



# 2021/22 Financial Year Review

December 2021

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

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

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# Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 386,000 local people with annual spending of over £641m.

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

Demand for Council services is increasing, with more individuals and families needing support and services than ever before. This reflects an increase in population but also reflects changes in demographics. Excluding the impact of Covid-19 this demand is resulting in revenue pressures of £6.7m, with the most significant impact within the rising complexity of needs in Children's Social Care. Pressures are being temporarily offset by underspends across council services resulting in a forecast outturn of £314.1m against a net revenue budget of £311.9m.

The Council's budget continues to be affected by the pandemic. The Council continues to receive funding related to an array of activities in response to the situation. But current forecasts remain consistent with the Budget, in that the Council is not aiming to use reserves to fund Covid-19 costs in 2021/22.

When the 2021/22 budget was set, in February 2021, it was highlighted that the use of reserves was not sustainable in the medium term. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. This issue, and how Covid-19 affects this is considered as part of the ongoing planning for the Medium Term Financial Strategy. The forecasts at mid-year highlight temporary underspends due to vacant posts and some beneficial underspending on pension costs. Whilst those issues are likely to be temporary in nature, the overspending on

Children's Social Care, pay inflation and car parking will almost certainly affect the medium term finances of the Council. This situation must be addressed as part of the MTFS process for 2022 to 2026.

To support openness and transparency, and provide evidence of strong governance, the report has a main section, to provide background and context, and then nine supporting appendices with detailed information about allocation and management of public money during 2021/22:

**Section 1** provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2021/22 is being funded, including the positions on overall service budgets, centrally held budgets, council tax and business rates. Further details are contained in the appendices.

- **Appendix 1** Finance Sub-Committee.
- **Appendix 2** Corporate Policy Committee.
- **Appendix 3** Adults and Health Committee.
- **Appendix 4** Children and Families Committee.
- **Appendix 5** Highways and Transport Committee.
- **Appendix 6** Economy and Growth Committee.
- **Appendix 7** Environment and Communities Committee.
- **Appendix 8** shows updates to the Treasury Management Strategy.
- **Appendix 9** shows updates to the Investment Strategy.

*Alex Thompson*

Director of Finance and Customer Services  
(Section 151 Officer)

Note Section 2 Workforce Development Plan has been removed from the Review and will be reported to Corporate Policy Committee as a separate report.

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## 2021/22 Outturn Forecast - Financial Position

2021/22 (GROSS Revenue Budget £492.7m)	Revised Budget (NET) £m	Forecast Outturn Including Covid £m	Forecast Covid Expenditure £m	Forecast Outturn Excluding Covid £m	Forecast Over / (Underspend) Excluding Covid £m	For further information please see the following sections
SERVICE DIRECTORATES						
Adult, Health and Integration	119.0	120.8	1.6	119.2	0.2	Section 1 - Paragraphs 6-7, 31
Children's Services	68.8	74.2	1.1	73.1	4.3	Section 1 - Paragraphs 8-21, 32
Place	75.3	81.9	6.2	75.7	0.4	Section 1 - Paragraphs 22-25, 33-35
Corporate Services	35.5	35.3	0.9	34.4	(1.1)	Section 1 - Paragraphs 26-30, 36-37
<b>Total Services Net Budget</b>	<b>298.6</b>	<b>312.2</b>	<b>9.8</b>	<b>302.4</b>	<b>3.8</b>	
CENTRAL BUDGETS						
Capital Financing	14.0	14.0	-	14.0	-	Appendix 1 Section 5
Transfer to/(from) Earmarked Reserves	2.2	1.7	(0.5)	2.2	-	Appendix 1 Section 6
Corporate Contributions / Central Budgets	(2.9)	(4.5)	-	(4.5)	(1.6)	Section 1 - Paragraph 38
<b>Total Central Budgets</b>	<b>13.3</b>	<b>11.2</b>	<b>(0.5)</b>	<b>11.7</b>	<b>(1.6)</b>	
<b>TOTAL NET BUDGET</b>	<b>311.9</b>	<b>323.4</b>	<b>9.3</b>	<b>314.1</b>	<b>2.2</b>	
Business Rates Retention Scheme	(49.1)	(49.1)	-	(49.1)	-	Section 1 - Paragraphs 56-60
Specific Grants	(20.0)	(29.3)	(9.3)	(20.0)	-	Appendix 1 Section 3
Council Tax	(242.8)	(242.8)	-	(242.8)	-	Section 1 - Paragraphs 44-55
Sourced from Collection Fund	-	-	-	-	-	
<b>Central Budgets Funding</b>	<b>(311.9)</b>	<b>(321.2)</b>	<b>(9.3)</b>	<b>(311.9)</b>	<b>-</b>	
<b>FUNDING POSITION</b>	<b>-</b>	<b>2.2</b>	<b>-</b>	<b>2.2</b>	<b>2.2</b>	
	Planned Contribution 2021/22 £m			Forecast Variance Outturn £m	Impact on Reserves Outturn £m	
Impact on Reserves	-			(2.2)	(2.2)	
<b>General Reserves Balance</b>	<b>2021/22 Budget</b>			<b>Forecast</b>		
	£m			£m		
Opening Balance April 2020	11.5			Actual	11.5	
2020/21 Impact on Reserves (see above)	-			Forecast	(2.2)	Section 1 - Paragraphs 41-42
Closing Balance March 2021	11.5			Forecast	<b>9.3</b>	

# 1. Financial Stability

## Introduction

1. The Council has a strong track record of sound financial management. Nevertheless, in common with all UK local authorities the Council finds itself in a position where pressures on the revenue budget are intensifying as a result of the Coronavirus pandemic, increased costs, growing demand and reducing Government grant. The Council has continued to receive some funding in response to the pandemic, as there is still a need to protect both the health and economic wellbeing of local people and businesses.
2. Demand and increasing complexity in cases for Children's and Adults' Social Care remains the most significant financial pressure for the Council in the medium term, particularly in Children's services where overspending is occurring compared to budget.
3. **Table 1** provides a service summary of financial performance. The current forecast is that services will be £3.8m over budget in the current year on normal activities. The Financial Narratives provide further details and changes to service net budgets since the Medium Term Financial Strategy are analysed in **Appendix 1**.
4. Further items impacting on the level of the Council's balances are detailed in the paragraphs below on Central Budgets and Funding.

**Table 1 - Service Revenue Outturn Forecasts**

2021/22	Revised Budget	Forecast Outturn Including Covid	Forecast Covid Expenditure	Forecast Outturn Excluding Covid	Forecast Over / (Underspend) Excluding Covid
(GROSS Revenue Budget £492.7m)	(NET)				
	£m	£m	£m	£m	£m
SERVICE DIRECTORATES					
Adult Social Care - Operations	28.1	27.8	0.4	27.4	(0.7)
Commissioning	90.9	93.0	1.2	91.8	0.9
Public Health	-	-	-	-	-
<b>Adult, Health and Integration</b>	<b>119.0</b>	<b>120.8</b>	<b>1.6</b>	<b>119.2</b>	<b>0.2</b>
Directorate	0.9	0.8	-	0.8	(0.1)
Children's Social Care	43.2	48.4	0.5	47.9	4.7
Prevention & Early Help	8.3	8.0	0.1	7.9	(0.4)
Education & 14-19 Skills	16.4	17.0	0.5	16.5	0.1
<b>Children's Services</b>	<b>68.8</b>	<b>74.2</b>	<b>1.1</b>	<b>73.1</b>	<b>4.3</b>
Directorate	0.9	0.9	-	0.9	-
Environment & Neighbourhood Services	42.3	45.5	3.7	41.8	(0.5)
Growth & Enterprise	20.9	21.5	0.4	21.1	0.2
Highways & Infrastructure	11.2	14.0	2.1	11.9	0.7
<b>Place</b>	<b>75.3</b>	<b>81.9</b>	<b>6.2</b>	<b>75.7</b>	<b>0.4</b>
Directorate	0.4	0.3	-	0.3	(0.1)
Finance & Customer Services	12.0	12.7	0.5	12.2	0.2
Governance & Compliance Services	9.1	8.8	0.4	8.4	(0.7)
Transformation	14.0	13.5	-	13.5	(0.5)
<b>Corporate Services</b>	<b>35.5</b>	<b>35.3</b>	<b>0.9</b>	<b>34.4</b>	<b>(1.1)</b>
<b>TOTAL SERVICES NET BUDGET</b>	<b>298.6</b>	<b>312.2</b>	<b>9.8</b>	<b>302.4</b>	<b>3.8</b>

