. The electorate in Cheshire East is one of the largest in the UK with almost 300,000 registered voters. Council Elections take place every four years.

During 2021/22 the political membership of the Council was as follows:

	2021/22
Conservative	31
Labour	25
Independent Group	18
Liberal Democrat	4
Real Independents	2
Non-Grouped Independent	2

On 19<sup>th</sup> November 2020 the Council resolved to cease operating the existing Leader and Cabinet model of governance and implement a committee system model of governance. This was implemented on 4<sup>th</sup> May 2021 following the Annual Council meeting. The Council now operates with six service committees, a Finance Sub-Committee and a Scrutiny committee in place of the Cabinet and Overview and Scrutiny structure.

Details of Member Expenses for 2021/22 are available on the Cheshire East website.

## The Cheshire East Council Group Structure

Cheshire East Council is by far the largest service provider of the Group. It is important to recognise that the Council is a Local Authority whereas the other members of the Group are limited companies which are either wholly or partially owned by the Council. The Council must produce a balanced annual budget and aims to spend within that total. The private companies can focus on providing a profit from their commercial activities.

Cheshire East Residents First Limited (CERF) is the largest shareholder for Ansa Environmental Services Limited, Transport Service Solutions Limited and Orbitas Bereavement Services Limited. CERF owns an 80% shareholding in these companies with the remaining 20% being retained by Cheshire East Council. CERF is wholly owned by Cheshire East Council and acts as a holding company for the council owned companies.

Over the last three years the council has been undertaking an extensive review of each of the wholly owned companies to consider the ever-changing environment in which services are delivered, as well as the current strategic objectives of the council and our future ambitions, as outlined in the Corporate Plan.

Decisions have previously been made to bring a number of the companies back in-house, these included Engine of the North and the Skills & Growth Company in 2019/20 and Civicance Ltd from 1<sup>st</sup> April 2020.

Following a review of the Transport Services Solution Ltd in 2020/21, the strategic, planning, commissioning and procurement functions of these services are to be brought back in-house and delivered directly by Cheshire East Council from 1<sup>st</sup> April 2022.

## The Group Management Structure (2021/22)

Where services are not provided by directly employed staff the Council adopts a commissioning approach to ensure compliance and value for money. Although the Council owns the companies within the Group, either wholly or in part, each company is a single entity with its own governance arrangements which then reports into the Council's governance arrangements.

Supporting the work of elected Members is the organisational structure of the Council headed by the Corporate Leadership Team (CLT). This includes the key Statutory Officers to ensure they are represented at the senior level of the Council.

Company	Role	Name
Cheshire East Council (Gross Revenue Spend £825m; Capital Spend £84.5m)	<b>Chief Executive</b> (Head of Paid Service)	<b>Lorraine O'Donnell</b>
	<b>Executive Directors</b>	
	<ul style="list-style-type: none"> <li><b>Executive Director Place</b></li> <li><b>Executive Director of Corporate Services</b></li> </ul>	<b>Jayne Traverse</b>  <b>Jane Burns</b>

Company	Role	Name
	<ul style="list-style-type: none"> <li>Executive Director of Adults, Health and Integration</li> </ul>	Helen Charlesworth-May
	<ul style="list-style-type: none"> <li>Executive Director of Children's Services</li> </ul>	Deborah Woodcock
<b>Other Statutory Officers</b>		
	<ul style="list-style-type: none"> <li>Director of Governance and Compliance – Monitoring Officer</li> </ul>	David Brown
	<ul style="list-style-type: none"> <li>Director of Finance and Customer Service – Section 151 Officer</li> </ul>	Alex Thompson
	<ul style="list-style-type: none"> <li>Director of Public Health</li> </ul>	Matt Tyrer
<b>Wholly Owned Subsidiaries: 2021/22 position</b>		
<b>Cheshire East Residents First (CERF)</b>	<b>Chairman</b>	<b>Paul Bayley</b>
<b>Ansa Environment Services Limited</b> (Turnover £43m)	<b>Chairman</b>	<b>Cllr Steve Hogben</b>
	<b>Managing Director</b>	<b>Kevin Melling</b>
<b>Transport Service Solutions Limited</b> (Turnover £18m)	<b>Chairman</b>	<b>Cllr Jonathan Parry – resigned 17/02/2022</b>
	<b>Managing Director</b>	<b>Kevin Melling – Resigned from TSS 17/02/2022 Paul Bayley appointed 17/02/2022</b>
<b>Orbitas Bereavement Services Limited</b> (Turnover £2m)	<b>Chairman</b>	<b>Cllr David Marren</b>
	<b>Managing Director</b>	<b>Kevin Melling</b>
<b>Tatton Park Enterprise Limited<sup>1</sup></b> (Turnover £0.9m)	<b>Chairman</b>	<b>Cllr Kathryn Flavell</b>
	<b>Director</b>	<b>Graham Jones</b>
<b>Associate:</b>		
<b>Cheshire &amp; Warrington Local Enterprise Partnership Limited<sup>1</sup></b>	<b>Chairman</b>	<b>Clare Hayward MBE, DL</b>
	<b>Chief Executive</b>	<b>Philip Cox</b>

Note 1: Accounts for TPE & C&WLEP are not consolidated in 2021/22 on the grounds of materiality.

The subsidiary companies are led by management boards. These consist of a Managing Director, a Chairman and Directors. The Chairman and two directors are appointed from the elected representatives of the Council.

For a more complete list of appointments and further details on each organisation within the Cheshire East Group please refer to the following websites:

Cheshire East Council	<a href="http://www.cheshireeast.gov.uk">www.cheshireeast.gov.uk</a>
Ansa Environmental Services Limited	<a href="http://www.ansa.co.uk">www.ansa.co.uk</a>
Cheshire and Warrington Enterprise Partnership Limited	<a href="http://www.871candwep.co.uk">www.871candwep.co.uk</a>

Accounts for Tatton Park Enterprise Limited will be published on the Tatton Park website: [www.tattonpark.org.uk](http://www.tattonpark.org.uk)

Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.

(website: <https://www.gov.uk/government/organisations/companies-house>)

The Group has appropriate governance and control arrangements in place to support the proper management of resources. Each year the Council provides an Annual Governance Statement that highlights how effective the processes and controls are during the year. The Audit and Governance Committee receive the Statement and consider any actions put in place in response to any issues being highlighted. It is important to read this Statement, which can be found on the Council's website alongside the Group Statement of Accounts to appreciate the proportionate level of control being exercised over the resources of the Group.

## Group Employees

The Group employs a total of 4,098 people (excluding school based employees).

	No.*	%
Cheshire East Council	3562	87
Ansa Environmental Services Limited (ANSA)	434	10
Transport Service Solutions Limited (TSS)	67	2
Orbitas, Bereavement Services Limited	35	1
<b>Total</b>	<b>4,098</b>	<b>100</b>

\*No. represents an average workforce for the year

## The Corporate Plan

The Corporate Plan was approved by Council in February 2021. This sets out the three main Council priorities of Open; Fair and Green.



## Our Vision An open, fairer, greener Cheshire East

**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

### 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**

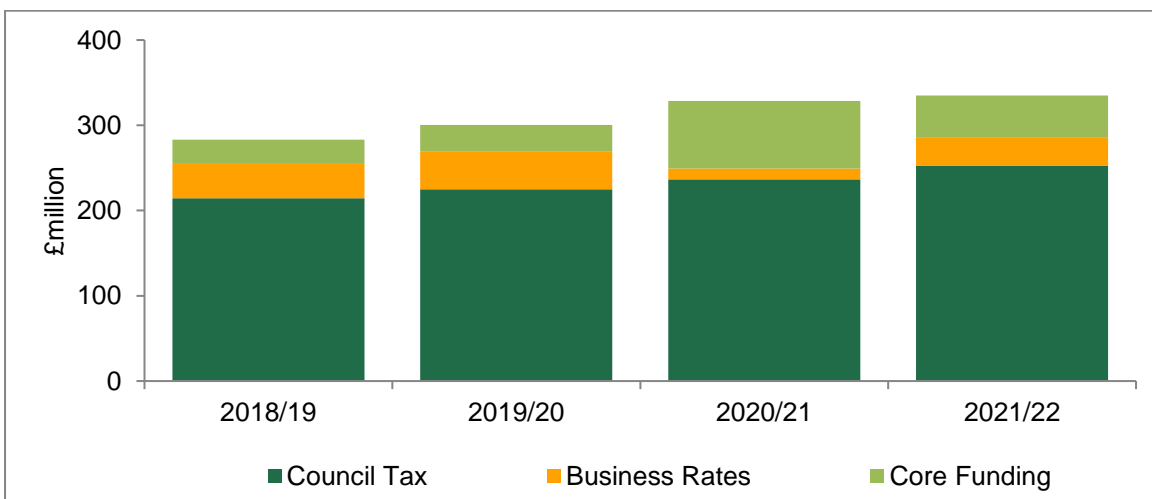
- A great place for people to live, work and visit
- Welcoming, safe and clean neighbourhoods
- Reduce impact on the environment
- A transport network that is safe and promotes active travel
- Thriving urban and rural economies with opportunities for all
- Be a carbon neutral council by 2025

### Our Values

## Financial Overview

Compared to most other English authorities, Cheshire East is less reliant on Government revenue grant as local businesses and residents provide a high proportion of the overall funding through the payment of Council Tax and Business Rates.

**Chart A:** Most of the Council’s funding comes from local tax payers, 2021/22 Core Funding is returning towards normal levels as support for COVID-19 from central government reduces.



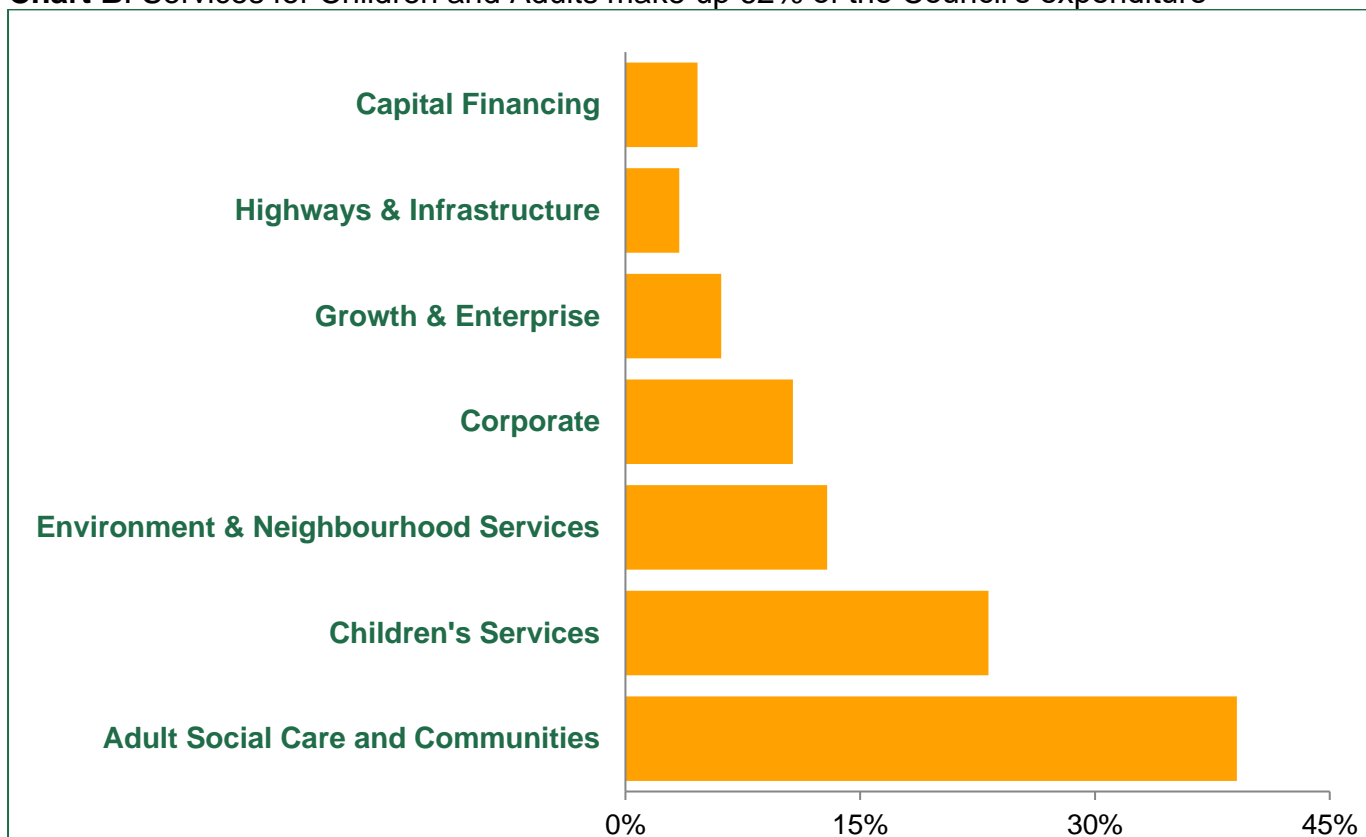
## Most of the Council’s £297m Services Net Budget is allocated to Social Care



The Council invests in a wide range of service providers. Most of the money is spent on achieving social care and community outcomes. The difficult decisions to prioritise and allocate resources to commissioned services mainly rests with elected Members.

The significant majority of education funding is passed directly to maintained schools and payment of welfare benefits, although administered by the Council, are claimed back from the Government in full. These costs are not therefore included in the 'Net Budget'. At present public health expenditure is also ring-fenced for spending on public health services.

**Chart B:** Services for Children and Adults make up 62% of the Council's expenditure



### Revenue Outturn position

The financial outturn for Cheshire East Council (excluding expenditure funded by COVID-19 emergency grants) is an underspend of £1.1m. This is net of specific allocations to useable reserves, in line with the MTFS, of £3.1m.

The COVID-19 emergency started to impact on the Council's finances in March 2020. Central Government has provided emergency grant funding throughout the pandemic with £8.5m being received in 2021/22. This has therefore been used to fund the impact of the pandemic in 2021/22. Pandemic related expenditure and income losses has not therefore affected the Council's outturn or reserves position, although for transparency it is shown under the relevant Directorates.

COVID-19 related spending and income losses are isolated and set against COVID-19 funding. Any surplus or deficit is managed via the COVID-19 Earmarked Reserve. At outturn COVID-19 funding of £0.8m is carried forward to the reserve increasing it to £6.0m.

The overall financial outturn also includes a net underspending of £0.5m from the wholly owned subsidiary companies of the Cheshire East Group. This shows a consolidated strong performance from the Council's wholly owned companies, with most companies recording improvements in the strength of their respective balance sheets. The outturn also included further allocations to earmarked reserves for transformation funding and management of unmitigated risk as well as to reflect service based costs originally forecast to occur in 2020/21 that will instead take place in 2021/22.

Overall revenue reserves of the Group have reduced from £110.7m to £100.3m. This is made up primarily from:

- General reserves for Cheshire East Council have increased from £11.5m to £12.6m.
- Earmarked reserves for Cheshire East Council of £80.9m (including carried forward COVID-19 grants of £18.4m).
- Schools reserves and balances of £6.8m.

The Council will be audited by Mazars LLP and each of the wholly owned subsidiaries of the Group will be separately audited by Grant Thornton UK LLP. Any findings will be reported to the relevant board or Committee and the Audit and Governance committee and reported on the website of each part of the Group.

Summary details of the relative management accounts for each entity within the Group are as follows:

### Cheshire East Council reported an underspend of £1.1m to be added to general reserves

2021/22 Outturn Review (GROSS Revenue Budget £492.7m)	Revised Budget (NET) £m	Outturn (Including Covid) £m	Covid related Expenditure Grant Funded £m	Net Outturn (excluding Covid) £m	Net Over / (Underspend) £m
<b>Service Directorates</b>					
Adults, Health & Integration	118.5	122.4	0.9	121.5	3.0
Children and Families	67.3	73.2	1.1	72.1	4.8
Place	74.3	74.3	4.3	70.0	-4.3
Corporate	35.8	34.2	1.0	33.2	-2.6
<b>Total Services Net Budget</b>	<b>295.9</b>	<b>304.1</b>	<b>7.3</b>	<b>296.8</b>	<b>0.9</b>
<b>Central Budgets</b>					
Capital Financing	14.3	14.3	0.0	14.3	0.0
Transfer to/(from) Earmarked Reserves	-12.4	-12.4	0.0	-12.4	0.0
Corporate Contributions / Central Budgets	-0.4	-2.3	0.0	-2.3	-1.9
<b>Total Central Budgets</b>	<b>1.5</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.4</b>	<b>-1.9</b>
<b>Total Net Budget</b>	<b>297.4</b>	<b>303.7</b>	<b>7.3</b>	<b>296.4</b>	<b>-1.0</b>
Business Rates Retention Scheme	-13.4	-13.4	0.0	-13.4	0.0
Specific Grants	-41.7	-49.1	-7.3	-41.8	-0.1
Council Tax	-242.8	-242.8	0.0	-242.8	0.0
Sourced from Collection Fund	0.5	0.5	0.0	0.5	0.0
<b>FUNDING</b>	<b>-297.4</b>	<b>-304.8</b>	<b>-7.3</b>	<b>-297.5</b>	<b>-0.1</b>
<b>Net Position</b>	<b>0.0</b>	<b>-1.1</b>	<b>0.0</b>	<b>-1.1</b>	<b>-1.1</b>

The wholly owned subsidiaries reported an overall surplus.