Note the costs of Covid-19 are reviewed regularly, the figures shown are based on the November Tracker.

## Financial Narratives

- The financial narrative is split into three parts: Non Covid-19 Service performance narrative; Covid-19 Service performance narrative; and Central Budgets and Funding.

## Part 1 - Non Covid-19 Service Performance

### Adult, Health and Integration

- The Adult Social Care (Operations and Commissioning) and Public Health budgets remain under continued pressure across the country. The rising cost of Social Care in Cheshire East is driven by two main factors: increasing demand for services and increasing costs of providing them. Demand for Social Care is 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.
- There are significant risks to the Adults budget linked to many factors. Risks such as the long term impact of Covid-19 on individuals, the risk and impact of the temporary funding streams discontinuing, and the workforce and capacity issues in the Social Care market all have the potential to result in additional and unplanned costs. The financial impact of the new Social Care Reform is also unclear at this early stage, and may have significant implications for the Adults budgets. Changes in legislation around Liberty Protection Safeguards will also bring increased responsibilities, work loads and training to the service, with no clarity around the associated additional burden funding.

## Children's Services

- The budget for the Children and Families Directorate for 2021/22 at mid-year is £68.8m.
- There are a number of key pressures within the Directorate resulting in a forecast overspend of £4.3m against budget.
- The position is summarised in the following table:

**Table 2 – Children's Services Outturn Forecasts**

Review - forecast outturn	Budget	Outturn Variance	Covid Costs	Net of Covid Costs
	£m	£m	£m	£m
Executive Director	0.9	-0.1	-	-0.1
Children's Social Care	43.2	5.2	0.5	4.7
Prevention and Early Help	8.3	-0.3	0.1	-0.4
Education and Skills	16.4	0.6	0.5	0.1
<b>Revised Total</b>	<b>68.8</b>	<b>5.4</b>	<b>1.1</b>	<b>4.3</b>
DSG - in year pressure				15.5
DSG Deficit Balance B/F				10.0
<b>DSG Deficit Balance as at 31 March 2022</b>				<b>25.5</b>

- Particular issues are set out in the paragraphs below.

### Children's Social Care

- The overspend is forecast at £4.7m. This is mainly as a result of pressure from Agency Placements of £2.8m due to:
  - Additional pressures at outturn 2020/21 that exceeded the growth available in the MTFS (based on earlier forecasts) by £1.7m.

- The high numbers of children in care at 519 at September 2021. This is down from 531 in May 2021 and an average of 535 throughout 2020/21. The reduction is positive but numbers in care remain higher than in previous years.
  - The increase in unit costs for all types of placement due to market inflation. The average cost of an external placement has increased by 14% over the 2020/21 average cost. Within that overall figure, the average cost for a residential placement has increased by 23% since last year.
  - The continuing roll out of the residential services contract and a delay in seeing the full benefit of the new homes through reduced agency placement costs.
  - Offsetting savings by reduced use of the short breaks contract.
  - Analysis of recent years shows that the spend on agency placements has risen by an average of 9% per annum. Therefore, the figures assume a further 4.5% increase in pressure to 31 March 2022.
13. The service is also experiencing pressure from:
- Internal Fostering in terms of an increase in rates paid to foster carers and an increase in the number of children being fostered. This equates to a £0.9m pressure.
  - Staffing pressures of £0.4m which includes a legacy saving target on management and admin staff that cannot be delivered under current demand levels.
  - Use of Early Help and Independence Payments – there has been a significant increase in demand with 500 clients compared to the budgeted level of 300. This has resulted in a forecast pressure of £0.3m.
- The Commissioning Contracts budget pressure continuing at £0.12m
- Prevention and Early Help**
14. The department is forecasting an underspend of £0.4m from holding vacancies.
- Education and Skills**
15. The Department is currently reflecting an overspend of £0.1m excluding Covid-19 costs. The key issues are:
- Transport ~ TSS is currently forecasting a pressure of £0.3m as a result of increased demand for SEND and cared for children transport where the journey is often out of borough so longer and more expensive. There is also an issue with the shortage of drivers resulting in significant price increases.
- After allowing for other transport grants and budgets of £0.2m, the service is forecasting a £0.1m overspend against transport.
- This position is under review as part of the Company's quarter 2 forecasts that take into account the results of the new academic year.
- Significant work is underway relating to the transfer of TSS back into the Local Authority as from 1st April which will allow for greater clarity in terms of financial management.
- Educational Psychologists / SEND Staffing ~ these two areas are broadly balanced forecasts but additional locum staff and SEN staff are urgently needed to maintain



timeliness levels which would result in a pressure over the coming years.

- Other parts of the Education and Skills Service are reporting an underspend of £0.1m
- Catering ~ the service has worked hard to successfully secure an increase in income levels albeit still less than pre Covid-19. In addition, significant cost pressures are being seen due to food costs and delivery issues. At this stage the reduction in income and cost pressures are giving a shortfall of £0.1m.

The service is considering a range of options moving forward including the scope to increase school meal charges to schools

### **Dedicated Schools Grant (DSG)**

16. This is ring-fenced funding received for:
  - schools
  - high needs / special educational needs
  - early years provision
  - a number of central services including statutory costs and certain support functions.
17. The key pressure on DSG relates to the high needs block. For 2021/22 high needs DSG funding is £48.1m representing an increase of £3.6m (8.1%) on 2020/21.
18. The DSG Reserve deficit balance carried forward from 2020/21 is £10m.
19. The forecasts reflect expected overspending on high needs offset by underspending against early years and the central DSG blocks to give an in year pressure of £15.5m. This takes the DSG reserve deficit forecast to £25.5m at 31 March 2022.

20. This is in line with the budget gap as determined the Council's DSG Management Plan that was approved by 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 local provision.
21. The Council is working to deliver the mitigations set out in the DSG Management Plan but demand exceeds the current rate of local expansion. Additional key projects are being developed over the next 6 – 9 months including expansion of Springfield Special School in Crewe and the need for a centrally located special school. The service will be seeking to secure additional capital investment over the medium term.

### **Place Directorate**

#### **Place Directorate £0.1m underspend**

22. Non Covid-19 underspends are forecast of £17,000. These arise from a staffing vacancy and additional income received towards staffing costs, partially offset by a forecast pay rise which was unbudgeted.

#### **Environment & Neighbourhood Services**

23. Excluding the impact of Covid-19, an underspend is forecast on Environment and Neighbourhood Services of £0.5m. This is predominantly from staffing savings made up of part year vacancies, maternity leave savings and budgeting for staff not in the pension scheme, offset by a forecast pay rise which was not budgeted.

#### **Growth & Enterprise**

24. There is a non Covid-19 pressure of £0.2m for Growth and Enterprise. This is made up of staffing underspends and control of costs within Tatton, Public Rights of Way and

Economic Development offset by income and cost pressures within Assets. Facilities Management have pressures arising due to increased energy costs and business rates but these have been mitigated by a forecast underspend on water and the control of costs such as responsive maintenance within the service. The majority of the pressure is for a forecast pay rise which was not included in the budget.

### **Highways & Infrastructure**

25. Non Covid-19 pressures within Highways and Infrastructure total £0.7m. There is a £0.5m pressure in year because of proposed parking charges not going ahead as planned. Pressures of £170,000 also exist for Transport resulting from unachievable savings targets for Flexi Link advertising and fares and the restructure of the company. A forecast pay rise has also been included in the forecast totalling £78,000, this was not budgeted. These pressures have been partially mitigated by savings within Parking, mainly due to part year staff vacancies.

### **Corporate Services**

26. The £35.4m budget for Corporate Services, which includes the Housing Benefits (HB) Payments Centre, is currently forecast to underspend by £1.2m at year end. There is a £0.3m pressure associated with implementing the Best4Business (B4B) programme. Members will be aware that B4B is the change programme implementing Unit4 ERP, a complex, technical solution designed to administer all HR, Payroll and Finance functions across both Cheshire East and Cheshire West and Chester councils, schools, academies, and council companies. The financial pressures reported in 2021/22 are mainly one-off additional costs of the revised timeline of Go Live 2 (HR and payroll) (November 2021) which cannot be charged to the capital project and which will be mitigated from the revenue budget wherever possible. Most of the pressure (£0.2m) sits in ICT Service Delivery from

loss of income due to staff working on B4B project work. Further pressure of £0.1m in Finance & Customer Services is mainly because of additional implementation staffing costs.

### **Corporate Directorate**

27. The Corporate Services Directorate area includes the cost of the Chief Executive, the Executive Director of Corporate Services and associated budgets. These budgets are forecast to underspend by £0.1m.

### **Finance & Customer Services**

28. Finance and Customer Services, which includes the HB Payments Centre, is forecast to overspend by £0.2m. This is mainly attributable to a £0.4m overspend on the Transactional Service Centre hosted by Cheshire West and Chester, and £0.1m pressures from unbudgeted costs linked to implementing the B4B System, savings in Business Solutions relating to the introduction of B4B that will not be fully achievable until next financial year (£40,000), and the contribution to Corporate Services efficiency savings (£56,000). The overspend is partially offset by a £0.4m underspend in Customer Services as a result of delaying restructures, delaying filling vacancies, and savings on certain non-staff costs.

### **Transformation**

29. Transformation is forecast to underspend by £0.5m, mainly due to a £0.1m underspend on the Director's cost centre, and £0.4m underspend in HR due to in-year staff vacancies, and underspending on central training, and Organisational Development budgets. In addition, the overall ICT budget is forecast to underspend by £0.2m. ICT Strategy is forecast to underspend by £1.0m but is offset by an overspend in ICT Service Delivery of £0.8m. The underspend in strategy has arisen in part from a delay in certain revenue consequences of capital projects hitting the revenue budget for which

revenue growth was included in this year's MTFS and in part from cost falling into the shared service rather than the strategy area where growth had been given. The shared service has worked hard to mitigate the impact of lost revenue however the extent of the loss of income is such that it has been difficult to offset without affecting standard business delivery. Rising in-year contract costs are adding to the pressure. The Shared Services Joint Committee is monitoring the overall budget pressures. There has also been further income lost due to B4B project work not being charged at the standard rate per hour. The overall Transformation Directorate underspend is further offset by the contribution to Corporate Services efficiency savings (£96,000), and £50,000 savings from staff travel being temporarily held in Corporate Services before the actual savings are allocated to individual services.

### **Governance & Compliance**

30. Governance & Compliance is forecast to underspend by £0.7m. Within Governance & Democratic, the underspend of £0.4m is mainly due to increased marriage income in the Registrations Service as a result of surges in demand following the easing of restrictions put in place during the pandemic, Legal Services (£0.2m) due to underspends on staffing budgets, and Audit & Risk is forecasting a £0.3m underspend on staffing costs due to carrying staff vacancies but this is offset by pressures within Insurance due to a fall in school buy-back income, and increased premium costs. These underspends are being partially offset by unbudgeted costs being incurred relating to Standards work, and the contribution to Corporate Services efficiency savings (£45,000).

## **Part 2 - Covid-19 Service Performance**

### **Adult, Health and Integration**

31. 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**

32. At this stage the key Covid-19 pressures identified relate to:
  - Children's Social Care - £0.5m from the necessary use of unregulated placements at much higher costs rates than elsewhere.
  - Prevention and Early Help - £30,000 from loss of rental income from hire of room space, £0.15m from additional emotional support to young people and enabling the continuation of Duke of Edinburgh courses.
  - Education and Skills - loss of income of £20,000 from fixed penalty notices plus a reduction in school meals income of £0.5m.
  - Capital programme - the Education and Skills service is also experiencing cost increases of 20% on capital schemes in terms of labour and material costs. An element of that is a result of Covid-19.

## Place Directorate

### Environment & Neighbourhood Services

33. There are covid pressures of £3.7m within Environment and Neighbourhood Services. £1.9m of these relate to Ansa for increased waste tonnage as more people are working from home, cover for sickness and isolation and some unrealisable route and rota optimisation savings. Income pressures of £1.2m also exist for Planning and Building Control, Licensing, Libraries and Markets. There is a £0.4m pressure to ensure service continuity for the Councils leisure centres. Additional costs also exist for the provision of PPE and cleaning materials, increased public funerals, and help to cover backlogs of work within Planning.

### Growth & Enterprise

34. Forecast covid pressures of £0.4m exist for Growth & Enterprise. These are mainly due to loss of income at Tatton Park, ticket income in Visitor Economy, rental income within Assets and public path order income in Public Rights of Way. There are also some additional costs for cleaning of temporary accommodation for the Housing service.

### Highways & Infrastructure

35. There are covid pressures within Highways and Infrastructure of £2.1m. The majority of this is from the Parking service with lower income received on pay and display car parks and from penalty charge notices. Covid pressures also exist in Highways due to loss of productivity and extra costs of service delivery.

### Corporate Services (need Sep updates)

36. Additional cost pressures within Corporate Services as a result of the Covid-19 pandemic are forecast at £0.9m.

37. The main pressures are within Finance & Customer Services, with the Housing Benefits (HB) payments centre forecasting a £0.3m under-recovery of HB overpayments due to the pandemic, lost court costs income of over £0.1m and the Revenues Service incurring £0.1m additional staff overtime, and additional agency staff costs supporting business as usual in contact centres. Elsewhere, Covid-19 pressures include £0.4m additional staff, travel, and facilities costs, and a reduction in income across services within Governance & Compliance.