Company	Turnover £000	Costs £000	Operating Profit/(Loss) £000	Interest Payable & Taxation £000	Net Profit /(Loss) £000
ANSA	42,655	35,086	7,569	7504	65
TSS	17,809	17,822	-13	50	-63
Orbitas	1,996	1,936	60	15	45
<b>Total</b>	<b>62,460</b>	<b>54,844</b>	<b>7,616</b>	<b>7,569</b>	<b>47</b>

## COVID-19 Financial impact and response

The spread of COVID-19 created unprecedented circumstances within which the Council, working with our communities and partners, has had to respond. The Council's pandemic response has aligned with advice and guidance provided by Government. The Council have reviewed guidance and announcements regularly throughout the pandemic and established a robust and responsive governance to facilitate cross partnership and organisational response.



The Council's Public Health Team's response to COVID-19 included advice and guidance, implementation of Test and Trace, outbreak management, roll out of vaccinations, self-isolation support, distribution of funding for care providers and the Cheshire East Swab Squad which provided advice, training and testing support, including delivering rapid response urgent testing to prevent COVID-19 outbreaks.

The [People Helping People service](#) continued to provide community-based support to meet the needs of our residents during the pandemic. The service has over 1,950 volunteers supporting vulnerable people and individuals who were shielding.

**Delivering COVID-19 grants for residents and business** – our revenues and benefits teams have delivered millions of pounds in support grants to businesses and residents who have been disadvantaged by the pandemic.

The discretionary business grant programme supports local business through the lockdown and recovery periods. It successfully administered the grant allocation of £4.2m, within the Governments deadlines receiving 1,230 grants applications. A further 7,760 applications were received for National Grant Schemes for the Retail, Hospitality & Leisure Sectors and a total of £21.3m awarded.

Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £2.2m on behalf of the Department of Work and Pensions funded from the Household Support Fund. This supported the most vulnerable households across the borough with food, utilities, housing costs, and other essentials.

The Holiday Activities and Food Programme has run since April 2021. The scheme provides enjoyable activities and nutritious meals for primary and secondary school aged children who are eligible for benefits-related free school meals during the school holidays. It is also an important source of support for children and families during the holiday period. Over 50,000 hours of support had been provided to over 3,000 free school meal eligible young people, and over 20,000 healthy meals.

Cheshire East Education and Public Health Teams worked closely with schools throughout the pandemic to ensure they could provide the very best and safe learning opportunities for pupils. The School Immunisation Team offered two sessions to all schools with pupils aged 12-15 years by the end of March 2022. The Education Recovery Group has met regularly to focus on issues that will help schools and settings get back to normal as quickly as possible. The remit has now been expanded to include health and wellbeing, attendance and behaviour.

The financial impact of COVID-19 in 2021/22, including grants administered by schools and grants passported to third parties, totalled £97m.

<b>COVID-19 Funding</b>	<b>£000</b>
<b>Emergency Funding for Local Government – Unring-fenced Grant</b>	
Brought forward as at 1 April 2021	(5,153)
Grant received in 2021/22	(8,508)
COVID-19-related expenditure and income losses in 2021/22	8,544
Sales, Fees & Charges Compensation received in 2021/22	(872)
<b>Unringfenced Grant Carried forward as at 31 March 2022</b>	<b>(5,989)</b>

<b>Other COVID-19 Funding Applied or Passported during 2021/22</b>	<b>£000</b>
Business Rate Reliefs	36,010
Business Restart Grants	21,295
Infection control measures and rapid testing & Vaccine	8,751
Additional Restrictions Grant Top-up Allocation	4,232
Omicron Hospitality and Leisure Grant Scheme	3,486
Local Council Tax Support	3,373
Workforce Recruitment and Retention fund	2,796
Contain Outbreak Management Fund 7	2,196
Test & Trace Support Payments	1,524
Covid Local Support Grant	1,036
Community Testing Funding	545
Test & Trace Practical Support	479
Adult Social Care – Omicron Support Fund	363
Local Transport Authority Bus Recovery Funding (LTA BRG)	344
Welcome Back Fund	340
Bus Service Support Grant (CBSSG) Restart scheme	331
LA Framework/ Practical Support for those Self Isolating	283
Protect and Vaccinate for Rough Sleepers	81
Wellbeing for Education Return	48
Coronavirus (COVID-19) National Testing Programme	30
Additional Dedicated Home to School and College Transport	26
Elections	14
Tax Income Guarantee Scheme	3
<b>Total</b>	<b>87,586</b>

### Performance Overview

The Council's outcomes, are achieved through a combination of staff, commissioners and providers targetting our performance ambition. Some of the key issues that have affected the level of service expenditure and performance against outcomes during the year are summarised below.

**Adult and Public Health Services**



Cheshire East Council's Test and Trace Team have worked relentlessly over the past two years to protect residents and staff, and the work of the team has been recognised as national best practice. The team implemented one of the first dedicated locally supported contact tracing teams, regularly reaching over 95% of local cases, and often being in the top 10 performers in the country. The Cheshire East 'Swab Squad' undertook well over 30,000 tests in the community and supported over 100 businesses during 2021, and were national finalists for an APSE Award in 2021 for 'Best Workforce Initiative'.

Two new mental health crisis cafes opened in February 2022: Crewcial in Crewe and The Weston Hub in Macclesfield. Crisis cafes are warm and welcoming safe spaces for people seeking support whilst in mental health distress. The vision for both cafes has been co-produced with people who use mental health services, families, and communities including the police, social services, the fire service and health and social care professionals. The cafes are the result of a partnership between Cheshire and Wirral Partnership NHS Foundation Trust (CWP), Cheshire East Council, Independence Supported Living (ISL) and East Cheshire Housing Consortium (EHC).

We have supported Ukrainian refugees under the national Homes for Ukraine scheme. The first phase of the scheme is a sponsorship route to allow Ukrainians, who are known to sponsors in the UK, to come into the country under a visa to live, work and study in the UK and access public funds for three years. 130 sponsors across the borough have offered accommodation, with 316 Ukrainian refugees having applied for visas to come to Cheshire East.

Cheshire East Council's online health and wellbeing system MyCareView has achieved national recognition by winning two awards: the Gold Award at the iESE Public Sector Transformation Awards 2022 for the 'Best Use of Digital and Technology', and an award at the Health Tech Awards 2021. MyCareView is available through the NHS App and is currently providing nearly 40,000 people in Cheshire East with access to healthcare services and the data held about them in primary and secondary care.

Cheshire East Council launched an exciting new crowdfunding initiative, Cheshire East Crowd, to encourage and create community-led projects that will make a difference. Residents who have ideas on how to improve their community now have the opportunity to gain funding via the crowdfunding platform. Examples of projects

Our communities team have helped to deliver life-changing outcomes for some of the most digitally-excluded groups within Cheshire and Merseyside, through a kit recycling project undertaken by the digital inclusion team from the Cheshire and Merseyside Health and Care Partnership. The project helped individuals get online, empowering them to access a range of



support so far include a community sensory projector in Crewe, a repair café in Macclesfield, the restoration of the footpath along part of the Trent and Mersey canal bank at Wheelock Wharf, and a project to provide adaptive bikes on a local cycle track in Poynton.



digital health services, such as diabetes and mental health support.

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 increasing demand for services, increasing complexity of the demand and increasing costs in providing them. Demand for Social Care is therefore not driven exclusively by an ageing population, the prevalence of disability among working-age adults has also increased over recent years. In addition to increasing demand, the unit cost of providing care services is also going up, driven mainly by workforce costs and this has been recognised in the 2021/22 budget where growth has been allocated.

COVID-19 for the social care and health system has thrown into turmoil what we normally accept as the status quo. Whilst the human, social and economic cost of COVID-19 has been inexorably high, the pandemic challenged Cheshire East on the way services were delivered meaning reduced costs in some areas as services had to be closed/stopped in line with government guidance, and pressures in other areas where demand has increased. Utilisation of COVID-19 funding has meant that the services have responded by diverting resources to the most critical services during this challenging year, as well as supporting our NHS Partners.

## Children's Services



As a council we are committed to working together with our children, young people and families, and during 2021/22 we have co-produced a number of key strategies. We launched our strategy for children and young people with special educational needs and/or disabilities (SEND). We are increasing our local SEND educational provision and are on track to deliver over 250 new special school places. We also launched a new strategy to support children and young people experiencing neglect, which has improved identification of neglect across the partnership. Our new Children and Young People's Plan and Cared for and Care Leavers Strategy are in development with our young people and will be launched in summer 2022.

We received three inspections of our support to children and young people during 2021/22:

- The Ofsted and the Care Quality Commission (CQC) SEND re-visit in May 2021 found services for children with special educational needs and/or disabilities (SEND) in Cheshire East had made sufficient progress in addressing all of the significant weaknesses identified at the initial inspection.
- The multi-agency inspection of the Cheshire Youth Justice Service in July 2021 rated the service as 'Good' overall, with 'Outstanding' ratings in some areas including leadership.
- The Ofsted focused visit of services for children who need help or protection in November 2021 found that since the last inspection in November 2019, the quality of social work with these children and families has improved, and senior leaders are successfully embedding a child-centred culture.

Staff from Cheshire East Council's Education Service received awards for their support to children who are educated out of school. The 'Kit' awards, presented by the charity Education Otherwise, are based on nominations from families who home educate their children. They recognise and celebrate education officers who enjoy good relationships with home educating families in their area.

The Domestic and Sexual Abuse Partnership were successful in their bid to be the national pilot site for the [Whole Housing Approach](#). This lottery funded project will enable agencies across the partnership to develop and test new ways of working that ensure children and families living with domestic abuse receive support in safe accommodation. The three year project will include support and expertise from national lead domestic abuse organisations including Standing Together Against Domestic Violence, Safer London and Surviving



	<p>Economic Abuse. This is a really exciting opportunity to strengthen domestic abuse support locally.</p>
<p>Cheshire East Council, with the help of a wide range of local partners, distributed vouchers worth £4m on behalf of the Department of Work and Pensions to support the most vulnerable households across the county with food, utilities, housing costs, and other essentials over 2021/22. The programme released over 100,000 payments to over 10,000 individuals in need across Cheshire East, receiving excellent feedback from the community.</p>	<p>Cheshire East Council held the first Early Help Diamond Awards in October 2021 to celebrate exceptional individuals and organisations who get involved with children and families as soon as possible to help them to tackle problems, preventing them from going into crisis. Award-winners were a mixture of council employees, professionals in partner organisations, and volunteers. Young people were involved in designing and planning the event and selecting the award categories.</p>
<p>Our Supported Internship Programme continues to achieve strong outcomes for our young people with special educational needs and/or disabilities who have an education, health and care plan. A supported internship helps to bridge the gap from education into paid work by providing additional support for both the young person and the employer. Last year, 79% of the interns progressed into paid work.</p>	

The main spending pressure within Children’s Social Care is on the agency placements budget of £3m. The number of children in care is 522 at March 2022. This is down from 531 in May 2021 and the 2020/21 average of 535. The reduction is positive for the outcomes being sought but numbers in care remain higher than in previous years although in line with the national average. The unit costs for all types of placement have increased due to market inflation. The average cost of an external placement has increased by 15.3% over the 2020/21 average cost. Rising costs and the level of activity continue to place a strain on the budget.

During the year COVID-19 related costs were £1.1m including £1m from additional agency placement costs and associated staffing plus higher legal costs within Children’s Social Care.

**Dedicated Support Grant**

The key pressure on DSG relates to the high needs block where the SEND service has significant numbers of Education, Health and Care Plans. This has placed pressure on the grant used to provide funding for children with SEND in various settings and led to a £15.7m overspend against the Council’s Dedicated Schools Grant. This will take the DSG Reserve to a £25.7m deficit position at 31<sup>st</sup> March 2022. This is in line with the budget gap as determined by the council’s DSG Management Plan that was reported to Cabinet in March 2021 and set out the planned expenditure and income on high needs over the medium term. Specific issues for 2021/22 include pressures on external placements and the medium term plan to increase local provision as an alternative to higher cost placements.

**Place**

Notable successes this year include:

**Tree Planting**

The Council has continued its tree planting as part of its commitment to be carbon neutral by 2025 with 22 hectares of trees now planted since 2019. This includes the seven-hectare tree planting site (equivalent to around 10 football pitches) at Leighton Grange, Crewe delivered in partnership with the Mersey Forest. Volunteers from the Green Task Force, a charity that uses nature-based therapy to help veterans struggling with their mental health into work, helped to plant the large site over five days in March 2022. Planning permission has also been secured to install a large-scale solar farm on the same site.



**Nantwich Leisure Centre**

Nantwich Leisure Centre has benefitted from a £2.2m investment, creating a larger gym, a new exercise studio, improved changing and locker provision, a café and a new bright and spacious reception area. The council was also able to draw on the public sector decarbonisation fund to help finance the project to make the build eco-efficient and sustainable, with energy-saving solar panels on the roof and smart control technology throughout the building as part of the council's drive to be a carbon neutral council by 2025, with the redeveloped facility rated 'Good' through the Bream certification scheme.



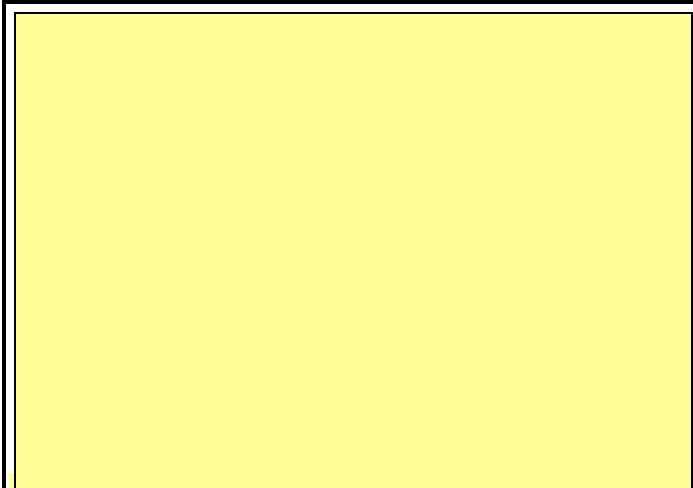
**Congleton Leisure Centre**

The £10m refurbishment of Congleton Leisure Centre started in June 2021 with the construction due to be completed in December 2022. Children from a local primary school were given their chance to sign one of the last pieces of steel used to form the structure of the new pool hall. The refurbishment will see the demolition of the legacy pool and hall and the delivery of two new swimming pools, with a thermal suite, modern gym, café area and soft play area.



**May 2021 - New and improved walking and cycling route in Wilmslow**

Work to deliver a new and improved walking and cycle route between Alderley Park and Wilmslow railway station completed within twelve weeks. The work has improved access to the town centre, railway station, employment and education sites for pedestrians and cyclists, whilst also boosting opportunities for greener and more active travel across the borough and supporting Cheshire East Council's goal of becoming carbon neutral by 2025. In addition, continuing to focus on green innovation across the Highway Service a 'Polydeck' bench was installed, made from 100% recycled plastic material. The old bus shelters from Alderley Road were removed and donated to Wilmslow Rugby Club to be used as pitch side dug outs which helped to decrease our carbon footprint by reducing waste.



*Cllr Craig Browne, Cllr Laura Crane and Mark Heywood, Construction Manager and the new 'polydeck'*



*Wilmslow operational team donating bus shelters to Wilmslow Rugby Club*

**Completed December 2021 - A51 Nantwich Road**

Work to stabilise 750 metres of carriageway on the A51 Nantwich Road completed after a 16-week closure.

The road was totally reconstructed to prevent any further decline in its condition. Facing extra challenges due to the close proximity of the Trent and Mersey Canal, as well as being a major route for heavy haulage traffic, the work was finally completed on the 17th December and the road was officially reopened by the mayor of Cheshire East and local ward member, Councillor Sarah Pochin.



*Site team open road alongside Cllr Sarah Pochin.*

**Poynton Relief Road**

Good progress has been maintained on the 3.5km project. The final beams have been lifted into place for the Chester Road Bridge, work has been completed on the Bonis Hall Lane junction improvements and is now underway on the Adlington Crossroads



improvements. Work remains on track for a road opening later in 2022.

**North West Crewe Highway Package**

Work has continued throughout the year ready for a site start in May 2022. The main works consist of a 2.6km new single carriageway and 7 new roundabouts with existing junction improvements on A530 Middlewich Road and Minshull New Road.

A contract has now been let with Balfour Beatty and construction will take approximately 2 years.

Delivery of public realm scheme for Castle St in the heart of Macclesfield town centre.



Working with collaborative partners to deliver outdoor hospitality area in Market Place, Macclesfield.

**Business Support through COVID**

Over the last 2 years the Business and Growth Team have processed and assessed 4,114 grant applicants and awarded 2,374 grants. In addition, it established and delivered the Cheshire East Recovery & Growth Programme, which provided support to more than 350 businesses to help develop recovery



### Welcome Back Fund delivered across 11 Towns including the Say Hi to the High Street campaign

1. Working collaboratively with Town Councils to deliver a variety of Welcome Back Fund initiatives across 11 town centres including, planting, volunteer litter picking equipment, deckchairs, tables, chairs, bunting, and pianos



2. Communication and promotions marketing town centres under the 'Say Hi to the Hi Street' strapline including the production of 33 social media videos promoting 11 towns across the borough and a leaflet drop to 187,000 businesses and residents.



and growth plans through an online [portal](#) and one-to-one consultancy support.

This work has been a huge task and brought together more than 20 colleagues from across the Place Directorate and agency staff who joined us at different times over the last 2 years to help deliver these grant schemes.

We are in the process of conducting an economic impact assessment report on the Recovery & Growth Programme to capture the benefits of the grants and business support on the recovery and growth of the beneficiary businesses. The responses from recipients of the Recovery & Growth Grant shows that from these 62 businesses, have had the following direct benefits from the grant award:

Number of jobs saved: 376

Number of new jobs created: 271

Additional revenue growth: £15.2m

This is just based on a sample of one-third of recipients, so the final impact is likely to be much higher.

It is also worth noting the following inward investment successes of the team including:

- Likewise - £50m investment in Customer Service Centre in Crewe
- Bentley - £2.5bn investment in the Crewe campus over the next 10 years
- Barclays – application submitted for Phase 1 campus redevelopment and relocation of 1,000 jobs to Radbroke Technology Centre
- Tatton Services – application submitted for new motorway services with farm shop and hotel

The COVID-19 impact has been evident across large parts of the Directorate, there have been significant income losses within Car Parking, at Tatton Park and within the Planning Service.

There have also been significant COVID-19 costs for some services. For example, in Environmental Services there has been an increased cost associated with waste collection and disposal, particularly due to increased waste tonnage as more people are working from home and cover for sickness and isolation.

The number of unplanned vacancies across the Directorate has led to an underspend of £2.9m on staffing and savings on general supplies. There has also been £1.1m underspends on water, energy and waste in closed or underutilised buildings with Facilities Management. Delays have also been

experienced on a number of projects notably the HS2 programme due to the later submission of the Phase 2b bill.

## Corporate Services

<p><b>Customer Services</b></p> <ul style="list-style-type: none"> <li>We have continued to provide financial support to businesses, delivering the Government's Covid Business Support Grants</li> <li>We have delivered the Governments Track and Trace service and ensured customers self isolating are supported financially through the issue of self isolation payments</li> <li>We have supported the delivery of the Household Support Fund providing financial assistance to families and children</li> </ul>	<p><b>Communications</b></p> <p>By the end of the 2021/22 year, the council surpassed 34,000 subscriptions for Council e-newsletters for a range of services, surpassed 30,000 Twitter followers and 20,000 Facebook followers for its corporate accounts, issued 287 media releases and responded to 741 media enquiries. The communications and media team also continued to support the council's emergency response to the COVID-19 pandemic, providing essential information, updates and behaviour change campaigns.</p>																								
<p><b>Demonstrate commitment to open data – transparency and information sharing</b></p> <ul style="list-style-type: none"> <li>All Contracts awarded above £5k are published every quarter</li> <li>£500 spend report published monthly</li> <li>Procurement forward plan published quarterly</li> <li>P Card spend published quarterly</li> </ul>	<p><b>A committed and motivated workforce</b></p> <p>A new council wide contract management system has been implemented to support the council to manage its contract.</p>																								
<p><b>Achievements</b></p> <ul style="list-style-type: none"> <li>Lead on the North West SEND purchasing system, 23 North West authorities have signed up to utilise the new Purchasing System</li> <li>Assistive equipment / telecare - £7.4m</li> <li>Integrated community Equipment Service - £100m Lead on the procurement for CWAC and CCG's</li> <li>Energy Contract awarded £30m</li> <li>Housing Development Framework – £80m Awarded</li> <li>Low Value Construction Framework – £16.5m Awarded</li> <li>Facilities Management - £100m Awarded</li> <li>Service Contract for the Operation of Crewe Markets - £2m</li> </ul>	<p><b>Social value supplier survey over the last 3 years</b></p> <table border="1"> <thead> <tr> <th></th> <th>2020/21</th> <th>2019/20</th> <th>2018/19</th> </tr> </thead> <tbody> <tr> <td>Number of suppliers surveyed</td> <td>100</td> <td>50</td> <td>50</td> </tr> <tr> <td>Number of suppliers responding</td> <td>48</td> <td>37</td> <td>20</td> </tr> <tr> <td>Response rate</td> <td>48%</td> <td>54%</td> <td>40%</td> </tr> <tr> <td>Percentage of total commercial spend accounted for</td> <td>44%</td> <td>51%</td> <td>54%</td> </tr> <tr> <td>Percentage of respondents from small and medium size enterprises, charities or trusts</td> <td>56%</td> <td>56%</td> <td>50%</td> </tr> </tbody> </table>		2020/21	2019/20	2018/19	Number of suppliers surveyed	100	50	50	Number of suppliers responding	48	37	20	Response rate	48%	54%	40%	Percentage of total commercial spend accounted for	44%	51%	54%	Percentage of respondents from small and medium size enterprises, charities or trusts	56%	56%	50%
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<b>Social value survey highlights</b>			
<b>Social value criterion</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2018/19</b>
Estimated number of jobs provided by respondents for Cheshire East residents	3,317	3,317	2,104
Volunteer work hours provided by respondents	20,343	29,959	1,820
Employees paid living wage	86.9%	85.6%	72.45%
Estimated number of apprenticeships provided by respondents (not specifically for Cheshire East Council work)	1,688	1,003	325

The Corporate Services Directorate, which includes the Housing Benefits (HB) Payments Centre, has reported an underspend against budget of £2.5m.

The main underspends in the service were due to marriage income in registrations, higher than expected recovery of HB grant, through vacancies and reduced non-essential spend. These were partially offset by additional one-off costs relating to implementing the B4B System, which are one-off additional costs that cannot be charged to the capital project.

There has been additional COVID-19 related revenue costs and lost income within Corporate Services totalling £1m, however this has been met by un-ringfenced COVID-19 grant and sales, fees and charges compensation.

### **Changes in Pension Estimates**

Due to the scale of the pension assets (£1.6bn) and liabilities (£2.0bn) detailed in the Accounts, even small percentage changes in assumptions regarding their value can have a noticeable impact on the reported position.

In 2021/22 the net pension liability (deficit) reported in the Accounts has decreased by £169m.

Detailed actuarial valuations are carried out every three years and the formal valuations for English and Welsh Local Government Pension Scheme (LGPS) Funds were concluded as at 31st March 2019. The balance sheet position for 2021/22 is based on the 2019 formal valuation rolled forward to 31st March 2022.

## Council Tax

Cheshire East collects Council Tax for the whole area and the income is split between the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils in addition to its own requirement. The total budgeted collectable amount for 2021/22 was £299.0m. The carried forward deficit on the Council Tax Collection Fund at the end of 2021/22 is £1.1m.

The Council Tax in-year collection rate for 2021/22 is 97.8%, a slight increase from the previous year's performance. The strong economy in Cheshire East also contributed to an increase in the overall tax base of 0.78% (from 152,597.84 to 153,196.10).

## Business Rates

Cheshire East collects Business Rates for the whole area and the income is split 49% to Cheshire East, 50% to the Department for Levelling Up, Housing and Communities (DLUHC) and 1% to the Cheshire Fire Authority. The total budgeted collectable amount for 2021/22 was £142.0m as per the NNDR1 return. The carried forward deficit on the Business Rates Collection Fund at the end of 2021/22 is £30.7m, however £24.6m of this deficit is due to the accounting arrangements required for the Expanded Retail and Nursery Relief due to COVID-19 and will be repaid in full in 2022/23 with S31 grant that has already been received from DLUHC for the CEC share and the remaining 50% share will be repaid by central government.

The Business Rates in-year collection rate for 2021/22 is 95.6% which is an increase of 3.2% from the previous year's performance.

## Financial Overview - Capital Programme

Capital expenditure represents money spent by the Group on purchasing, upgrading and improving assets that will be of benefit to the community over many years.

Total capital expenditure in 2021/22 was £84.5m compared to the original budget, as at February 2021, of £171.3m.

The forecast for planned spend is updated throughout the year and published in the Quarterly Finance Update reports. During 2021/22 a number of major projects have either completed or got under way including the Congleton Link Road (£4.9m), Poynton Relief Road (£11.3m), Schools Improvement Programme (£8.3m), ICT Programme (£4.9m), Congleton Leisure Centre (£5.1m) and Nantwich Leisure Centre (£1.7m).

Slippage against the revised forecast of £144.9m reported at the Mid Year Review has totalled £60.4m.

Capital receipts in year amounted to £2.6m from the sale of surplus assets, including The Gables (£0.4m), Land off Coppice Way (£0.3m), Farms Sales (£0.3m) and former housing right to buy receipts (£1.1m).

The Council has succeeded in attracting £41.9m of grant funding and external contributions for capital improvements. This minimises the financial impact of the capital programme on the revenue budget, and so protects funding for other services such as social care.



## The Council has an ambitious capital programme with the highest spending in Highways and Infrastructure

	Outturn 2021/22 £m	Three Year Forecast			Total £m
		2022/23 £m	2023/24 £m	2024/25 £m	
<b>Expenditure</b>					
Children's and Families	9.79	37	28.69	0.29	75.78
Adults, Commissioning and Public Health	0.01	0.47	0	0	0.48
Highways and Infrastructure	45.6	86.61	38.74	32.65	203.59
Growth and Enterprise	13	65.18	43.74	4.72	126.64
Environment and Neighbourhood Services	8.25	12.31	0.05	0	20.6
Corporate	7.9	14.14	7.67	7.67	37.38
<b>Total Expenditure</b>	<b>84.54</b>	<b>215.71</b>	<b>118.89</b>	<b>45.33</b>	<b>464.48</b>
<b>Funding</b>					
Grants and Other Contributions	42.45	166.38	73.57	26.96	309.36
Capital Receipts and Reserves	0.53	0.7	2.15	1.84	5.22
Borrowing	41.56	48.63	43.18	16.53	149.9
<b>Total Funding</b>	<b>84.54</b>	<b>215.71</b>	<b>118.9</b>	<b>45.33</b>	<b>464.48</b>

### Protecting Against Risks

The Council has a risk management framework with hierarchical risk registers forming part of the process which operate at strategic, operational and project levels. Emerging significant risks are escalated to senior members and/or officers, as appropriate, in line with the potential likelihood and impact of the risk upon objectives. Formal reports with regard to the risk management process are made throughout the year to senior officers and members.

During the year the strategic risk register has been reviewed and maintained to ensure that the strategic risks remain relevant and that risk interdependencies are understood. Operational risk registers are included within team plans.

The Council's key strategic risks recognise potential threats from increasing demand for services, our capacity to deliver and the Council's financial resilience. The growing challenges of cyber risk has been recognised during this period, which may potentially give rise to events that could have a negative impact upon the Council's ability to deliver services. The economic position and austerity challenge has also been recognised for the impact on both the Council, and it's partners, and the potential negative impact on the achievement of objectives.

The Council continued to lead and support the Local Resilience Forum (LRF) in planning for the recovery from the pandemic. The Strategic Co-ordinating Group of the LRF established a recovery sub group, which has been chaired by the Chief Executive of Cheshire East Council and included partners from other local authorities, the NHS, Public Health, Police and Fire. The Council's own emergency response arrangements continued though 2021/22, with regular meetings reviewing the operational challenges of service delivery through the various stages of restrictions, ensuring emerging risks were being managed, and the Council's business continuity arrangements being revised in response.

## Narrative Report – Expenditure and Income Commentary

### Explanation of the financial statements

The Accounts and Audit (England) Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These Statements are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ('the Code'), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The group accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) which require that the financial statements of the reporting authority (Cheshire East Council) and its subsidiaries and associates shall be prepared as of the same date.

Subsidiaries have been consolidated into the Group Accounts on a line by line basis incorporating their income and expenditure fully in the relevant service revenue accounts. **Note 32** provides further details of the various companies in which the Council has an interest. Tatton Park Enterprises Limited and Cheshire & Warrington Enterprise Partnership Limited have been excluded from Cheshire East Council group accounts on the grounds of immateriality.

The Council is also required to produce Financial Statements as a single entity. The Cheshire East Council statements follow on from the Group Financial Statements.

The statements contain a number of elements which are explained below.

### The Financial Statements

**Movement in Reserves Statement** - this shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (those that can be applied to fund expenditure or reduce local taxation) and other reserves. Usable reserves include the Capital Grants Unapplied Account which are grants received but not yet utilised.

The 'Surplus or (Deficit) on the provision of services' shows the true economic cost of providing the Group's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes.

The 'Net Increase / Decrease before Transfers to Earmarked Reserves' shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Group's long term strategy is to hold appropriate levels of general reserves to provide funds for investment and to protect the Group against financial risks.

General (£12.6m) and Earmarked reserves (£87.7m including Schools) have decreased in 2021/22 to £100.3m. This includes COVID-19 reserves totalling £18.4m.

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. The impact of rising demand for services, the economic climate, 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.

Resilience has been impacted by the reliance on the use of reserves to balance the 2019/20 Outturn and other one off measures to balance the 2020/21 budget. Information from the CIPFA Financial Resilience data has shown that the level of general reserves held by the Council are significantly lower than our nearest neighbours. In line with a priority of the Corporate Plan, the Medium Term Financial Strategy will seek to increase the level of general reserve and replenish earmarked reserves.

**Comprehensive Income and Expenditure Statement** – this statement reflects the sum of all income, expenditure, gains and losses incurred by the Group in the last 12 months and explains how the Balance Sheet position has changed between the two financial years. This statement shows the financial position in accordance with accounting practice which means that the costs include notional charges for items such as depreciation, impairment, capital grants and capital charges.

**Balance Sheet** – this shows the value of the Group's asset and liabilities at the balance sheet date. These are matched by reserves which are split into two categories: usable and unusable reserves. Usable reserves (e.g. General Fund and earmarked reserves) can be used to support services or to reduce local taxation. Unusable reserves arise out of the interaction of legislation and proper accounting practice, either to store revaluation gains or as adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements. These reserves are not resource-backed and cannot be used for any other purpose.

**Cash Flow Statement** – this shows the changes in the Council's cash and cash equivalents during the reporting period. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The advice from our treasury advisors, Arlingclose has been to borrow short-term from other local authorities, rather than take out long-term loans with PWLB (Public Works Loan Board) as short-term interest rates are currently lower than long-term rates, and it is likely to be more cost effective in the short-term to borrow short-term loans instead.

**Collection Fund** – this is an agent's statement that reflects the statutory obligation for Cheshire East Council, in its capacity as a billing authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of Council Tax and Non-Domestic Rates from taxpayers and the distribution to local authorities and the Government.

**Statement of Responsibilities** - this sets out the respective responsibilities of the Authority and the Director of Finance and Customer Services.

**Independent Auditor's Report** – gives the auditor's opinion on the financial statements and the auditor's conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

## Narrative Report – Future Opportunities and Challenges

### Medium Term Financial Strategy 2022/23 – 2025/26

To provide the best opportunity to achieve the Corporate Plan, and manage the ambitions of the area, the Council created a Medium-Term Financial Strategy for 2022-26 that balances spending on services against resources across each of the next four years.

The response to COVID-19 continues to distort the local and national public finances throughout 2022 and into future years. The legacy impact of the pandemic continues to remain largely unpredictable. The Council was proactive in the way staff and our suppliers and partners responded to keep people safe and support the local economy. The response accelerated changes to ways of working and developed new relationships with residents and partner organisations like the NHS. Lessons will clearly be learnt, and many new ways of working could become ongoing features of our service provision for the future.

The budget and future years estimates were prepared during the COVID-19 pandemic. The budget will be monitored to determine any in-year variations. Any action required to balance in 2022/23 will be appropriately reported and approved and will inform the budget requirements for the MTF period. However, given the uncertainty, about so many issues, not least the sharp increases in inflation, the scope and size of the financial challenge will continue to evolve.

Central Government COVID-19 un-ringfenced grants totalling of £6.0m have been carried forward into 2022/23, via an earmarked reserve, to meet urgent and unforeseen costs and financial pressures impacting on the Council and the Cheshire East economy.