## Part 3 - Central Budgets and Funding

**Table 3 – Central Outturn Forecasts**

2021/22	Revised Budget	Forecast Outturn Including Covid	Forecast Covid Expenditure	Forecast Outturn Excluding Covid	Forecast Over / (Underspend) Excluding Covid
(GROSS Revenue Budget £492.7m)	(NET)				
	£m	£m	£m	£m	£m
CENTRAL BUDGETS					
Capital Financing	14.0	14.0	-	14.0	-
Transfer to/(from) Earmarked Reserves	2.2	1.7	(0.5)	2.2	-
Corporate Contributions / Central Budgets	(2.9)	(4.5)	-	(4.5)	(1.6)
<b>Central Budgets</b>	<b>13.3</b>	<b>11.2</b>	<b>(0.5)</b>	<b>11.7</b>	<b>(1.6)</b>
Business Rates Retention Scheme	(49.1)	(49.1)	-	(49.1)	-
Specific Grants	(20.0)	(29.3)	(9.3)	(20.0)	-
Council Tax	(242.8)	-	-	(242.8)	-
<b>Central Budgets Funding</b>	<b>(311.9)</b>	<b>(321.2)</b>	<b>(9.3)</b>	<b>(311.9)</b>	<b>-</b>

38. It is currently forecast that there will be a £1.6m underspend variance to budget on the central budget. This is due to the over recovery of past service employer pension contributions compared to the budget set and flexible use of capital receipts will fund some revenue costs associated with the B4B project. Budgeted transfers of £1.3m to earmarked reserves have taken place in-year as planned. Grants relating to business rates have been received centrally in-year that are additional to budget which will be transferred to reserves for future use.
39. Specific grants include the unring-fenced Local Authority Support grant and an estimate for the Compensation scheme

linked to income losses from Sales, Fees and Charges which are currently funding the costs associated with Covid-19. The Covid-19 reserve, which holds the unused grant from 2020/21, will also fund this expenditure.

40. Details of grants received and reserves can be found within the individual Service Committee Appendices.

### **Outturn Impact**

41. The impact of the projected service outturn position is to maintain balances as reported above (**paragraph 3**). With the central budget items detailed above (**paragraph 38**), the financial impact could result in a decrease in balances of £2.2m. Any deficit in non Covid-19 related expenditure / income remaining at the end of the year will be drawn down from the Medium Term Financial Strategy Earmarked Reserve which is used to smooth the effects of variations in spending / income in any specific year.
42. The Council will continue to manage and review the financial forecasts in response to emerging guidance and the local response to the pandemic and how this affects the Council's revenue budget.

### **Collecting Local Taxes for Local Expenditure**

43. Cheshire East Council collects Council Tax and Non Domestic Rates for use locally and nationally.

### **Council Tax**

44. Council tax is set locally and retained for spending locally. Council tax was set for 2021/22 at £1,579.03 for a Band D property. This is applied to the taxbase.

45. The taxbase for Cheshire East reflects the equivalent number of domestic properties in Band D that the Council is able to collect council tax from (after adjustments for relevant discounts, exemptions and an element of non-collection). The taxbase for 2021/22 was agreed at 153,796.10 which, when multiplied by the Band D charge, means that the expected income for the year is £242.8m.

46. In addition to this, Cheshire East Council collects council tax on behalf of the Cheshire Police and Crime Commissioner, the Cheshire Fire Authority and Parish Councils. **Table 4** shows these amounts separately, giving a total budgeted collectable amount of £299.0m.
47. This figure is based on the assumption that the Council will collect at least 99% of the amount billed. The Council will always pursue 100% collection, however to allow for non-collection the actual amount billed will therefore be more than the budget.
48. This figure may also vary during the year to take account of changes to Council Tax Support payments, the granting of discounts and exemptions, and changes in numbers and value of properties. The amount billed to date is £303.1m.

**Table 4 – Cheshire East Council collects Council Tax on behalf of other precepting authorities**

	£m
Cheshire East Council	242.8
Cheshire Police and Crime Commissioner	34.7
Cheshire Fire Authority	12.4
Town and Parish Councils	9.1
<b>Total</b>	<b>299.0</b>

49. **Table 5** shows collection rates within three years, and demonstrates that 99% collection is on target to be achieved within this period.

**Table 5 – Over 99% of Council Tax is collected within three years**

Financial Year	CEC Cumulative			
	2017/18	2018/19	2019/20	2020/21
	%	%	%	%
After 1 year	98.3	98.2	97.9	97.4
After 2 years	99.1	99.0	98.8	**
After 3 years	99.3	99.2	**	**

\*\*data not yet available

50. The council tax in-year collection rate for the period up to the end of September 2021 is 56.3%. This is an increase of 0.7%

on the previous year and shows positive signs of reverting to pre Covid-19 levels. Caution should be exercised however in view of the imminent end to furlough arrangements and the impact that may have on residents' ability to pay.

51. Council tax support payments were budgeted at £18.0m for 2021/22 and at the end of September the total council tax support awarded was £17.6m.
52. The Council Tax Support scheme remains the same for 2021/22, other than the uprating of the income bands in line with the Consumer Price Index in September 2020. The scheme was confirmed by full Council in December 2020.
53. A review of the Council Tax Support scheme for 2022/23 is underway and will be finalised later this year.
54. Council tax discounts awarded are £26.8m which is a slight increase on the same period in 2020/21. This is mainly due to an increase in single person discounts following the postponement of the discount review during Covid-19.
55. Council tax exemptions awarded is £6.6m which is an increase on the same period in 2020/21. This has been impacted by the postponement of exemption reviews during Covid-19.

### **Non-Domestic Rates (NDR)**

56. NDR is collected from businesses in Cheshire East based on commercial rateable property values and a nationally set multiplier. The multiplier changes annually in line with inflation and takes account of the costs of small business rate relief.
57. The small business multiplier applied to businesses which qualify for the small business relief was set 49.9p in 2021/22.

The non-domestic multiplier was set at 51.2p in the pound for 2021/22.

58. During 2020/21 Cheshire East Council was in a pooling arrangement with the Greater Manchester (GM) Authorities (also included Cheshire West and Chester) to maximise business rate retention locally and support the economic regeneration of Greater Manchester and Cheshire Councils. Pool members were entitled to retain the levy charge on growth that would normally be paid over to Central Government. Cheshire East retained 50% of this levy charge locally before paying the remaining half over to the pool. The pooling arrangement has ceased for 2021/22 due to the continued uncertainty around business rates levels and the possibility of LA's falling below the safety net threshold as the pandemic continues.

59. **Table 6** demonstrates how collection continues to improve even after year end. The table shows how over 99% of non-domestic rates are collected within three years.

**Table 6 – Over 99% of Business Rates are collected within three years**

Financial Year	CEC Cumulative			
	2017/18	2018/19	2019/20	2020/21
	%	%	%	%
After 1 year	97.7	98.5	98.2	92.4
After 2 years	99.2	99.4	98.4	**
After 3 years	99.8	99.4	**	**

\*\*data not yet available

60. The business rates in-year collection rate for the period up to the end of September 2021 is 48.25%. Although this is a reduction on previous years it does not stand comparison due to the introduction of the Extended Retail Discount scheme which has impacted the annual debit part way through the year. Additionally, normal processes to recover unpaid business rates will only commence during the second half of this year as Government grant schemes come to an end.