Growth in demand for services has to be funded locally as there are no general government grants to Cheshire East Council (barring £7,000 for 2022/23). This created a requirement to increase Council Tax levels in line with Government expectations, which was **2.99%** in 2022/23. There are forecast increases of up to 2.99% in 2023/24 and beyond, but these may well need to be reviewed in-line with increasing inflation levels. 1% (£2.4m) of the council tax increase in 2022/23 will be solely utilised to fund increasing care costs within Adult Social Care.

The Fair Funding Review (FFR) and Business Rates Retention (BRR) were not implemented in April 2022 as originally planned and may not be implemented for 2023/24 either. Council officers will continue to work with the Government on informing the approach to funding for the next financial year and beyond.

The medium term outlook is one of continuing uncertainty. Locally the Council has however, developed a balanced strategy. But this continues to assume ongoing government support to eliminate the impacts of COVID-19 as well as an assumption that funding provided to support social care is not reduced, even though it is currently temporary in nature. There is also now the emerging cost of living increases and rising inflation that will undoubtedly change the medium-term view. Detailed cost analysis and forecasting will be undertaken in 2022 to quantify the risks to the Councils budget both in the short and medium term.

## Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council and its subsidiaries. I would like to express my gratitude to all colleagues, from my team and other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during the 2021/22 financial year.

I hope you find this narrative and accompanying statements clear and informative. If you require any further information, please contact Cheshire East Customer Services on 0300 123 55 00 (all calls at local rates).

**Alex Thompson** FCPFA

Director of Finance and Customer Services

(Chief Finance Officer - Section 151 Officer)

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## Appendix 2

# Grants and Requests for Supplementary Revenue Estimates Register

## Government Grant Funding of Local Expenditure

1. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2021/22 was £253.4m.
2. In 2021/22 Cheshire East Council's specific use grants held within the services was budgeted to be £234.2m based on Government announcements to February 2021. This figure was revised up at mid-year to £275.4m (an increase of £41.2m). By outturn, this figure was revised up again to £304.0m (an increase of £28.6m on mid-year).
3. The final outturn position has seen an increase in specific use grants of £28.6m. The main factors influencing this revised increased position are as follows:
  - Household Support Fund +£2.2m
  - ESF Income for Journey First and Parents First +£2.2m
  - Covid-19 Infection Control and Rapid Testing +£3.5m
  - Covid-19 Work Recruitment and Retention Fund +£2.8m
  - Covid-19 Contain Outbreak Management Fund +£3.8m
  - Housing Benefit Subsidy +£5.2m
  - Business Support grants +£6.7m
4. There were further grant increases in other service areas which were off-set by a reduction in the Dedicated Schools Grant (-£2.5m) and Restart Grant (-£2.7m).
5. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
6. During 2020/21 the Government announced a number of grant schemes to provide support for businesses that were mandated to close as a result of the Covid-19 pandemic. Further one-off Restart grants were paid during 2021/22 to rate-paying non-essential retail business premises and hospitality, accommodation, leisure, personal care and gym business premises to help them reopen safely. The Council was responsible for making grant payments to businesses registered for business rates under eligibility criteria set by Government.
7. General purpose grants were budgeted to be £19.2m. Further in-year grant announcements had increased the amount received at mid-year to £68.1m.
8. However, by the financial year-end this amount had reduced to £49m (a reduction of £19.1m). This was mainly due to repayments made to the Department for Levelling-Up, Housing and Communities (DLUHC) relating to Covid-19 Business Rates Reliefs (£14.9m). A further £3.5m of S31 Business Rates Relief (BRRS) Compensation Grant was used

to fund the Revenue Budget and the £0.8m transfer of Sales, Fees & Charges Income Compensation to services.

8. The Covid-19 pandemic has seen additional financial support issued by Central Government.
9. In response to the Coronavirus pandemic, in the Budget on 11 March the Government announced that it would increase the discount to 100% and extend it to include the leisure and hospitality sectors. Following the announcement on 23 March 2020 of further measures to limit the spread of Coronavirus, the Government confirmed that some of the exclusions for this relief have been removed, so that retail, leisure, and hospitality properties that will have had to close as a result of the restriction measures were also eligible for the relief. 100% expanded retail relief has been extended to 30 June 2021 for eligible ratepayers. Relief has reduced to 66% from 1 July and Government have applied cash caps to the relief of £2 million for ratepayers meeting the eligibility for the closed cash cap or £105,000 for all other ratepayers. Relief awarded is fully funded by Government.
10. The estimated full cost for this additional relief for Cheshire East is £27.3m as at the Mid-year review. Usually, local authorities would only be paid their Business Rates Retention share (49%) of any new burdens measures, but in this instance 100% of the funding is being paid to councils to help with cash flow shortfalls as the estimate was not included at the NNDR1 stage when budgets were set. At the end of the financial year, following a detailed reconciliation, the share relating to DLUHC (50%) will be repaid to Government.
11. Approval to use additional general or specific purpose grants is requested throughout the year. New requests for the allocation of the additional grants received are detailed in **Table 1**.
12. **Table 2** provides a summary of the updated budget position for grants in 2021/22 by type and service. Further details of grants are shown in **Table 3** Corporate Grants Register.



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

Committee	Year	Type of Grant	£000	Details
Children & Families	2022/23	LA Supplementary Grant (Specific Purpose)	2,072	In the 2022 to 2023 financial year, schools will be allocated £1.2 billion of this additional funding, to provide support for the costs of the Health and Social Care Levy and wider costs. This funding will be allocated through the schools supplementary grant 2022 to 2023.
Children & Families	2022/23	Household Support Fund (Specific Purpose)	2,300	Extension to the Household Support Fund to support vulnerable people (estimated allocation). Guidance will be issued in due course to Local Authorities to ensure they can provide assistance to those most in need of additional support, including those not eligible for the Cost of Living Payments set out on 26 May 2022.
<b>Total Allocation above £1m Council Approval</b>			<b>4,372</b>	
Adults & Health	2021/22	European Social Fund Income for Journey First and Parents First (Specific Purpose)	525	<p>The Journey First programme provides intensive 1-2-1 support for young people and Adults helping participants to identify their skills and reach their goals, whether that be support with job searches and employment or access to further education or training.</p> <p>Parents First is a holistic employment support service for parents of young children who take up the free childcare entitlement as well as parents of young children who have not yet engaged with those services. The support will ensure parents are able to explore and develop education, training, and employment aspirations, get job ready or find meaningful employment.</p>
Adults & Health	2021/22	Covid-19 Community Testing Programme (Specific Purpose)	321	Funding for Community Testing in response to the Covid-19 outbreak.
Children & Families	2021/22	Asylum Seekers	315	Based on clients' claims so therefore will fluctuate based on age / numbers of claims – we are also receiving

Committee	Year	Type of Grant	£000	Details
		(Specific Purpose)		some additional funding from those that move through the National Transfer Scheme.
Children & Families	2021/22	Tackling Troubled Families (Specific Purpose)	105	The Troubled Families programme works with families where children are not attending school, young people are committing crime, families are involved in anti-social behaviour and adults are out of work.
Children & Families	2021/22	Adoption Support Fund (Specific Purpose)	18	The adoption support fund provides funds to local authorities and regional adoption agencies to pay for essential therapeutic services for eligible adoptive and special guardianship order families.
Children & Families	2022/23	Staying Put Implementation Grant (General Purpose)	130	The purpose of the grant is to provide support for local authorities in England for expenditure lawfully incurred or to be incurred by them, in respect of a young person aged 18 and their former foster carer, who wish to continue living together in a 'Staying Put' arrangement. For the purposes of this grant 'young person' means a former relevant child who was looked after immediately prior to their 18th birthday. This supported arrangement can continue until the young person's 21st birthday.
Children & Families	2022/23	Extended Personal Adviser duty Implementation Grant (General Purpose)	57	The Children and Social Work Act 2017 introduced a new duty on local authorities, requiring them to offer Personal Adviser support to all care leavers up to age 25. This duty came into force on 1 April 2018. The purpose of this grant is to provide support to local authorities in England, to help them to meet the requirements of this duty, in response to young people that may request such support from the local authority after the age of 21 and up to their 25th birthday.
Children & Families	2022/23	Extended rights to home to school travel	250	The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools

Committee	Year	Type of Grant	£000	Details
		(Specific Purpose)		further from home than the statutory walking distances. The funding is paid as a non-ring-fenced grant paid via the Department for Communities and Local Government under the Local Services Support Grant (section 31 of the Local Government Act 2003).
Economy & Growth	2021/22	Natural England - Stewardship Scheme  (Specific Purpose)	4	This is for grant aided ecological works on various Countryside sites within Cheshire East
Economy & Growth	2022/23	Homelessness Prevention Grant  (Specific Purpose)	582	The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them in supporting local authorities to discharge their homelessness duties under homelessness legislation. The grant is ring-fenced for 2022-2023 and is to be spent in adherence with the following principles: 1. To fully enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness. 2. Reduce family temporary accommodation numbers through maximising family homelessness prevention and reduce the use of unsuitable B&Bs for families. 3. Ensure service financial viability of services by contributing to the costs of statutory duties, including implementing the Homelessness Reduction Act and supporting with the costs of temporary accommodation.
Corporate Policy	2021/22	Skills for Care  (Specific Purpose)	41	The Workforce Development Fund supports the provision of high quality care and the continuing professional development of staff across the adult social care sector by providing a contribution towards the costs of vocational learning.

Committee	Year	Type of Grant	£000	Details
Various committees	2021/22	Covid-19 Apprenticeship Funding (Specific Purpose)	19	Funding to support employers, apprenticeship training and assessment providers.
<b>Total Allocation £1m or below</b>			<b>2,117</b>	
<b>Total</b>			<b>6,489</b>	

**Table 2 – Corporate Grants Register (Summary)**

Grants 2021/22	Original Budget	Revised Forecast MYR	Final Outturn	Change from MYR
	2021/22 £m	2021/22 £m	2021/22 £m	2021/22 £m
<b>SPECIFIC USE</b>				
Children and Families	160.1	157.8	159.2	1.4
Adults and Health	29.4	38.3	50.5	12.2
Economy and Growth	0.8	27.6	35.7	8.1
Environment and Communities	0.0	0.9	0.5	(0.4)
Highways and Transport	0.3	0.9	1.7	0.8
Corporate Policy	43.6	49.9	56.4	6.5
<b>TOTAL SPECIFIC PURPOSE</b>	<b>234.2</b>	<b>275.4</b>	<b>304.0</b>	<b>28.6</b>
<b>GENERAL PURPOSE</b>				
Children and Families	0.3	0.5	0.5	0.0
Adults and Health	9.1	9.2	9.2	0.0
Economy and Growth	0.0	0.0	0.0	0.0
Environment and Communities	0.0	0.1	0.1	0.0
Highways and Transport	0.0	0.0	0.0	0.0
Corporate Policy	9.8	58.3	39.2	(19.1)
<b>TOTAL GENERAL PURPOSE</b>	<b>19.2</b>	<b>68.1</b>	<b>49.0</b>	<b>(19.1)</b>
<b>TOTAL GRANT FUNDING</b>	<b>253.4</b>	<b>343.5</b>	<b>353.0</b>	<b>9.5</b>

**Table 3 – Corporate Grants Register (Detail)**

Grants 2021/22	Original Budget	Revised Forecast MYR	Final Outturn	Change from MYR	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	<i>Notes 2 - 5</i>
<b>CHILDREN and FAMILIES</b>					
<b>Specific Use (Held within Services)<sup>1</sup></b>	160,065	157,768	159,211	1,443	
<b>General Purpose (Held Corporately)</b>					
Staying Put Implementation Grant	0	113	113	0	
Extended Rights to Free Transport (Home to School Transport)	201	258	258	0	
Extended Personal Adviser Duty Implementation	0	56	56	0	
Extension of the role of Virtual School Heads	60	60	61	1	
<b>TOTAL CHILDREN and FAMILIES</b>	<b>160,326</b>	<b>158,255</b>	<b>159,698</b>	<b>1,444</b>	

Grants 2021/22	Original Budget	Revised Forecast MYR	Final Outturn	Change from MYR	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	<i>Notes 2 - 5</i>
<b>ADULTS and HEALTH</b>					
<b>Specific Use (Held within Services)</b>	29,360	38,284	50,560	12,277	
<b>General Purpose (Held Corporately)</b>					
Social Care Support Grant	7,979	7,979	7,979	0	
Independent Living Fund	818	861	861	0	
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	332	(8)	
<b>TOTAL ADULTS and HEALTH</b>	<b>38,497</b>	<b>47,463</b>	<b>59,731</b>	<b>12,268</b>	

Grants 2021/22	Original Budget	Revised Forecast MYR	Final Outturn	Change from MYR	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	
<b>ECONOMY and GROWTH</b>					<i>Notes 2 - 5</i>
<b>Specific Use (Held within Services)</b>	787	27,588	35,661	8,074	
<b>General Purpose (Held Corporately)</b>					
Homelessness Domestic Abuse New Burdens	0	9	9	0	
<b>TOTAL ECONOMY and GROWTH</b>	<b>787</b>	<b>27,597</b>	<b>35,670</b>	<b>8,074</b>	

Grants 2021/22	Original Budget	Revised Forecast MYR	Final Outturn	Change from MYR	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	
<b>ENVIRONMENT and COMMUNITIES</b>					<i>Notes 2 - 5</i>
<b>Specific Use (Held within Services)</b>	0	850	475	(375)	
<b>General Purpose (Held Corporately)</b>					
Neighbourhood Planning Grant	0	70	70	0	
<b>TOTAL ENVIRONMENT and COMMUNITIES</b>	<b>0</b>	<b>920</b>	<b>545</b>	<b>(375)</b>	

Grants 2021/22	Original Budget	Revised Forecast MYR	Final Outturn	Change from MYR	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	
<b>HIGHWAYS and TRANSPORT</b>					<i>Notes 2 - 5</i>
<b>Specific Use (Held within Services)</b>	348	949	1,713	764	
<b>General Purpose (Held Corporately)</b>					
Pavement Licensing - New Burdens	0	0	15	15	
<b>TOTAL HIGHWAYS and TRANSPORT</b>	<b>348</b>	<b>949</b>	<b>1,727</b>	<b>778</b>	

Grants 2021/22	Original	Revised	Final	Change from	Treatment of
	Budget	Forecast MYR	Outturn	MYR	Grant
	2021/22 £000	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
<b>CORPORATE POLICY</b>					
<b>Specific Use (Held within Services)</b>	43,626	49,940	56,369	6,429	
<b>General Purpose (Held Corporately)</b>					
Housing Benefit and Council Tax Administration	1,022	1,082	1,082	(0)	
NNDR Administration Allowance	569	569	569	0	
Breathing Spaces (Debt Respite Scheme)	0	2	2	0	
Council Tax Family Annex Discount	0	0	23	23	Reserves
New Homes Bonus	7,841	7,841	7,841	0	
Individual Electoral Registration	0	5	5	0	
Local Government Transparency Code - New Burdens	0	0	13	13	
Lower Tier Services Grant	335	335	335	0	
COVID-19 Business Rates Reliefs 2021/22	0	27,280	12,408	(14,872)	Reserves
COVID-19 Compensation for Sales, Fees and Charges Income	0	800	0	(800)	
COVID-19 Local Council Tax Support	0	3,373	3,373	0	Reserves
COVID-19 Local Authority Support Grant	0	8,508	8,508	0	Balances/Reserve
COVID-19 Additional Relief Fund	0	0	0	0	Reserves
Business Rates Reliefs Grant 2021/22	0	8,606	5,106	(3,500)	Reserves
Tax Income Guarantee Scheme: Compensation for Business Rates Losses	0	0	3	3	Reserves
<b>TOTAL CORPORATE POLICY</b>	<b>53,393</b>	<b>108,340</b>	<b>95,636</b>	<b>(12,704)</b>	

#### Notes

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

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# Appendix 3

## Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £1.9m since the end of August.
2. Annually, the Council raises invoices with a total value of over £90m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property. Longer-term, the Council is looking to streamline the collection of all debt by bringing all debt streams together into a 'single view of debt'. This would provide internal efficiencies in addition to supporting residents with multiple debts to manage them more effectively.
4. The Revenue Recovery team (using their experience gained in collecting Council Tax and Non-Domestic Rates) engage with services to offer advice and assistance in all aspects of debt management, including facilitating access to debt collection/enforcement agent services (currently provided by Bristow & Sutor).
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of March 2022 was £12.7m.
6. The total amount of service debt over six months old is £5.7m; provision of £7.8m has been made to cover doubtful debt in the event that it needs to be written off.

### DEBT SUMMARY

	Outstanding Debt £000	Over 6 months old £000
<b>Adults, Health and Integration</b>		
Adults, Health and Integration	9,902	4,752
<b>Children and Families</b>		
Children's Social Care (Incl. Directorate)	38	7
Education and 14-19 Skills	51	5
Prevention and Early Help	54	-
Schools	8	-
<b>Place</b>		
Highways and Infrastructure	989	534
Growth and Enterprise	615	170
Environment and Neighbourhood Services	277	239
<b>Corporate</b>		
Finance and Customer Services	242	22
Governance and Compliance	165	-
Human Resources	57	-
ICT	290	6
Policy & Change	-	-
	<b>12,688</b>	<b>5,735</b>

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# Appendix 4

## Capital Outturn and Requests for Supplementary Capital Estimates and Virements

### Update on Capital Programme

- 2.1 Since the Mid-year Review the Capital Programme has increased by £35.0m for the next four-year period.
- 2.2 Most of these changes have already been reported either separately to Council or part of the budget alignment reports that are being taken to the relevant service committees and onto full Council where necessary throughout June.
- 2.3 All the changes relate to additional grant funding that has been received since the Medium-Term Financial Strategy

was approved in February 2022, within Children and Families we have received Basic Need Grant of £10.7m, High Needs Funding of £8.8m and £0.7m School Condition Grant. Within the Place Directorate we have received £5.8m Pothole funding, Sustainable Warmth Grant, £3.3m and £0.6m Sustainable Travel Grant.

- 2.4 There are also a number of capital virements that have taken place at Outturn to re-align revised budgets to actual expenditure. **(Annexes B & C). Table 1** below shows the movements in quarter for each Directorate.

2.5 **Table 1: Summary Capital Programme**

Directorate	MYR Budget 2021/25 £m	SCE's / Virements in Quarter 2021/25 £m	Transfers to/from Addendum 2021/25 £m	Budget Reductions at Outturn 2021/25 £m	SCE's at Outturn 2021/25 £m	Revised Outturn Budget 2021/25 £m
Adults, Health & Integration	0.5	0	0	0	0	0.5
Children & Families	53.5	22.3	0	0	0	75.8
Place	336.7	14.2	0	(0.1)	0	350.8
Corporate	38.8	(1.4)	0	0	0	37.4
	<b>429.5</b>	<b>35.1</b>	<b>0</b>	<b>(0.1)</b>	<b>0</b>	<b>464.5</b>

- 2.6 The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve).
- 2.7 The final Outturn position as the 31 March 2022 showed total capital expenditure of £84.5m against a Mid-year forecast position of £144.9m. The slippage of £60.4m has been re-profiled into future years as shown in **Annex A**.
- 2.8 **Annex B** details requests of and Capital Virements up to and including £100,000 approved by delegated decision which are included for noting purposes only.
- 2.9 **Annex C** details requests of Capital Virements up to and including £5,000,000 to be approved by Finance Sub Committee.
- 2.10 **Annex D** lists details of reductions in Approved Budgets where schemes are completed, and surpluses can now be removed. These are for noting purposes only.

## Annex A: Revised Capital Programme

### CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

#### CAPITAL PROGRAMME 2021/22 - 2024/25

	Actuals 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000
<b>Committed Schemes - In</b>					
Adults, Health and Integration	12	468	0	0	480
Children and Families	9,251	33,026	26,419	44	68,740
Place	64,676	128,295	63,499	25,223	281,693
Corporate	7,714	13,928	7,668	7,668	36,978
<b>Total Committed Schemes -</b>	<b>81,653</b>	<b>175,717</b>	<b>97,586</b>	<b>32,935</b>	<b>387,891</b>

#### CAPITAL PROGRAMME 2021/22 - 2024/25

	Actuals 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000
<b>New Schemes</b>					
Adults, Health and Integration	0	0	0	0	0
Children and Families	543	3,977	2,269	250	7,039
Place	2,161	35,797	19,035	12,147	69,140
Corporate	187	217	0	0	404
<b>Total New Schemes</b>	<b>2,891</b>	<b>39,991</b>	<b>21,304</b>	<b>12,397</b>	<b>76,583</b>
<b>Total</b>	<b>84,544</b>	<b>215,708</b>	<b>118,890</b>	<b>45,332</b>	<b>464,474</b>

# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2021/22 - 2024/25

	Actuals 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000
<b>Funding Requirement</b>					
<b>Indicative Funding</b>					
<b>Analysis:</b> (See note 1)					
Government Grants	37,944	128,968	65,068	13,783	245,763
External Contributions	3,964	36,285	8,497	13,181	61,927
Revenue Contributions	627	0	0	0	627
Capital Receipts	2,625	1,000	1,000	1,000	5,625
Prudential Borrowing (See note 2)	39,385	49,455	44,325	17,368	150,533
<b>Total</b>	<b>84,544</b>	<b>215,708</b>	<b>118,890</b>	<b>45,332</b>	<b>464,474</b>

### Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next four years 2021-2025 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

### Note 2:

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

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

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Capital Budget Virements that have been made up to £100,000</b>		
<b>Education and 14-19 Skills</b>		
Adelaide Academy	2,593	} Virements to cover the School Organisation and Capital Team Salary Recharges charged to the schemes in year funded from the Basic Need future years block allocation
Nantwich Planning Area (Secondary Schools - 300 Plac	80,497	
Malbank High School	302	
Nantwich Planning Area (Secondary Schools - 300 Plac	220	
Holmes Chapel Planning Area	12,511	
Macclesfield Planning Area	14,010	
Wilmslow High School BN	15,785	
Wilmslow Primary Planning Area	520	
Monks Coppenhall SEN Expansion	1,190	
Sandbach High School - Basic Need	3,433	
Sandbach Boys School - Basic Need	3,853	} Virements to cover the School Organisation and Capital Team's Salary Recharges charged to the scheme in year funded from the SEN Phase 2 Block
Shavington Planning Area - Secondary	9,755	
Puss Bank SEN Expansion	582	} Virements to cover the School Organisation and Capital Team's Salary Recharges charged to the scheme in year funded from the SEN Phase 2 Block
Springfield Satellite Site (Dean Row)	20,053	
Future Years Basic Need - Nantwich Primary schools - Kingsley Fields, Wilmslow and Congleton Areas	9,686	Net Virement from various projects - that are now complete and the unspent Basic Need Funding can be re-couped
Pupil Referral Unit - New Site	9,633	Virement from the Basic Need Block Allocation to cover the in-year overspend on this project
Elworth CoE Primary School	94,133	Virement from the Basic Need Block Allocation to cover the in-year overspend on this project and the Salary Recharges from the School Organisation and Capital Team,
SEN Placement Expn - Phase 2	14,005	Net Virement from various projects - that are now complete and the unspent Sen Phase 2 Funding can be re-couped
Schools Condition Capital Grant	10,279	Net Virement from various projects - that are now complete and the unspentSchool Condition Funding can be re-couped
Special Provision Fund - Ivy Bank - New RP building	50,000	Virement from SEN/High Needs Grant allocation to fund the new resource provision buiding works



Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Capital Budget Virements that have been made up to £100,000</b>		
<b>Prevention and Support</b>		
Ash Grove Nursery Expansion	73	} Virements to cover the School Organisation and Capital Team's Salary Recharges charged to the scheme in year funded from the School Condition Block allocation
Beechwood Nursery Expansion	1,042	
<b>Growth and Enterprise</b>		
Crewe Towns Fund - Mill Street Corridor	3,265	Crewe Towns Fund grant approved at MTFS 22-26, to bring forward to 21-22
<b>Environment and Neighbourhood Services</b>		
Church Lane Community Park Development	2,996	Virement from Parks Development Fund to cover in-year expenditure as now S106 funds available.
Nantwich Pool Improvements	135,068	Virement from Macclesfield Leisure Centre project to cover in-year expenditure and overspend.
<b>Transformation Services</b>		
Digital Customer Enablement	33,155	Budget approved in the 22-26 MTFS, part brought forward to be spent in 21-22
<b>Total Capital Budget Virements Approved</b>	<b>528,638</b>	

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

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Finance Sub Committee are asked to approve the Supplementary Capital Estimates and Virements</b>		
<b>Capital Budget Virements above £100,000 up to and including £5,000,000</b>		
<b>Education and 14-19 Skills</b>		
Expansion of Park Lane School	795,799	Virement to be funded from the Provision of Sufficient School Places - SEND and the School Condition grant to fund the in-year overspend and funding for 2022/23
Congleton Planning Area	400,000	Virement from the Basic Need Block Allocation to fund Secondary High School Expansions
Shavington Planning Area - Secondary	500,000	Virement from the Basic Need Block Allocation to fund Secondary High School Expansion
Springfield Satellite Site (Dean Row)	600,000	Virement from the SEN/High Needs Block Allocation to the new SEN provision at Dean Row, Handforth
<b>Total Capital Virements requested</b>	<b>2,295,799</b>	

## Annex D: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
<b>Finance Sub Committee are asked to note the reductions in Approved Budgets</b>				
<b>Education and 14-19 Skills</b>				
Devolved Formula Capital Grant	775,000	746,693	28,307	Reduction in the allocation to be received in 2022/23 against the figures forecast in the MTFS 2022-26
<b>Highways and Infrastructure</b>				
Bentley Road Safety Project S106	194,918	68,564	126,354	This funding has now been used against Highways Maintenance Scheme, where this work has been carried out.
	<b>969,918</b>	<b>815,257</b>	<b>154,661</b>	

# Appendix 5

## Reserves

### Management of Council Reserves

1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
2. The opening balance at 1 April 2021 in the Council's General Reserves was £11.5m as published in the Council's Statement of Accounts for 2020/21.
3. At 31 March 2022, the General Reserve minimum level has increased to £12.6m due to the outturn underspend giving some protection against potential risks.
4. In February 2022 the forecast overspend for 2021/22 was £2.3m and this was to be funded from the MTFFS earmarked reserve. The positive improvements in the final quarter of the year means this transaction is no longer required and it is proposed this funding is instead transferred to the General Reserve in 2022/23. This recognises emerging risks such as inflation and particularly the DSG deficit, which it was highlighted in the MTFFS as having no alternative funding.
5. The Council also maintains Earmarked Revenue Reserves for specific purposes. At 31 March 2022 balances on these reserves stood at £80.9m, excluding balances held by Schools.
6. This valuation includes the appropriation of £12.4m to the Collection Fund Reserve, funded from S31 grant. The increase is as a result of a timing difference, with the grant received in 2021/22 to fund the deficit that will be released in 2022/23.
7. At the end of 2018/19, a central contingency referred to as the MTFFS (Medium-Term Financial Strategy) Reserve was created to support in-year pressures against the revenue budget. Use of this Earmarked Reserve has been subject to approval of robust business cases. At 31 March 2022 the balance on this reserves stood at £10.1m.
8. **Table 1** shows the total reserves at 31 March 2022 prior to the proposed change between the MTFFS reserve and General Fund reserve. Overall the Council remains in a strong financial position given the major challenges across the public sector.

**Table 1 – Reserves Position**

	£m
General Reserve	12.6
Earmarked Reserves (excluding Schools)	80.9
<b>Total Reserves Balance at 31 March 2022</b>	<b>93.5</b>

9. Further details of individual reserves are provided in **Table 2**.

**Table 2 – Earmarked Reserves (excluding Schools)**

<b>Earmarked Reserves</b>	<b>Balance at 31 March 2021 £000</b>	<b>Transfers Out 2021/22 £000</b>	<b>Transfers in 2021/22 £000</b>	<b>Balance at 31 March 2022 £000</b>
<b>Children and Families Committee</b>				
Childrens Directorate	-500	32	-1,079	-1,547
Domestic Abuse Partnership	-79	0	-33	-112
<b>Children and Families Committee Total:</b>	<b>-579</b>	<b>32</b>	<b>-1,112</b>	<b>-1,659</b>
<b>Adults and Health Committee</b>				
Adults Directorate	-1,020	0	0	-1,020
Public Health	-2,118	0	-1,102	-3,220
PFI Equalisation - Extra Care Housing	-2,618	312	-409	-2,715
DOL's Assessments	-600	203	0	-397
NHB Community Grants Staffing	-132	0	0	-132
<b>Adults and Health Committee Total:</b>	<b>-6,488</b>	<b>515</b>	<b>-1,511</b>	<b>-7,484</b>
<b>Economy and Growth Committee</b>				
Place Directorate	-1,254	625	-1,055	-1,684
Investment (Sustainability)	-682	2	0	-680
Legal Proceedings	-560	275	0	-285
Investment Portfolio	0	0	-155	-155
Tatton Park Trading Reserve	0	0	-111	-111
Other Useable Reserves (<£200k in value)	-153	54	0	-99
<b>Economy and Growth Committee Total:</b>	<b>-2,649</b>	<b>956</b>	<b>-1,321</b>	<b>-3,014</b>
<b>Environment and Communities Committee</b>				
Strategic Planning	-638	70	0	-568
Trees / Structures Risk Management	-627	425	0	-202
Other Useable Reserves (<£200k in value)	-54	3	0	-51
<b>Environment and Communities Committee Total:</b>	<b>-1,319</b>	<b>498</b>	<b>0</b>	<b>-821</b>
<b>Highways and Transport Committee</b>				
HS2	-303	0	-682	-985
Flood Recovery Works	-430	30	0	-400
Well Managed Highway Infrastructure Delay	-200	0	-30	-230
Other Useable Reserves (<£200k in value)	-282	0	0	-282
<b>Highways and Transport Committee Total:</b>	<b>-1,215</b>	<b>30</b>	<b>-712</b>	<b>-1,897</b>

<b>Earmarked Reserves</b>	<b>Balance at 31 March 2021 £000</b>	<b>Transfers Out 2021/22 £000</b>	<b>Transfers in 2021/22 £000</b>	<b>Balance at 31 March 2022 £000</b>
<b>Corporate Policy Committee</b>				
Corporate Directorate	-1,341	54	-581	-1,868
Collection Fund Management	-12,699	6,317	-8,634	-15,016
Collection Fund - Covid-19 Grant	-30,134	30,134	-12,408	-12,408
Financing Reserve	-10,882	2,134	-782	-9,530
Insurance Reserve - Cheshire East Fund	-4,933	2,132	-2,363	-5,164
Insurance Reserve - Cheshire County Fund	50	317	-497	-130
Brighter Future Transformation Programme	-2,050	270	0	-1,780
Pay Structure (M Grade Review)	-550	0	-34	-584
Elections General	-251	0	-226	-477
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	-59	0	0	-59
MTFS Reserve	-8,083	392	-2,377	-10,068
Revenue Grants	-3,102	759	-637	-2,980
Revenue Grants - Covid-19	-5,153	0	-836	-5,989
<b>Corporate Policy Committee Total:</b>	<b>-79,187</b>	<b>42,509</b>	<b>-29,375</b>	<b>-66,053</b>
<b>Reserves Total</b>	<b>(91,437)</b>	<b>44,540</b>	<b>(34,031)</b>	<b>(80,928)</b>

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# Appendix 6

## Treasury Management Strategy

### Treasury Management Report

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## 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. The Treasury Management Strategy for 2021/22 was approved at Council on 17 February 2021.
- 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* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Report (**Appendix 7**).

## 2. External Context

- 1.4 **Economic background:** The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.
- 1.5 The Bank of England (BoE) Base Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the

pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

- 1.6 UK Consumer Price Inflation (CPI) was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series.
- 1.7 The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to March 2022 showed the unemployment rate at 3.7% while the employment rate rose to 75.7%. Headline 3-month average annual growth rate for wages were 7.0% for total pay and 4.2% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.4% while regular pay fell by 1.2%.
- 1.8 With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining but

materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 and took UK GDP to just 0.1% below where it was before the pandemic. In the first quarter of 2022 GDP was 0.8% but this was all in January with no contribution in February or March increasing the likelihood of a recession.

- 1.9 Having increased Bank Base Rate from 0.10% to 0.25% in December, the Bank of England increased it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.
- 1.10 In March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.
- 1.11 The US economy grew by 6.9% in quarter 4 2021, a sharp increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated its plan to reduce its asset purchase programme which could start by May 2022.
- 1.12 In the Eurozone inflation remains high at 7.5% putting further pressure on its long-term stance of holding its main interest rate of 0%.
- 1.13 **Financial Markets:** The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.
- 1.14 Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed. The 10-year UK gilt yield began the quarter at 0.97% rising to 1.61% and the 20-year yield rose from 1.20% to 1.82%.
- 1.15 **Credit Review:** In the first half of financial year 2021/22 credit default swap (CDS) spreads were flat over most of the period and are broadly in line with their pre-pandemic levels. In September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but then fell back. Fitch and Moody's revised upward the outlook on a number of UK banks and building societies on the Authority's counterparty to 'stable', recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK.
- 1.16 The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were

able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

- 1.17 Having completed its full review of its credit advice on unsecured deposits, in September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

### 3. Updated PWLB Lending Facility Guidance & Revised CIPFA Codes

- 1.18 In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.
- 1.19 CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20 December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

- 1.20 To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.
- 1.21 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.
- 1.22 The Authority is not planning to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.