# Appendices to 2021/22 Financial Year Review

**December 2021**



# Appendix 1

## Finance Sub-Committee

### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Finance Sub-Committee Central Budgets</b>				
Capital Financing	14,000	-	-	14,000
Corporate Contributions	(2,646)	-	(252)	(2,898)
Contribution to / from Reserves	1,328	-	912	2,240
	12,682	-	660	13,342
<b>Finance Sub-Committee - Central Budgets Funding</b>				
Business Rates Retention Scheme	(49,086)	-	-	(49,086)
Specific Grants	(19,165)	(815)	-	(19,980)
Council Tax	(242,849)	-	-	(242,849)
Sourced from Collection Fund	-	-	-	-
<b>TOTAL CENTRAL BUDGETS FUNDING</b>	<b>(311,100)</b>	<b>(815)</b>	<b>-</b>	<b>(311,915)</b>

## 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
Minimum Revenue Provision	2,000	4,000	1,000	1,000	Growth Implemented
Central Pension adjustment	-4,567	-1,900	1,500		On track and expected to overachieve in 2021/22
Bad Debt Provision	200				Growth Implemented
[16] Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	-250				On track
Capital Receipts Income	1,000				Growth Implemented
Use of Earmarked Reserves (MTFS Feb 20) plus increase to include funds set aside for VR costs	3,022	-873	-253	-1,476	Growth Implemented
[17] Capital Programme Review	-1,000	1,000			Complete
Top up to General Reserves		600		-600	On track
Increase forecast Domestic Tax Base Growth. Taxbase growth estimated at 1,800 new homes + reduction for increased Council Tax Support	-1,892	-2,435	-2,483	-2,533	On track

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
Increase forecast Domestic Tax Base Growth (change from previous year budget) % increase planned at 1.99%	-11,452	-4,833	-4,977	-5,126	On track
Business Rates Retention Government Policy change Compensation Grants	700				On track
Change in specific grants estimated	-1,002	387	49	46	On track
Change to NHB funding estimate	3,352	3,920	1,960	980	On track
Deficit on Collection Fund	147				On track

## 3. Corporate Grants Register

### Government Grant Funding of Local Expenditure

- 3.1 General purpose grants were budgeted to be £19.2m. Further in-year grant announcements have increased the amount received to £68.2m at mid-year.
- 3.2 The Covid-19 pandemic has seen continued financial support issued by Central Government for business rates.
- 3.3 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.
- 3.4 The estimated full cost for this additional relief for Cheshire East is £27.3m. 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 MLUHC (50%) will be repaid to Government.
- 3.5 Additional general purpose grants of £49.0m have also been received during the year to date. These include further Covid-19 related grant payments of £40.0m and an additional £8.6m in respect of Business Rates Relief grant. Requests for the allocation of the additional grants received are detailed in **Table 1**.
- 3.6 **Table 2** shows additional specific service grants over £1m that require approval from Council. Details of other specific service grants are within the service committee appendices.
- 3.7 **Table 3** provides a summary of grants (general purpose) that have already been approved.
- 3.8 **Table 4** provides a summary of the updated budget position for general purpose grants in 2021/22 by service. Further details of grants are shown in **Table 5** Corporate Grants Register.

**Table 1 – Supplementary Revenue Estimates for Allocation of Additional Grant Funding (General Purpose)**

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee	Covid-19 Business Rates Reliefs 2021/22	27,280	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.
Finance Sub-Committee	Covid-19 Local Council Tax Support	3,373	This additional unring-fenced grant recognizes that local authorities are best placed to determine local priorities, with the focus being on a similar set of priorities as previously set out in 2020/21. These priorities included: adult social care, children's services, public health services, household waste services, shielding the clinically extremely vulnerable, homelessness and rough sleeping, domestic abuse, managing excess deaths, support for re-opening the country and, in addition, the additional costs associated with the local elections in May 2021. This funding should be used in planning to cover any Covid-related costs for the priority pressures above and any further Covid-19 costs in 2021/22.
Finance Sub-Committee	Covid-19 Local Authority Support Grant	8,508	This is a continuation of the Covid-19 Emergency Funding for 2021/22 and is additional grant received due to the costs caused by the pandemic.
Finance Sub-Committee	Business Rates Reliefs Grant 2021/22 (Reserves)	8,606	S31 grants received to compensate for reduced business rates collected as a result of reliefs mandated by Central Government after the setting of the Business Rates Baseline in 2013/14 (grant covers CEC 49% share).
<b>General Purposes allocations for Council Approval</b>		<b>47,767</b>	

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee	Covid-19 Compensation for Sales, Fees and Charges Income	800	The Sales, Fees and Charges scheme compensates local authorities for irrecoverable income losses due to Covid-19 for the period April - June 2021. This is an estimated payment for 2021/22.
<b>General Purposes allocations for Committee Approval</b>		<b>800</b>	
Finance Sub-Committee (Expenditure Children and Families)	Extended Rights to Free Transport	57	The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools 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).
Finance Sub-Committee (Expenditure Corporate Policy)	Housing Benefit and Council Tax Administration	60	Increase on MTFS 2021-25 estimate. The grant is provided towards expenditure incurred, or to be incurred, in respect of the provision of local housing benefit and council tax administration in 2021/22.
Finance Sub-Committee (Expenditure Corporate Policy)	Individual Electoral Registration	5	The funding is to be used on activities associated with Individual Electoral Registration (IER) services within the Electoral Services area.
<b>General Purposes Allocations less than £500,000</b>		<b>122</b>	
<b>Total General Purpose Allocation</b>		<b>48,689</b>	

**Table 2 – Recommendation for Council Approval for Supplementary Revenue Estimates of Additional Grant Funding (Specific Purpose) over £1m**

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Corporate Policy)	Housing Benefit Subsidy	5,282	Payment of claims administration within Housing Benefits.
Finance Sub-Committee (Expenditure Corporate Policy)	Covid-19 Test and Trace Support (Self Isolation Payment)	1,039	Test and Trace Support Payment scheme – awards and administration of the scheme to support people self-isolating on a low income.
<b>Total Specific Purpose Allocation for Council Approval</b>		<b>6,321</b>	

**Table 3 - Summary of Grants already Approved (General Purpose)**

Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Children and Families)  (July report)	Staying Put Implementation	113	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 18 <sup>th</sup> birthday. This supported arrangement can continue until the young person's 21 <sup>st</sup> birthday.
Finance Sub-Committee (Expenditure Children and Families)  (July report)	Extended Personal Advisor Duty Implementation Grant	56	The purpose of the grant is to support Local Authorities in England to meet the requirements of the Children and Social Work Act 2017, requiring them to offer Personal Adviser support to all care leavers up to the age of 25. The grant is to support those young people that may request support

Committee / Service Area	Type of Grant	£000	Details
			from the Local Authority after the age of 21 and up to the age of their 25 <sup>th</sup> birthday. The grant has been provided to meet the extra demand for personal adviser time that the new duties create. The new duty provides the Local Authority the ability to respond positively to requests for support from care leavers who may have difficulties and be struggling to transition to adulthood.
Finance Sub-Committee (Expenditure Adults and Health)  (Outturn report)	Independent Living Fund	43	<p>Following the closure of the Independent Living Fund (ILF) in June 2015, the government agreed to continue funding pre-existing ILF arrangements until the end of 2019 to 2020, through the former ILF recipient grant. Government have confirmed that that the former ILF recipient grant will continue to be paid to local authorities in 2021 to 2022.</p> <p>The total value of the grant in 2021 to 2022 will be maintained and this additional funding allocation is to cover the cost of the payments made to clients for the ILF, increasing it to the level of the actual 2021/22 grant, which is £42,776 higher than originally forecast in the Medium Term Financial Strategy.</p>
Finance Sub-Committee (Expenditure Economy and Growth)  (Outturn report)	Homelessness Domestic Abuse New Burdens	9	The grant should be used to delivery statutory homelessness duties in respect of victims of domestic abuse, as set out in the Housing Act 1996 and Homelessness (Priority need for Accommodation) (England) Order 2002, as amended by the Domestic Abuse Act 2021.
Finance Sub-Committee (Expenditure Environment and Communities)  (Outturn report)	Neighbourhood Planning Grant	70	The conditions of grant mean that this funding could be used across the wider Spatial Planning area. This level of funding would be intended to support a number of Community Neighbourhood Plans across the borough.