### 4. Local Context

- 1.23 As at 31 March 2022 the Authority has borrowings of £201m and investments of £54m. This is set out in further detail at **Annex A**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

**Table 1: Balance Sheet Summary and Forecast**

	31/03/21 Actual £m	31/03/22 Actual £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
General Fund CFR	403	436	460	491	502
Less: Other long-term liabilities *	(22)	(20)	(19)	(18)	(17)
<b>Loans CFR</b>	<b>381</b>	<b>416</b>	<b>441</b>	<b>473</b>	<b>485</b>
Less: External borrowing **	(190)	(181)	(77)	(77)	(77)
<b>Internal (over) borrowing</b>	<b>191</b>	<b>235</b>	<b>364</b>	<b>396</b>	<b>408</b>
Less: Usable reserves	(101)	(140)	(114)	(106)	(101)
Less: Working capital	(80)	(80)	(75)	(75)	(73)
<b>Investments (or New borrowing)</b>	<b>(10)</b>	<b>(15)</b>	<b>(175)</b>	<b>(215)</b>	<b>(234)</b>

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

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

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

1.25 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.

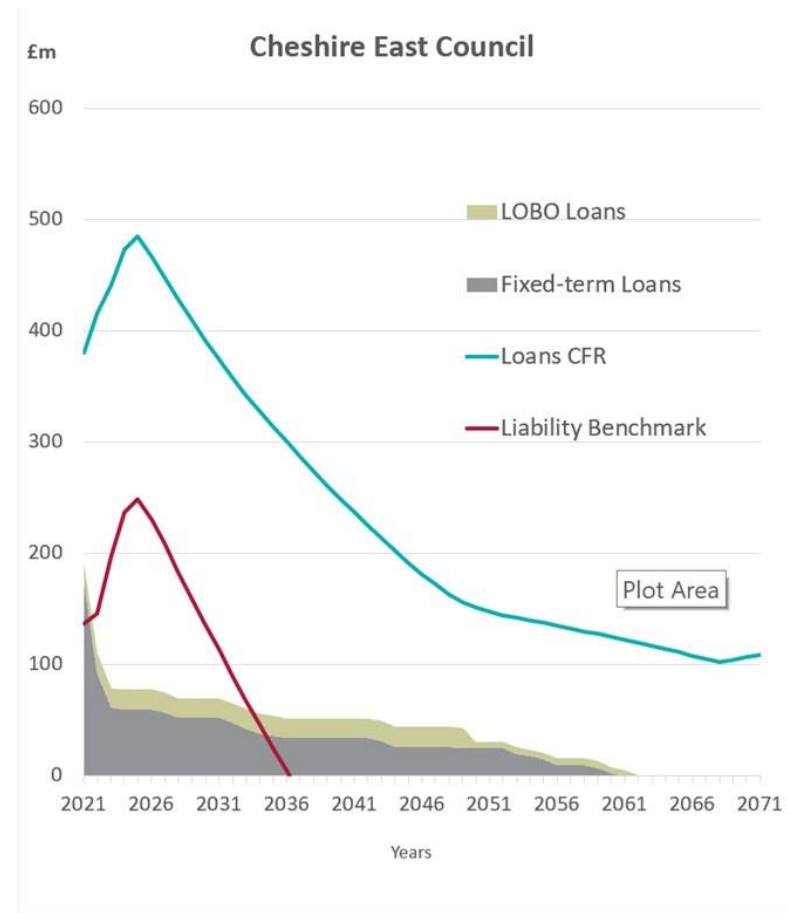
1.26 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

**Table 2: Liability Benchmark**

	31/03/21 Actual £m	31/03/22 Actual £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
Loans CFR	381	416	441	473	485
Less: Usable reserves	(101)	(140)	(114)	(106)	(101)
Less: Working capital	(80)	(80)	(75)	(75)	(73)
Plus: Minimum investments	20	20	20	20	20
<b>Liability Benchmark</b>	<b>220</b>	<b>216</b>	<b>272</b>	<b>312</b>	<b>331</b>

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

**Chart 1: Liability Benchmark Chart**



## 5. Borrowing Strategy

1.28 The Authority currently holds loans of £181m, a decrease of £9m since 31 March 2021. Covid-19 grants received in advance of payment has kept the level of borrowing lower than expected over the last 2 years.

1.29 The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long term plans change being a secondary objective.

1.30 Despite the recent increases in interest rates and forecasts for further increases, the high levels of liquidity in the markets still allow the Authority to consider it more cost effective to continue with short term borrowing. As the levels of borrowing increase and/or liquidity in the markets reduces then some longer term borrowing may be considered. The cost of short term borrowing in 2021/22 was 0.18%. A full list of temporary borrowings as at 31 March 2022 is shown below in **Table 3**.

**Table 3 – Current Temporary Borrowing**

Lender	Start	Maturity	Rate %	£m
Evergreen Fund (CW LEP)	Call Account		0.41	1.5
Renfrewshire	10/09/21	04/04/22	0.03	5.0
Hartlepool	11/10/21	11/04/22	0.04	5.0
Wealden	23/09/21	14/04/22	0.04	5.0
Western Isles	14/10/21	14/04/22	0.03	2.0
West Midlands CA	21/10/21	21/04/22	0.03	5.0

Lender	Start	Maturity	Rate %	£m
Greater Manchester CA	24/01/22	22/04/22	0.17	5.0
Renfrewshire	08/10/21	25/04/22	0.03	5.0
Bridgend	23/09/21	25/04/22	0.03	3.0
Merseyside Fire & Rescue	08/11/21	09/05/22	0.03	3.0
Western Isles	23/09/21	09/05/22	0.04	2.0
Northern Ireland Housing Executive	13/12/21	13/05/22	0.04	10.0
Wigan	14/02/22	16/05/22	0.15	5.0
Blaenau Gwent	21/02/22	23/05/22	0.16	5.0
Carmarthenshire	28/02/22	27/05/22	0.57	5.0
Bedford	28/02/22	31/05/22	0.48	3.0
Surrey Heath	21/03/22	15/06/22	0.52	2.0
Neath Port Talbot	21/03/22	21/06/22	0.50	5.0
Northern Ireland Housing Executive	25/02/22	27/06/22	0.55	5.0
PCC Warwickshire	28/03/22	28/06/22	0.57	2.0
Wandsworth	30/03/22	30/06/22	0.57	5.0
Middlesbrough	25/02/22	01/07/22	0.57	5.0
West Midlands CA	31/03/22	30/09/22	0.70	5.0
Torbay	31/03/22	30/09/22	0.90	5.0
<b>TOTAL</b>				<b>103.5</b>



**1.31 LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBOS have options during 2021/22, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

## 6. Investment Strategy

1.32 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Due to the overriding need for short term borrowing, other than £20m invested strategically in managed funds, the investments are generally short term for liquidity purposes. However, receipt of Government funding due to Covid-19 measures and other schemes in advance of expenditure has, at times, led to higher balances than expected.

1.33 The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring

losses from defaults and the risk of receiving unsuitably low investment income.

1.34 The maximum amount that can be invested with any one organisation is set in the Treasury Management Strategy Report. The maximum amount and duration of investments with any institution depends on the organisations credit rating, the type of investment and for banks and building societies, the security of the investment. Generally credit rated banks and building societies have been set at a maximum value of £6m for unsecured investments and £12m for secured investments. Any limits also apply to the banking group that each bank belongs to. Limits for each Money Market fund have been set at a maximum value of £12m per fund. All potential counterparties are kept under continual review by our treasury advisors and advisory lower limits than those contained in the strategy are applied.

1.35 Treasury Management income for 2021/22 is £987,000 which is higher than the budgeted £840,000. Borrowing costs are also lower than budgeted at £172,000 compared to budget of £400,000.

- The average daily investment balance including managed funds during 2021/22 is £44.1m
- The average annualized interest rate received on in-house investments during 2021/22 is 0.09%



- The average annualized interest rate received on the externally managed funds during 2021/22 is 4.59%

1.36 The Authority’s total average interest rate on all investments in 2021/22 is 2.13%. The returns continue to exceed our own performance target of 1.25% (Base Rate at 31/03/22 + 0.50%). Previous comparator rates using LIBID are no longer produced. These have been replaced by the Sterling OverNight Index Average (SONIA).

**Table 4 – Interest Rate Comparison**

Comparator	Average Rate 2021/22
Cheshire East	2.13%
SONIA 7 Day	0.19%
Base Rate	0.19%
Target Rate	0.69%

- 1.37 As the Authority holds a large amount of reserves and working capital, £20m of this has been placed in strategic investments in order to benefit from higher income returns whilst spreading risk across different asset classes.
- 1.38 The investments are in five different funds which are all designed to give an annual income return between 4% and 5% but which have different underlying levels of volatility. By spreading investments across different

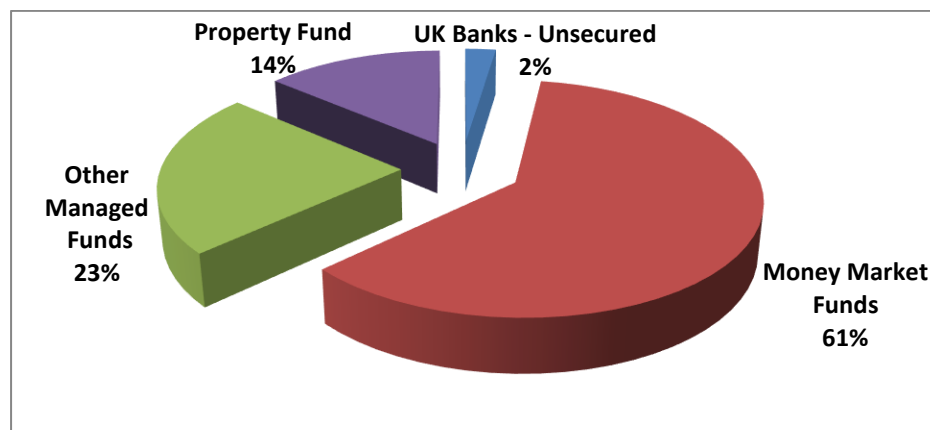
types of fund, the intention is to dampen any large fluctuations in the underlying value of the investments.

**Table 5 –Strategic Investments**

Fund Manager	Asset Class	Invested £m	31/03/22 Value £m
CCLA	Property	7.5	9.0
Aegon	Multi Asset	5.0	5.0
Fidelity	Equity - Global	4.0	4.1
Schroders	Equity - UK	2.5	2.4
M & G	Bonds	1.0	0.9
TOTAL		20.0	21.4

- 1.39 The value of these investments does vary. During 2021/22 the valuation of all funds recovered from the previous years fall in value due to Covid-19. The value of most funds are around the amount originally invested with more significant gains being made by the property fund. This reflects the careful consideration of the classes of property and quality of tenants which have been less susceptible to economic shocks. All funds continue to deliver high levels of income return.

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



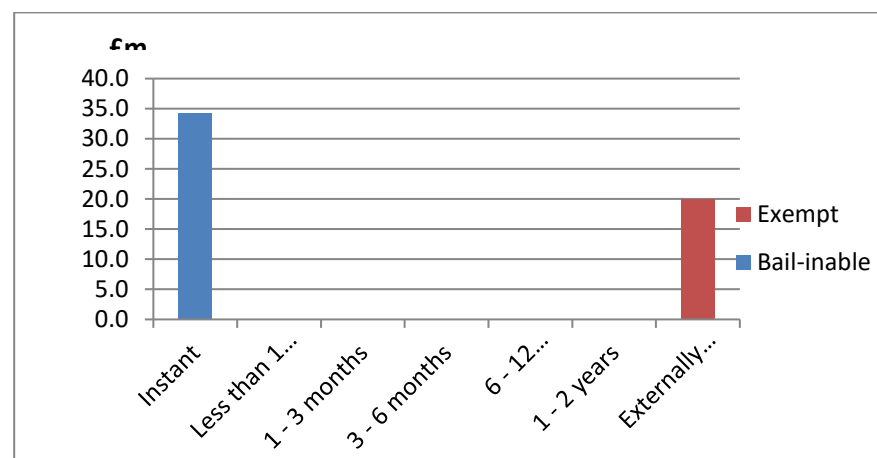
**Table 6 – Types of Investments and Interest Rates at 31 March 2022**

Instant Access Accounts	Average Rate %	£m
Money Market Funds	0.53	33.0
Barclays Bank	0.20	1.3

Externally Managed Funds	£m
Total – see table 5	20.0

Summary of Current Investments	£m
<b>TOTAL</b>	<b>54.3</b>

**Chart 3 – Maturity Profile of Investments**



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

## 7. Treasury Management Indicators

- 1.40 The Authority measures and manages its exposures to treasury management risks using the following indicators.
- 1.41 **Interest Rate Exposures:** This indicator is set to control the Authority’s exposure to interest rate risk. The upper limit on the one-year revenue impact of a 1% rise in interest rates is:

Interest Rate Risk Indicator	Limit
Upper limit on one-year revenue impact of a 1% <b>rise</b> in interest rates	£582,500
Actual impact in 2021/22 of changes in interest rates	(£83,760)

1.42 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. Prior to rates increasing near the end of the year, rates were generally lower in 2021/22 than the previous year and budget expectations.

1.43 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. Lower limits have been set at 0%. The upper limits on the maturity structure of borrowing and the actual maturity profiles as at 31 March 2022 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	67%
12 months and within 24 months	35%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	9%
10 years and within 20 years	100%	9%

Refinancing rate risk indicator	Upper Limit	Actual
20 years and above	100%	15%

1.44 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively high as short term funding is currently considerably cheaper than alternatives.

1.45 **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
Actual amounts committed beyond year end	£0m	£0m	£0m

## Annex A: Existing Investment & Debt Portfolio Position

	31/03/22 Actual Portfolio £m	31/03/22 Average Rate for the year %
<b>External Borrowing:</b>		
PWLB – Fixed Rate	60	4.50%
Local Authorities	102	0.11%
LOBO Loans	17	4.63%
Other	2	0.04%
<b>Total External Borrowing</b>	<b>181</b>	<b>2.35%</b>
<b>Other Long Term Liabilities:</b>		
PFI	20	-
<b>Total Gross External Debt</b>	<b>201</b>	<b>-</b>
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	34	0.51%
<i>Managed externally</i>		
Property Fund	7.5	3.96%
Multi Asset Fund	5	5.04%
Equity - Global	4	4.86%
Equity - UK	2.5	6.01%
Bonds	1	2.44%
<b>Total Investments</b>	<b>54</b>	<b>2.02%</b>
<b>Net Debt</b>	<b>147</b>	<b>-</b>

# Appendix 7

## Investment Strategy

### 1. Purpose

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

thinking on investments. It focuses on the second and third of the investment categories.

### 2. Treasury Management Investments

- 1.5 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments fluctuates in the course of normal activity.
- 1.6 Full details of the Authority's policies and plans for 2022/23 for treasury management investments are covered the Treasury Management Strategy (**Appendix 6**).

### 3. Service Investments: Loans

- 1.7 Current loan balances are shown in the **Table 1** below. Upper limits on the outstanding loans to each category of borrower were set through the MTFs process:

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

Category of borrower	31/03/21 Actual	As at 31/03/22			2022/23
		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	6,113	70	6,043	30,000
Local charities	598	596	81	515	2,500
<b>TOTAL</b>	<b>6,360</b>	<b>6,733</b>	<b>152</b>	<b>6,581</b>	<b>35,000</b>

- 1.8 Loans have been provided to Everybody Health & Leisure for the purpose of investing in new equipment, with the aim of increasing the usage and improving the health of residents.
- 1.9 In March 2013, Astra Zeneca announced it was relocating its R&D function from Alderley Park to Cambridge. In order to retain the expertise in the region and to stimulate local economic growth the Council has invested in Alderley Park Holdings Ltd by way of equity investment and loans. The loan was an integral component of the 10% equity stake and therefore needs to be viewed in conjunction with the equity investment.
- 1.10 In addition, the Council has committed to investing £5m (and lent £4.58m as at 31 March 2022) 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 and Warrington areas, which includes Alderley Park where the Fund is based.

- 1.11 The nature of the loans is that they do not attract an interest rate and returns are dependent upon the success of individual investments made by the Fund. The GM Life Science Fund is “revalued” on an annual basis based upon the net asset valuation of the Fund and this largely accounts for the notional negative return of the loan category in 2021/22. 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 crystallise when funds are extracted.
- 1.12 Only the Everybody Health & Leisure loans are interest bearing and are reflected in the “Local Charities” category. These are accrued at a rate of Bank of England base rate plus 4%.
- 1.13 The loss allowance figure does not necessarily reflect our anticipation or expectation that loans will need to be written down. Instead the allowance represents a prudent accounting treatment required by CIPFA guidance. The figures for loans in the Authority’s statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

## 4. Service Investments: Shares

- 1.14 The Authority has invested in Alderley Park Holdings Limited in order to maintain and stimulate the key strategic industry of life sciences within the Borough. Cheshire East is a 10% shareholder in Alderley Park, and has invested in the development of the site along with Bruntwood (51% shareholder) and Manchester Science Partnerships (39% shareholder).
- 1.15 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 movement in value of our share of the underlying assets which will fluctuate as the site continues its transition from a single user to a multi user campus.
- 1.16 There remains a long term pipeline of investment and refurbishment activity on Alderley Park. The decline in the value this year reflects a revaluation and the timing of vacant units, and the not insignificant impact of Covid-19, which the site seems to have weathered. The valuation is still greater than the purchase price and the underlying assets at Alderley Park remain strong.
- 1.17 A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake.
- 1.18 The Council also has shares in its subsidiary, wholly owned service delivery companies. However they are of nominal value, and consequently are not considered material in the context of this Investment Strategy.

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

Category of company	31/03/21 actual	As at 31/10/2022			2022/23
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local Businesses	3,410	1,070	1,540	2,610	10,000
<b>TOTAL</b>	<b>3,410</b>	<b>1,070</b>	<b>1,540</b>	<b>2,610</b>	<b>10,000</b>

## 5. Commercial Investments: Property

- 1.19 For the purpose of this paper it should be noted that DLUHC defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with this the Authority is having to include several assets in **Table 3** that might otherwise be excluded as they are not being held to primarily generate a yield or return.
- 1.20 Central government continues to express concern over the level of commercial investments held by Local Authorities and the risk that this presents to residents in the event that an Authority becomes over exposed.
- 1.21 The government has effectively regulated against the purchase of commercial assets primarily for generating yield. Whilst this limits the Authority's ability to invest in commercial property for investment purposes they have recognised that regeneration is a necessary factor which could result in legitimate purchases of such property. Careful attention will need to ensure that yield is an incidental factor



in any future decision to invest in a commercial property investment.

1.22 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 81% of the net book value in the accounts at 31 March 2022.

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

1.24 The value of properties is updated annually. The most recent valuation is from March 2022 and reflect the second year of Covid-19. In the year to March 2021 we noted that the value of retail property held up whilst that of industrial units and enterprise centres was valued downwards. The current year has seen the retail values continue to grow and even the other categories have made modest gains. All categories are still valued at more than purchase cost. There has been a reclassification in the year and an office property has been added to the listing as it was deemed appropriate to classify it as an investment asset. This resulted in £533,000 being added to the valuation. \* Note that no gain has been deemed to have arisen in the last two years with the gain on the purchase cost occurring in prior years.

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

Property	Actual	31/03/21 actual		31/03/22 actual		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	11	1,740	
Enterprise Centres	245	(30)	320	20	340	
Retail	23,300	734	25,604	371	25,975	
Office	240	* -	533	0	533	
<b>Total</b>	<b>25,277</b>	<b>468</b>	<b>28,186</b>	<b>402</b>	<b>28,588</b>	<b>100,000</b>

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## 6. Commercial Investments: Loans

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

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

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



1.27 The first loans in respect of Alderley Park Glasshouse and Blocks 22-24 were made in December 2020. Together they total £8m. Interest is accruing on each loan.

Category of borrower	31/03/21 Actual	As at 31/03/22			2021/22
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	8,000	8,271	368	7,903	20,000
<b>TOTAL</b>	<b>8,000</b>	<b>8,271</b>	<b>368</b>	<b>7,903</b>	<b>20,000</b>

## 7. Loan Commitments and Financial Guarantees

- 1.28 As Accountable Body for the Cheshire & Warrington Local Enterprise Partnership, the Council acts as Entrusted Entity to a £20m European Regional Development Fund (ERDF) supported Urban Development Fund which is about to commence. The Council, as contracting party, provides guarantees in respect of the amounts provided through ERDF.
- 1.29 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.

- 1.30 To date the fund has made a number of drawdowns against the initial £5m received from ERDF. The interest due also sits outside of this Strategy.

## 8. Proportionality

- 1.31 The Authority is only partially dependent on profit 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

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

## 10. Capacity, Skills and Culture

1.34 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 & Capital Budgets of the Council through strategic investments, whether that involves using capital/cash resources or borrowing and lending powers.

## 11. Investment Indicators

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

1.36 **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 4: Total investment exposure in £'000**

Total investment exposure	31/03/21 Actual	31/03/22 Actual	31/03/23 Forecast
Treasury management investments	44,150	54,300	40,000
Service investments: Loans	6,360	6,733	6,296
Service investments: Shares	3,410	2,610	3,410
Commercial investments: Property	28,186	28,588	28,588
Commercial Investments: Loans	8,000	8,271	8,038
<b>TOTAL INVESTMENTS</b>	<b>90,106</b>	<b>100,502</b>	<b>86,332</b>
Commitments to lend	2,439	2,418	2,418
<b>TOTAL EXPOSURE</b>	<b>92,545</b>	<b>102,920</b>	<b>88,750</b>

1.37 **How investments are funded:** Currently the majority of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

1.38 **Table 5** shows the limited investments funded through prudential borrowing.

**Table 5: Investments funded by borrowing in £'000**

Investments funded by borrowing	31/03/21 Actual	31/03/22 Actual	31/03/23 Forecast
Commercial investments: Property	22,211	21,517	20,810
Commercial Investments: Loans	8,000	8,000	8,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>30,211</b>	<b>29,517</b>	<b>28,810</b>

- 1.39 **Rate of return received:** In part, this indicator shows for Treasury Management and Commercial Property investments, the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.
- 1.40 The return for the Service Investments: Loans is not a true return but is instead based largely on the % fluctuation in the underlying value of the new assets within the Life Science fund. As such they do not reflect actual cashflows. If Life Science is excluded the figure is 1.13% - in itself this is skewed by a non interest bearing loan.
- 1.41 Historically we have shown the % movement in the carrying value of our shareholding in Alderley Park Holdings Limited as a return within the category Service Investments: Shares. However, this is not a real return or cashflow. Typically a

return on a share would be based upon the dividend yield and there have been no dividends paid. Therefore this is now shown as Nil.

- 1.42 The major assets included within Commercial Investments: Properties, representing over 90% of the value, are two commercial retail properties in Crewe. Whilst we will see fluctuations year-on-year given the pressures on 'bricks and mortar retail', the Council will only experience an impact on its Revenue Account if a site becomes vacant for a prolonged period.
- 1.43 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 previous two years.
- 1.44 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. Overall returns are affected by the fact that returns for one of the sites is reduced by the costs required to repay borrowing costs. Additionally, there are isolated instances where some of the other smaller sites are seeing the levels of vacancy rise. These are under review.
- 1.45 The Commercial investments: Loans are at the expected level of return given the rates in place when they were established.

**Table 6: Investment rate of return (net of all costs)**

<b>Investments net rate of return</b>	<b>2020/21 Actual</b>	<b>2021/22 Actual</b>	<b>2022/23 Forecast</b>
Treasury management investments	1.62%	2.13%	2.20%
Service investments: Loans	8.46%	-3.00%	1.75%
Service investments: Shares	*NIL	*NIL	*NIL
Commercial investments: Property	2.78%	2.95%	3.0%
Commercial investments: Loans	3.20%	3.20%	3.20%

\* For Service Investment: Shares it is not considered appropriate to show a return based upon fluctuating movements in notional share valuations

**Work Programme – Finance Sub Committee – 2022/23**

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/3/22-23	7 Sep 2022	Procurement Working Group Feedback	To receive feedback from the Procurement Working Group on their observations and any proposals for change.	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	An open and enabling organisation	Yes in part, paras 1, 2 & 3
FSC/5/22-23	7 Sep 2022	First Financial Monitoring Report for 2022/23	<p>To provide information on performance against the financial strategy during the 2022/23 Financial Year in relation to the Committee's responsibilities.</p> <p>The Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals.</li> <li>- Note or Approve any mitigating action as a consequence of the performance in 2022/23.</li> <li>- Note or Approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.</li> </ul>	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	An open and enabling organisation	No

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/6/22-23	9 Nov 2022	Second Financial Monitoring Report for 2022/23	<p>To provide information on performance against the financial strategy during the 2022/23 Financial Year in relation to the Committee's responsibilities.</p> <p>The Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals.</li> <li>- Note or Approve any mitigating action as a consequence of the performance in 2022/23.</li> <li>- Note or Approve items to be considered as part of the 2023 to 2027 MTFS.</li> <li>- Note or Approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.</li> </ul>	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	An open and enabling organisation	No
FSC/7/22-23	9 Nov 2022	Business Rates Discretionary Relief Review	<p>To review the detail and overall impact of discretionary relief from business rates.</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the detail of the current discretionary relief provided locally.</li> <li>- Note the impact of discretionary relief on the MTFS.</li> <li>- Approve any proposed local changes to the levels of discretionary relief if agreed</li> </ul>	Director of Finance and Customer Services (s151 Officer)	TBC	Yes	Yes	An open and enabling organisation	No

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/8/22-23	11 Jan 2023	Financial Planning: Medium Term Financial Strategy 2023 to 2027 Consultation	<p>To allow the Sub-Committee to engage in the MTFS 2023 to 2027 consultation process</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the 2023 to 2027 MTFS proposals as related to the Committee responsibilities.</li> <li>- Provide feedback on the proposals as consultees.</li> </ul>	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/9/22-23	11 Jan 2023	Investment Strategy Review	<p>To review the Council's approach to managing investments as part of the MTFS</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Consider the appropriateness of the current strategy in light of associated performance and emerging guidance.</li> <li>- Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS</li> </ul>	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No

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/10/22-23	11 Jan 2023	Treasury Management Strategy Review	<p>To review the Council's approach to managing Treasury Management, including cashflow, borrowing and investments as part of the MTFS.</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Consider the appropriateness of the current strategy in light of associated performance and emerging guidance.</li> <li>- Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS</li> </ul>	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/11/22-23	11 Jan 2023	Capital Strategy Review	<p>To review the Council's approach to managing capital expenditure and associated funding.</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Consider the appropriateness of the current strategy in light of associated performance and emerging guidance.</li> <li>- Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS</li> </ul>	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No



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/12/22-23	11 Jan 2023	Reserves Strategy Review	<p>To review the requirements to maintain financial reserves and to provide statements on the types of reserves and current and predicted balances.</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Consider the appropriateness of the current strategy in light of associated performance and emerging guidance.</li> <li>- Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS.</li> </ul>	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/13/22-23	8 Mar 2023	Aligning the MTFS to the Council's Committee Structure	<p>Following the Budget Council meeting the MTFS needs to be aligned with the Committee structure. This promotes financial transparency and accountability.</p> <p>The Sub-Committee will be asked to:</p> <p>Approve the alignment of the MTFS to the Council's Committees. This includes: Revenue; Capital; Reserves; New / Amended Proposals.</p>	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	An open and enabling organisation	No

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/14/22-23	8 Mar 2023	Third Financial Monitoring Report for 2022/23	<p>To provide information on the Council's performance against the financial strategy during the 2022/23 Financial Year.</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals across all Committees..</li> <li>- Note or Approve any mitigating action as a consequence of the performance in 2022/23 in relation to the Committees responsibilities.</li> <li>- Note or Approve items being considered as part of the 2023 to 2027 MTFS.</li> <li>- Note or Approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.</li> </ul>	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	An open and enabling organisation	No
FSC/30/21-22	TBC	Review of the Impact of Public Interest Reports	<p>The Sub-Committee on 5<sup>th</sup> January 2022 agreed that an item be added to its work programme entitled 'Review of the impact of Public Interest Reports as they relate to the Cheshire East Group Structure', the target date for this report to be the first meeting of the Sub-Committee in the 2022/23 Financial Year.</p>	Director of Governance and Compliance (Monitoring Officer)	Internal consultation	No	Yes	An open and enabling organisation	No

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/15/22-23	TBC	Review the Medium Term Financial Strategy Reserve	<p>To consider the use of this reserve to date and its forecast use within the MTFS 2022 to 2026:</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note decisions already made in respect of the MTFS reserve</li> <li>- Note the forecast movements within the reserve over the next four years.</li> <li>- Re-Consider the level of the reserve as part of the overall Reserves Strategy</li> </ul>	Director of Finance and Customer Services (s151 Officer)	N/A	No	Yes	An open and enabling organisation	No
FSC/16/22-23	TBC	S.106 / CIL Oversight	<p>To consider the impact of Developer Contributions (s.106 and Community Infrastructure Levy) on the MTFS.</p> <p><i>(Note: Final structure of report dependent upon activity in this area by the Environment and Communities Committee)</i></p>	TBC	TBC	TBC	TBC	An open and enabling organisation	TBC

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/17/22-23	TBC	National Business Rates - Consultation Response	<p>To consider the Council's response to national consultation on Business Rates</p> <p>To note the content of the consultation material</p> <p>To note the potential impact on the Council's MTFS</p> <p>To note the impact on local ratepayers</p> <p>To approve the Council's response to the consultation questions</p>	TBC	TBC	TBC	TBC	An open and enabling organisation	TBC



*Working for a brighter future together*

## Finance Sub-Committee

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<b>Date of Meeting:</b>	6 July 2022
<b>Report Title:</b>	Procurement Pipeline
<b>Report of:</b>	Alex Thompson: Director of Finance and Customer Service
<b>Report Reference No:</b>	FSC/1/22-23
<b>Ward(s) Affected:</b>	All

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### 1. Executive Summary

- 1.1. The purpose of this report is to receive an update on the procurement pipeline for the Council, the contracts awarded since April 2022 and procurement activity.
- 1.2. The responsibilities of the Finance Sub-Committee include the oversight of procurement. To manage these responsibilities the Sub-Committee have requested the establishment of a Procurement Working Group. The working group will review several completed procurements and report back to the Finance Sub-Committee.
- 1.3. To ensure the Procurement Working Group is provided with sufficient scope and guidance, the Sub-Committee is being asked to confirm clear terms of reference. The Terms of Reference should include responsibilities to
  - 1.3.1. Review past procurements
  - 1.3.2. Engage Procurement and Commissioning Officers
- 1.4. This report supports the Council being open and working transparently with its residents, businesses and partners
  - 1.4.1. **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 3 new pipeline projects in Appendix 1 as business as usual, column H approval required.
  - 2.1.3.** Note the contracts awarded by the Council since April 2022, Appendix 2.
  - 2.1.4.** Approve the Terms of Reference and membership for the Procurement Working Group, Appendix 3.
  - 2.1.5.** Note the reason for 11 waivers approved between 1<sup>st</sup> February 2022 and 31<sup>st</sup> May 2022 (37 in total in 2021/22, 6 in total in 2022/23).

## **3. Reasons for Recommendations**

- 3.1.** The Sub-Committee has responsibility for oversight of procurement. To manage these responsibilities the Sub-Committee has requested that a working group be established to review past procurement projects and report observation back to the Sub Committee.
- 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 H 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 that 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 since April 2022.
- 3.5.** 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.
- 3.6.** 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 above £1m. The Committee should be reassured that significant decisions are well managed and therefore consider reviewing important or valuable contracts..
- 5.4.** 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 11. Details of the individual waivers are set out in part 2 of the agenda as they contain exempt information.

### **5.4.1. Table 1: Waivers**

<b>Waivers</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021 - 2022</b>	<b>Apr – May 2022</b>
	40	20	16	17	25	37	6

- 5.4.2.** The number of waivers increased over the past two years because of COVID and the impacts it has had.

**5.4.3. Table 2 : Reasons for waivers 2021-2022**

<b>Reason</b>	<b>Number</b>	<b>Comments</b>
Care Market	19	These are funded by the CCGs to support hospital discharge. CEC provide the support and arrange the contractual documentation
Afghan citizens resettlement scheme	4	Government scheme
Test and Trace – COVID	5	Responding to the COVID pandemic
BAU	9	Waivers for all other Council business.