Committee / Service Area	Type of Grant	£000	Details
Finance Sub-Committee (Expenditure Corporate Policy)	Breathing Spaces (Debt Respite Scheme)	2	The Debt Respite Scheme (Breathing Space) will give someone in problem debt the right to legal protections from their creditors.
<b>General Purpose Allocations already Approved</b>		<b>293</b>	

**Table 4 - Summary of General Purpose Grants**

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget
	2021/22 £m	2021/22 £m	2021/22 £m
<b>GENERAL PURPOSE</b>			
Children and Families	0.3	0.5	0.2
Adults and Health	9.1	9.2	0.1
Economy and Growth	0.0	0.0	0.0
Environment and Communities	0.0	0.1	0.1
Highways and Transport	0.0	0.0	0.0
Corporate Policy	9.8	58.4	48.6
<b>TOTAL GENERAL PURPOSE</b>	<b>19.2</b>	<b>68.2</b>	<b>49.0</b>

**Table 5 – Corporate Grants Register**

General Purpose Grants 2021/22 (Held Corporately)	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
<b>CHILDREN and FAMILIES</b>				
Staying Put Implementation Grant	0	113	113	SRE
Extended Rights to Free Transport (Home to School Transport)	201	258	57	SRE
Extended Personal Adviser Duty Implementation	0	56	56	SRE
Extension of the role of Virtual School Heads	60	60	0	
<b>ADULTS and HEALTH</b>				
Social Care Support Grant	7,979	7,979	(0)	
Independent Living Fund	818	861	43	SRE
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	0	
<b>ECONOMY and GROWTH</b>				
Homelessness Domestic Abuse New Burdens	0	9	9	SRE
<b>ENVIRONMENT and COMMUNITIES</b>				
Neighbourhood Planning Grant	0	70	70	SRE
<b>CORPORATE POLICY</b>				
Housing Benefit and Council Tax Administration	1,022	1,082	60	SRE
NNDR Administration Allowance	569	569	(0)	
Breathing Spaces (Debt Respite Scheme)	0	2	2	SRE
New Homes Bonus	7,841	7,841	0	
Individual Electoral Registration	0	5	5	SRE
Lower Tier Services Grant	335	335	0	
COVID-19 Business Rates Reliefs 2021/22	0	27,280	27,280	Reserves
COVID-19 Compensation for Sales, Fees and Charges Income	0	800	800	SRE
COVID-19 Local Council Tax Support	0	3,373	3,373	Reserves
COVID-19 Local Authority Support Grant	0	8,508	8,508	Balances
Business Rates Reliefs Grant 2021/22	0	8,606	8,606	Reserves
<b>TOTAL</b>	<b>19,165</b>	<b>68,145</b>	<b>48,980</b>	

## 4. Debt Management

- 4.1 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 decreased by £1.5m since the end of March.
- 4.2 Annually, the Council raises invoices with a total value of over £60m. 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.
- 4.3 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.
- 4.4 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).
- 4.5 After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of August 2021 was £10.7m.

- 4.6 The total amount of service debt over six months old is £6.7m; 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 and Health Committee</b>		
Adults, Public Health and Communities	8,084	5,123
<b>Children and Families Committee</b>		
Children's, Education, Prevention and Early Help	472	82
Schools	55	34
<b>Highways and Transport Committee</b>		
Highways and Infrastructure	750	710
<b>Economy and Growth Committee</b>		
Growth and Enterprise	808	513
<b>Environment and Communities Committee</b>		
Environment and Neighbourhood Services	106	57
<b>Corporate Policy Committee</b>		
Finance and Customer Services	29	3
Governance and Compliance	3	-
Transformation	401	163
	<b>10,708</b>	<b>6,685</b>

## 5. Capital Strategy

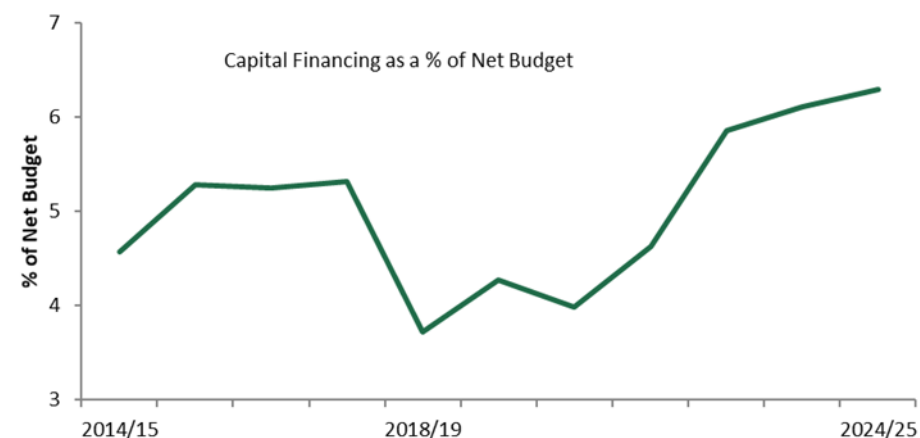
Table 1: Financial Parameters for 2021/22 to 2024/25

Parameter	Value (£m)			
	2021/22	2022/23	2023/24	2024/25
<b>Repayment of Borrowing</b>				
Minimum Revenue Provision*	13.4	16.1	18.6	20.2
External Loan Interest	4.9	4.8	4.7	4.7
Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
Contributions from Services Revenue Budgets	(1.5)	(1.7)	(1.7)	(1.6)
Total Capital Financing Costs	15.9	18.3	20.7	22.4
Use of Financing EMR	(1.9)	(0.3)	(1.7)	(2.4)
Actual CFB in MTFS	14.0	18.0	19.0	20.0
Capital Receipts targets*	1.0	1.0	1.0	1.0
Flexible use of Capital Receipts	0	0	0	0

\*Anticipated MRP based on achieving capital receipts targets

### Repayment of Borrowing

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



- 5.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is reported as part

of the MTFS report and Outturn report. This highlights the level to which the Council is internally borrowed (being the difference between the CFR and external debt), and the expected repayment profile of the external debt.

- 5.4 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is included in **Appendix 8** of this report.
- 5.5 The Council's current strategy is to use available cash balances, known as 'internal borrowing' and to borrow short term loans. As short term interest rates are currently much lower than long term rates this is likely to be more cost effective.

### **Contributions from Services**

- 5.6 All business cases supporting capital expenditure will include full analysis of the financial implications of the scheme alongside a clear indication of how the financial implications will be managed within the Medium Term Financial Strategy (MTFS).
- 5.7 When including any scheme in the Council's Capital Programme the Section 151 Officer will determine the appropriate impact on the Revenue Budget. This impact will require service budgets within the MTFS to fund either all, part or none of the net capital costs of the scheme.
- 5.8 In making a determination about funding capital schemes from revenue budgets the level of potential revenue savings or additional revenue income will be considered. If a capital scheme will increase revenue costs within the MTFS, either from the future costs of maintaining the asset or from the costs of financing the capital expenditure, then the approach

to funding such costs must be approved as part of the business planning process before the scheme can commence.