**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.

<b>Access to Information</b>	
Contact Officer:	Lianne Halliday Lianne.halliday@cheshireeast.gov.uk
Appendices:	Appendix 1 Pipeline Appendix 2 Contracts Appendix 3 Terms of Reference
Background Papers:	None

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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Procurement Pipeline Report - July 2022

Pipeline: Pipeline	Project Status	Date Tender to be advertised	Estimated Contract start date	Overall Project Budget	Department	Finance sub committee approval	Approval Required
22 036 Care at Home (Adults)	Pre tender	04/12/2022	04/09/2023	£ 140,000,000.00	Integrated Commissioning	Service Committee Approval - March 22	
22 065 DPS - Home to School & Commercial Transport	Pre tender	01/07/2022	01/09/2022	£ 60,000,000.00	Highways	Business as Usual	Yes
22 033 Day Opportunities	Live	04/05/2022	01/08/2022	£ 7,000,000.00	Integrated Commissioning	Service Committee Approval - November 2021	
22 091 Congleton Greenway Bridge	Forward plan	12/12/2022	01/04/2023	£ 5,300,000.00	Highways	Service Committee Approval - July 2022	
19 092 PROVISION OF A BUILDING INTEGRATED GROUND MOUNTED SOLAR PV SCHEME	Live	23/03/2022	25/07/2022	£ 4,000,000.00	Economic Development	02/02/2021	
22 035 Carers Hub	Pre tender	20/06/2022	01/01/2023	£ 3,750,000.00	Integrated Commissioning	Service Committee Approval - 24th March 2022	
21 084 Construction Related Consultancy Services	Live	14/02/2022	30/11/2022	£ 3,500,000.00	Estates	05/01/2022	
22 077 Holiday Activity Fund Provider Framework (HAF)	Pre tender	15/09/2022	12/12/2022	£ 2,500,000.00	Children's Commissioning	Service Committee Approval - September 2022	
23 022 Emotionally Healthy Children & YP	Pre tender	30/09/2022	01/04/2023	£ 2,000,000.00	Public Health	Service Committee Approval	
23 014 Hybrid Cloud Converged Platform Support and Maintenance	Pre tender	30/09/2022	01/03/2023	£ 1,500,000.00	ICT Services	Business as Usual	Yes
22 049 Provision of Franking Machines	Live	16/06/2022	23/09/2022	£ 934,200.00	Estates	Business as Usual	Yes

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Contracts Register April - June 2022

Contract Ref	Contract: Contract Name	Status	Start Date	End Date	Awarded Value	Department
C1076	P442 General Estates Support and Disposal	Active	01/04/2022	31/03/2026	£ 900,000.00	Highways
C0950	Citroen Berlingo Vehicle Lease	Active	01/04/2022	31/03/2025	£ 7,577.64	Integrated Adult Social Care
C0820	Building Services Contract	Active	01/04/2022	31/03/2029	£ 97,000,000.00	Estates
C0911	P441 General Estates Support and Disposal	Active	01/04/2022	31/03/2026	£ 700,000.00	Highways
C0896	FULLY MANAGED SERVICE FOR ENERGY SUPPLY	Active	01/04/2022	31/03/2027	£ 30,500,000.00	Estates
C0828	Early Intervention & Prevention - Sensory Impairment, hearing	Active	01/04/2022	31/03/2024	£ 150,000.00	Mental Health and Learning Disability
C1081	P448 Creative communication project and campaign services for CEC Supplier B	Active	01/04/2022	31/03/2024	£ 100,000.00	Business Change
C1080	P447 Creative communication project and campaign services for CEC Supplier A	Active	01/04/2022	31/03/2024	£ 100,000.00	Business Change
C1006	Mobile Catering Licence from Brereton Heath Local Nature Reserve	Active	01/04/2022	31/03/2023	£ 10,600.00	Culture and Tourism
C1286	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 156,000.00	Integrated Commissioning
C1280	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 22,100.00	Integrated Commissioning
C1215	Mental Health Assessors (DOLS) - 6. Super support service Limited	Active	01/04/2022	31/03/2023	£ 50,000.00	Adult Safeguarding
C1212	Mental Health Assessors (DOLS) - 2. Psychiatric Reports and Medicolegal Services	Active	01/04/2022	31/03/2023	£ 90,000.00	Adult Safeguarding
C1123	The supply of cleaning services at properties used by CEC for temp accommodation	Active	01/04/2022	31/03/2023	£ 15,000.00	Housing
C1159	Cheshire East Bereavement Services Contract	Active	01/04/2022	31/03/2027	£ 12,303,072.00	Environmental Services
C1134	Clerk of Works / NEC4 Supervisor Services 2022-23 Lot 5	Active	01/04/2022	31/03/2023	£ 16,641.30	Estates
C1163	P459 ICT SharePoint Programme 2022-23	Active	01/04/2022	31/03/2023	£ 25,200.00	ICT Services
C0915	P414 Contract for the provision of collections services on behalf of CEC	Active	01/04/2022	31/10/2023	£ 500,000.00	Customer Services
C0920	Microsoft Unified Support	Active	01/04/2022	31/03/2023	£ 157,467.00	ICT Services
C1051	Copyright Licence	Active	01/04/2022	31/03/2023	£ 15,600.00	Legal Services
C1063	iNetwork Membership Subscription	Active	01/04/2022	31/03/2023	£ 7,650.00	ICT Strategy
C1185	MEB - Impact Assessment Conservation Payments (Phased)	Active	01/04/2022	01/04/2023	£ 281,422.02	Highways
C1250	Call Pause & Resume adapter for the NICE CX1 system	Active	01/04/2022	31/03/2023	£ 16,500.00	ICT Services
C1281	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 97,500.00	Integrated Commissioning
C1285	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 53,820.00	Integrated Commissioning
C1284	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 156,000.00	Integrated Commissioning
C1282	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 284,700.00	Integrated Commissioning
C1283	Contract for System Resilience Beds – Short Stay in Care Homes	Active	01/04/2022	30/09/2022	£ 16,640.00	Integrated Commissioning
C1211	Mental Health Assessors (DOLS) - 3. Ali & Co Limited	Active	01/04/2022	31/03/2023	£ 50,000.00	Adult Safeguarding
C1213	Mental Health Assessors (DOLS) - 4. Kabe Ltd	Active	01/04/2022	31/03/2023	£ 10,000.00	Adult Safeguarding
C1214	Mental Health Assessors (DOLS) - 5. Farashkam Ltd	Active	01/04/2022	31/03/2023	£ 50,000.00	Adult Safeguarding
C1100	P456 Adults Childrens & Public Health Project Consultant (ACPH)	Active	01/04/2022	31/03/2023	£ 97,500.00	ICT Strategy
C1101	P457 Adults Childrens & Public Health Programme Consultant (ACPH)	Active	01/04/2022	31/03/2023	£ 109,250.00	ICT Strategy
C1223	Best Interests Assessors DOLs 3.	Active	01/04/2022	31/03/2023	£ 45,000.00	Adult Safeguarding
C1221	Best Interests Assessors DOLs 1.	Active	01/04/2022	31/03/2023	£ 25,000.00	Adult Safeguarding
C1222	Best Interests Assessors DOLs 2.	Active	01/04/2022	31/03/2023	£ 38,000.00	Adult Safeguarding
C1226	Ukraine Evacuees Support	Active	01/04/2022	30/06/2022	£ 5,330.00	Communities
C0845	Local Healthwatch Cheshire and Independent Complaints Advocacy Service	Active	01/04/2022	31/03/2026	£ 604,800.00	Integrated Commissioning
C1102	Grid Connection at Leighton	Active	01/04/2022	15/04/2024	£ 457,266.31	Economic Development
C1117	P458 Digital Programme Consultant (Active/Jeff Garratt)	Active	01/04/2022	31/03/2024	£ 257,000.00	ICT Strategy
C1086	RFID Self Service Kiosks and Security Gates	Active	01/04/2022	31/03/2025	£ 96,233.98	Neighbourhood Services
C0774	Level Access Showers	Active	01/04/2022	31/03/2024	£ 3,000,000.00	Housing
C1033	Digital Customer Enablement Platform	Active	01/04/2022	31/03/2024	£ 925,250.00	ICT Services
C1241	Broker Fees for Financial Instruments 2022/23	Active	01/04/2022	31/03/2023	£ 35,000.00	Financial Support and Procurement
C1270	Mental Health Assessors (DOLS) - 7. Dr Min Latt	Active	01/04/2022	31/03/2023	£ 50,000.00	Adult Safeguarding
C1169	Mental Health Assessors (DOLS) - 1. Psychiatry Medicolegal Service Limited	Active	01/04/2022	31/03/2023	£ 50,000.00	Adult Safeguarding
C1150	TMP PO PPOs / Closures 22-23	Active	01/04/2022	31/03/2023	£ 15,000.00	Culture and Tourism
C0946	Career Planning Database	Active	01/04/2022	31/03/2023	£ 42,982.27	Early Help and Prevention
C0829	Cash receipting and Income Management Software	Active	01/05/2022	30/04/2027	£ 416,697.00	ICT Services
C1052	Roadmapping Tool	Active	01/05/2022	30/04/2023		
C1245	Barnfield Farm Central Heating Installation	Active	01/06/2022	31/12/2022	£ 9,500.00	Estates
C1233	Ornate Tree Guards - taton Park	Active	01/06/2022	31/03/2023	£ 8,000.00	Culture and Tourism

C1310	Fencing for Cledford Primary School	Active	01/07/2022	31/12/2022	£ 6,000.00	Children's Commissioning
C1253	P467 Review of Traded Services to Schools	Active	01/08/2022	30/12/2022	£ 40,000.00	Financial Support and Procurement
C1224	Qualification for Teachers of Children and Young People with vision impairment	Active	01/09/2022	01/07/2023	£ 7,080.00	Human Resources
C0838	21 084 Construction Related Consultancy Services	Active	01/11/2022	31/10/2025	£ 3,800,000.00	Estates
C0831	Sharepoint Online	Active	03/05/2022	02/05/2023	£ 48,100.00	ICT Services
C1232	Ellesmere Port Market Data Point	Expired	03/05/2022	10/05/2022	£ 495.00	ICT Services
C1229	Oaktree childrens centre renovation	Expired	03/05/2022	10/05/2022	£ 20,060.00	Children's Commissioning
C1234	North West Crewe Highways Construction - Stage 2	Active	03/05/2022	31/03/2024	£ 25,484,361.22	Highways
C1096	P455 Information Assurance and Data Management Programme	Active	04/04/2022	31/03/2023	£ 133,525.00	ICT Strategy
C1151	TTCE Programme - LFT Home Testing Kits	Expired	04/04/2022	30/04/2022	£ 87,000.00	Public Health
C1217	ABI Phase Two Contract	Active	04/04/2022	04/10/2022	£ 5,000.00	Economic Development
C1265	Resurfacing of Outdoor Learning Environment at Oakenclough Children's Centre 2	Active	04/07/2022	04/08/2022	£ 23,520.00	Early Help and Prevention
C1292	Provision of Mental Health Blocked Beds at Eden Mansions Care Home	Active	04/10/2022	30/09/2022	£ 371,800.00	Integrated Commissioning
C1160	Sensory Items	Active	05/04/2022	30/06/2022	£ 8,812.80	Cared for Children and Care Leavers
C1049	Legal Support - Appeal Hearing	Active	05/04/2022	04/04/2023	£ 8,000.00	Economic Development
C1165	P462 Food Inspections	Active	05/05/2022	31/03/2023	£ 29,982.73	Environmental Services
C1297	Apprenticeship - Adult Care Worker	Active	06/04/2022	06/07/2023	£ 3,000.00	Human Resources
C1146	P466 Email and Identity Management Architecture Service	Active	07/04/2022	30/09/2022	£ 62,400.00	ICT Strategy
C1299	Apprenticeship - Team Leader or Supervisor	Active	08/04/2022	09/12/2024	£ 4,500.00	Human Resources
C1273	Firewall & Web Content Filtering Service (Smoothwall)	Active	08/06/2022	07/06/2023	£ 13,050.00	ICT Strategy
C1028	Sharegate Desktop	Active	09/04/2022	08/04/2023	£ 7,995.00	ICT Strategy
C1045	P438 Research study - Covid 19 effects	Active	09/05/2022	07/04/2023	£ 79,995.00	Financial Support and Procurement
C0979	21 204 Refurbishment of 5 Children Libraries	Active	09/06/2022	01/11/2022	£ 100,000.00	Neighbourhood Services
C1307	Structural Consultant	Active	09/06/2022	09/06/2023	£ 10,000.00	Strategic Planning
C1178	Specialist Education or Social Care Requirements	Active	11/04/2022	30/12/2022	£ 5,000.00	Special Education Needs and Disabilities
C1164	P460 Cheshire East Children and Families Travel Support Review	Active	11/04/2022	29/07/2023	£ 30,000.00	Financial Support and Procurement
C1298	Apprenticeship - Team Leader or Supervisor	Active	11/04/2022	12/02/2024	£ 4,500.00	Human Resources
C1300	Apprenticeship - Business Administration	Active	12/04/2022	13/10/2023	£ 5,000.00	Human Resources
C1132	Council Tax Energy Rebate/Ukrainian sponsor/Fraud Protection	Active	12/04/2022	12/04/2023	£ 51,822.00	ICT Strategy
C1184	Remove Netbackup Instance	Expired	12/04/2022	31/05/2022	£ 2,300.00	ICT Services
C1210	Hardware Support (Bull Escala)	Active	14/04/2022	14/07/2022	£ 1,104.00	ICT Services
C1288	Wilmslow High School Expansion - Enabling Works RIBA Stage 5	Active	16/05/2022	21/04/2025	£ 1,403,405.38	Education Infrastructure and Outcomes
C0825	BACS Payment Platform	Active	16/06/2022	15/06/2024	£ 40,780.00	Financial Support and Procurement
C1025	Tree Management Software	Active	16/06/2022	16/06/2024	£ 75,855.00	ICT Services
C1302	Apprenticeship - Team Leader or Supervisor	Active	17/05/2022	30/11/2023	£ 4,500.00	Human Resources
C1091	Springfield School Expansions	Active	18/04/2022	31/07/2023	£ 131,626.21	Education Infrastructure and Outcomes
C1248	Macclesfield Library Data Point	Expired	18/05/2022	17/06/2022	£ 575.00	ICT Services
C1027	Oracle Program Technical Support Services	Active	20/05/2022	19/05/2023	£ 28,496.24	ICT Strategy
C1237	Learning Disability Conference 2022	Expired	20/06/2022	20/06/2022	£ 10,000.00	Integrated Adult Social Care
C1161	Optmyse 3	Active	21/04/2022	21/07/2022	£ 2,325.00	ICT Services
C1209	Handforth Garden Village, Groundwater Investigations works - Lot 8	Active	23/05/2022	22/05/2023	£ 119,533.00	Economic Development
C1304	Apprenticeship - Lead Adult Care Worker	Active	23/05/2022	23/02/2024	£ 3,000.00	Human Resources
C1305	Apprenticeship - Data Technician	Active	25/05/2022	31/08/2023	£ 12,000.00	Human Resources
C1249	Resurfacing of outdoor area at Oakenclough Children's Centre	Active	25/07/2022	08/09/2022	£ 18,494.72	Cared for Children and Care Leavers
C1267	Disability Adaptation Works SR2001230	Active	26/05/2022	25/05/2023	£ 13,545.99	Housing
C1268	Disability Adaptation Works SR2001584	Active	26/05/2022	25/05/2023	£ 6,096.27	Housing
C1269	Disability Adaptation Works SR2001525	Active	26/05/2022	25/05/2023	£ 30,324.27	Housing
C1154	Ukrainian Payment Scheme	Active	27/04/2022	27/04/2024	£ 5,330.00	ICT Strategy
C1228	Royal Arcade Redevelopment Project Management Services - Lot 5	Active	27/04/2022	30/09/2024	£ 126,784.32	Economic Development
C1271	Flexera AdminStudio Perpetual licence with Silver Support for 3 years	Active	30/05/2022	29/05/2025	£ 14,669.58	ICT Strategy
C1068	SCE SQL/CIS CPS	Active - Renewal in Progress	30/06/2022	31/05/2025		ICT Services
C1301	Apprenticeship - Team Leader or Supervisor	Active	31/05/2022	30/11/2023	£ 4,500.00	
Total					£ 182,637,543.25	

**Procurement Working Group**

**TERMS OF REFERENCE**

**1. Purpose of the Procurement Working Group (“the Group”)**

1.1 The Group will review and analyse past procurement projects and report back to Finance Sub-Committee (“the Sub-Committee”). The Group will report their observations on the process and the approach to Value for Money.

1.2 The Group will:

- 1.2.1 Review several (ideally 3 to 5) procurement projects from the past 12 months and report back to the Sub Committee.
- 1.2.2 Support the Sub-Committee in dispensing its responsibilities for procurement forward planning.

**2. Membership**

2.1 The Group shall normally consist of 4 members

2 elected members, drawn from the Finance Sub-Committee, the chair of the group shall be appointed by the Sub Committee.

- 2.1.1. 1 Officer representing Procurement
- 2.1.2. 1 Officer representing legal.

**3. In Attendance**

3.1 To support the work of the Group the Chair may invite additional individuals to attend each meeting as follows

- 3.1.1 Officer(s) representing the Commissioning in services; depending on the procurement projects being reviewed.

**4. Functions**

4.1 The core function of the Group is to:

- 4.1.1 Provide assurance that the procurement projects followed the Contract Procedure Rules and achieved value for money.
- 4.1.2 Provide assurance that the procurement projects comply with the Public Contract Regulations 2015;

4.2 The Working Group shall provide advice to the Sub-Committee on any potential risks to the Cheshire East Council associated with the current arrangements.

**5. Frequency of Meetings**

5.1 The Group will meet during the period July to August 2022. The number of meetings will be determined by the Group.

## Appendix 3 – Terms of Reference for Procurement Working Group

5.2 The Chair of the Group will report the Group's observations back to the Sub-Committee in accordance with the Sub-Committee Work Programme.

### **6. Administration**

6.1 Minutes and agendas will be distributed no later than 5 clear working days prior to the meeting.

### **7. Principal Information Management needs**

- Contracts Register
- All tender documentation
- Contractual information
- Review of Atamis



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