- 5.9 The Council's strategy is to use revenue contributions of £6.5m over the next four financial years to finance the Capital Programme to reduce the overall Capital Financing Budget. These contributions come from: £2.9m from the Investment Portfolio; £1.8m contribution from schools towards the schools transformation programme; £1.2m from ESAR for the improvements to the Council's leisure facilities; £0.4m from Highways Street Lighting for the upgrade to LED lighting; and £0.2m from Transformation Services for the Azure 365 upgrade.

### **Use of Financing Earmarked Reserve**

- 5.10 To allow a longer term approach to setting the Financial Parameters of the Capital Strategy the Council will maintain an earmarked reserve to minimise the financial impact of annual variations to the Capital Financing Budget.
- 5.11 The Council's Reserves Strategy determines the appropriate use of reserves and how they are set up and governed. In the first instance any under or overspending of the Capital Finance Budget (CFB) within any financial year will provide a top-up or draw-down from the Financing Earmarked Reserve. In balancing the CFB over the period of the MTFS the Section 151 Officer may also recommend appropriate use of the Financing Earmarked Reserve over the period.
- 5.12 The Council's current strategy is to draw-down up to £6.3m from the Financing Earmarked Reserve for the period 2021/22 to 2024/25.

## Capital Programme – Review Position

- 5.13 Since the Medium Term Financial Strategy was approved in February 2021 the Capital Programme has increased by £58.6m for the next four year period.
- 5.14 The main change for the increase is slippage from 2020/21 into future years of £59.1m Other changes reported this quarter total (£1.3m) and this is mainly due to a budget reduction due to a reduction in capital grants for Highways from the Department of Transport. **Table 2** below shows a summary of the changes.

**Table 2: Summary Capital Programme**

	MTFS C/Fwd from Budget	2020/21	SCEs/ Virements in Quarter	Transfers to/from Addendum	Budget Reductions	SCEs/ Virements	Revised Budget
	2021/25 £m	2021/25 £m	2021/25 £m	2021/25 £m	2021/25 £m	2021/25 £m	2021/25 £m
Adults, Health & Integration	0.4	0.1	-	-	-	-	0.5
Children and Families	43.8	8.9	0.8	-	-	-	53.5
Place Directorate	289.7	48.8	-	1.2	(3.3)	2.3	338.7
Corporate Directorate	37.8	1.3	-	-	-	(0.3)	38.8
	371.7	59.1	0.8	1.2	(3.3)	2.0	431.5

- 5.15 Apart from the slippage that was reported at the Outturn £31.2m and the budget increases there were approved as part of the Outturn report of £26.4m there has been little change to the overall capital programme apart from the Capital Supplementary Estimates and Virements listed in **Tables 4 to 7**.
- 5.16 There is a significant budget reduction within Highways and Infrastructure as the estimated Highways grant from the Department of Transport was less than was previously

reported in the Medium term Financial Strategy in February 2021.

- 5.17 The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve). A funding summary is shown in **Table 3**.
- 5.18 **Table 4** details requests of Supplementary Capital Estimates (SCE) up to and including £250,000 and Capital Virements up to and including £100,000 approved by delegated decision which are included for noting purposes only.
- 5.19 **Table 5** lists details of Capital Virements over £100,000 and up to and including £5,000,000 that requires Committee to approve.
- 5.20 **Table 6** lists details of Capital Supplementary Estimates over £1,000,000 that requires Committee to recommend to Full Council to approve.
- 5.21 **Table 7** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.
- 5.22 **Table 8** lists the transfers to and from the Addendum These are for noting purposes only.
- 5.23 Capital programme detail is shown in other service committee **Appendices 2-7, Section 5**.

**Table 3: Capital Programme Update**

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY					
CAPITAL PROGRAMME 2021/22 - 2024/25					
	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Forecast 2024/25 £000	Total Forecast 2021-25 £000
<b>Committed Schemes - In Progress</b>					
Adults, Health and Integration	485	0	0	0	485
Children and Families	17,146	21,432	9,402	0	47,980
Place	101,635	91,079	60,386	25,153	278,253
Corporate	15,031	8,199	7,668	7,668	38,566
<b>Total Committed Schemes - In Progress</b>	<b>134,297</b>	<b>120,710</b>	<b>77,456</b>	<b>32,821</b>	<b>365,284</b>
CAPITAL PROGRAMME 2020/21 - 2024/25					
	Forecast 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's Services	284	4,493	500	250	5,527
Place	10,072	19,206	19,035	12,147	60,460
Corporate	250	0	0	0	250
<b>Total New Schemes</b>	<b>10,606</b>	<b>23,699</b>	<b>19,535</b>	<b>12,397</b>	<b>66,237</b>
<b>Total</b>	<b>144,903</b>	<b>144,409</b>	<b>96,991</b>	<b>45,218</b>	<b>431,521</b>

# CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

## CAPITAL PROGRAMME 2021/22 - 2024/25

	Forecast 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 Analysis:</b> (See note 1)					
Government Grants	75,419	75,739	48,150	14,739	<b>214,047</b>
External Contributions	17,069	19,125	7,889	15,141	<b>59,224</b>
Revenue Contributions	750	0	0	0	<b>750</b>
Capital Receipts	1,000	1,000	1,000	1,000	<b>4,000</b>
Prudential Borrowing (See note 2)	50,665	48,545	39,952	14,338	<b>153,500</b>
<b>Total</b>	<b>144,903</b>	<b>144,409</b>	<b>96,991</b>	<b>45,218</b>	<b>431,521</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.



**Table 4: Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements**

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Supplementary Capital Estimates that have been made up to £250,000</b>		
<b>Prevention and Support</b>		
Ash Grove Nursery Expansion	3,750	Additional Nursery Funding Grant is available to increase the required budget to £230,017.
<b>Growth and Enterprise</b>		
Schools Capital Maintenance	94,000	Schools Contributions to the Facilities Management Schools Condition Programme for 2021/22
<b>Environment and Neighbourhood Services</b>		
Regulatory Systems & Environmental Health ICT System	50,000	Additional £50K Ear Marked Reserve funding approved to support project completion.
<b>Total Supplementary Capital Estimates Requested</b>	<b>147,750</b>	
Service / Capital Scheme	Amount Requested £	Reason and Funding Source
<b>Capital Budget Virements that have been made up to £100,000</b>		
<b>Highways and Infrastructure</b>		
A532 Safer Road Fund Scheme	93,734	To provide additional funding to support delivery of ongoing scheme
S106 Redhouse Lane, Disley	30,000	To provide supplementary funding to support the project to facilitate Network Rail to deliver the Road Rail Collision avoidance measures.
<b>Total Capital Budget Virements Approved</b>	<b>123,734</b>	
<b>Total Supplementary Capital Estimates and Virements</b>	<b>271,484</b>	

**Table 5: 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>		
Wilmslow High School	900,000	Virement from the Wilmslow Planning Area (Primary) for the Basic Need School expansion Project.
<b>Highways and Infrastructure</b>		
Highway Maintenance Minor Wks	377,160	To provide funding to deliver proactive level 2 patching programmes to meet
S106 Davenport Lane, Arclid	244,810	To provide supplementary funding to support a s106 agreement budget that
<b>Growth and Enterprise</b>		
Demolition of Crewe Library & Concourse	323,000	Virement from the Strategic Capital Projects
Schools Capital Maintenance	1,046,000	Virement from the School Condition Grant to fund to the Facilities Management School Condition Programme in 2021/22
<b>Transformation Services</b>		
Best4Business 2	368,000	£368k of Core Financial approved budget to be transferred to Best4Business.
<b>Total Capital Virements requested</b>	<b>2,358,970</b>	
<b>Total Supplementary Capital Virements</b>		
	<b>2,358,970</b>	

**Table 6: Requests for Supplementary Capital Estimates (SCEs) and Virements**

Service	Amount Requested	Reason and Funding Source
	£	
<b>Supplementary Capital Estimates over £1,000,000</b>		
<b>Growth and Enterprise</b>		
Connecting Cheshire 2020	2,000,000	Additional Grant received from Broadband Delivery UK (BDUK) to enable the current infrastructure delivery contract to roll out further broadband across Cheshire.
<b>Total Supplementary Capital Estimates Requested</b>	<b>2,000,000</b>	
<b>Total Supplementary Capital Estimates and Virements</b>		
	<b>2,000,000</b>	

**Table 7: Capital Budget Reductions**

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Finance Sub Committee are asked to note the reductions in Approved Budgets				
Highways and Infrastructure				
Parking Meters	350,000	0	350,000	It is no longer proposed that this project will go ahead at this time.
Integrated Transport Block - LTP	1,987,000	2,003,000	-16,000	The amount of Department for Transport grant for the Local Transport Plan is less than the amount assumed and approved in the 2021-25 Budget, £2,895,000 less overall.
Maintenance Block - LTP	8,409,000	5,799,000	2,610,000	
Incentive Fund - LTP	1,751,000	1,450,000	301,000	
Growth and Enterprise				
St Annes Car Park	178,256	165,262	12,994	St Anne's has now been sold, so this project can now be closed.
Private Sector Assistance	1,991,531	1,991,527	(4)	Project now complete
	14,666,787	11,408,789	3,257,990	

**Table 8: Transfers from and to the Capital Addendum**

Service / Capital Scheme	Amount Transferred Mid Year £	Reason / Comment
<b>Budgets Transferred from the Addendum to the Main Capital Programme</b>		
<b>Growth and Enterprise</b>		
Demolition of Crewe Library & Concourse	1,200,000	ODR has been approved to transfer the funds from the Addendum
<b>Total Budgets Transferred to Main Capital Programme</b>	<b>1,200,000.00</b>	
<b>Net Change to the Addendum</b>	<b>1,200,000</b>	

## 6. Reserves Strategy

### Management of Council Reserves

- 6.1 The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
- 6.2 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.
- 6.3 The updated Risk Assessment for 2021/22 provides for the Minimum Level to be set at £10.3m. This is considered a relatively prudent overall target for reserves at 3.3% of the net budget. At the end of 2020/21 the outturn position allowed an increase to the General Reserve in line with the strategy to increase it to £11.5m over the next three years.
- 6.4 The Council also maintains Earmarked Revenue reserves for specific purposes. The opening balance at 1 April 2021 on these reserves stood at £91.4m, excluding balances held by Schools.
- 6.5 During 2021/22, an estimated £33.4m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding. The closing balance at 31 March 2022 is forecast at £58.0m.
- 6.6 The Collection Fund reserve includes an S31 grant of £30.1m received from MHCLG to fund the Council's 49% share of the Extended Retail Relief as a result of Covid-19. This was received in 2020/21 and will be used to repay the resulting deficit in the business rates collection fund that is due to be paid back in 2021/22 as a result of the relief being granted.
- 6.7 As part of the management of the outturn for 2020/21, and the Medium Term Financial Strategy 2021 to 2025, the Council aims to defer costs related to the Capital Programme and income losses in the Collection Fund in order fully protect the Council's General Reserves. Any variation to this position will be managed through the Council's Covid-19 Earmarked Reserve, which was created in March 2020 to receive non-ringfenced grants related to the pandemic.
- 6.8 The mid-year position, excluding Covid-19, presents an overspend of £2.2m (to within budget by 0.7%). Any variation to budget at year-end will be managed through the Council's Medium Term Financial Strategy Earmarked Reserve.
- 6.9 **Table 1** shows the forecast total reserves at the end of March 2021/22. Overall, the Council remains in a strong financial position given the major challenges across the public sector.
- 6.10 Details of individual reserves are shown in the relevant Service Committee appendix.

**Table 1 – Reserves Position**

	£m
General Reserve	11.5
Earmarked Reserves (excluding Schools)	58.0
<b>Total Reserves Balance at 31 March 2021</b>	<b>69.5</b>

# Appendix 2

## Corporate Policy Committee

### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Corporate Policy</b>				
Directorate	345	-	99	444
Finance & Customer Services	9,856	62	2,073	11,991
Governance and Compliance Services	10,200	5	(1,133)	9,072
Transformation	15,813	-	(1,831)	13,982
	36,214	67	(792)	35,489

### 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[1] Local Election Costs	150				On track, will be used to top up the Elections Reserve to meet the costs of the next local election
[2] Census 2021	-20				On track, reduction due to removal of one-off funding for census

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[45] People Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	60	63	66	19	On track, allows for growth in contract value on re-procurement; reduction under review in 2022/23 MTFS
[46] Place Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	11	11	11	11	On track, allows for growth in contract value on re-procurement; under review in 2022/23 MTFS
[47] Corporate Directorate - ICT Procurements 2020-24 (Revenue implications of Capital)	2	2	2	2	On track, allows for growth in contract value on re-procurement; under review in 2022/23 MTFS
[44] Unified Communications (Revenue implications of Capital)	251	283	296		Future years have been reviewed and reduced in 2022-23 MTFS
[43] Infrastructure Investment Programme (Revenue implications of Capital)	59	127	224		On track, allows for growth in licence costs.
[54] Reduce central training budget	-80				On track, training budget continues to underspend due to impact of COVID but this permanent saving is achievable.
[21] Review of corporate subscriptions	-35	-15			Full saving may not be achieved in full in 2021/22 due to being tied into some subscriptions part way into this year.

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[13] Efficiency savings and Restructures within Corporate Services	-200	-350			Saving will likely be achieved through in-year savings however, services will be required to identify permanent savings through restructuring and a review on non-pay budgets
[15] Shared services review			-200		On track, savings to be achieved from April 2023.
[32] Commercial Workstream	-100				Likely to be achieved however, the budget saving needs to be moved to Adults Services as this is where the saving will come from.
[16] Improved Debt Recovery and correcting budgeted court costs income targets to reflect actual levels	-40	225	50	50	Will not be achieved in full in 2021/22 due to COVID resulting in backlog of court sittings causing fall in court costs income.
[14] Review Staff Terms and Conditions	-50	-350	-100		Corporate Services saving will be achieved in 2021/22 however, the split of these savings across all Directorates will be amended as part of 2022/23 MTFS.
[18] Member allowances and reduced mileage	-30				On track.



Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[5] Core Financial System	764	-459			Growth in 20/21 has been fully utilised; any further delays in moving all payrolls to unit 4 could have a revenue impact. Under review as part of 2022/23 MTFS.
[4] Housing Benefit – Supported Accommodation	1,300				On track
[6+7] Mitigation of reduction in the Dedicated Schools Grant	150	107	122	136	On track
34] Brighter Futures Together Programme Customer Experience	-120	-133	-81		Will not be achieved in full in 2021/22 due to additional COVID related staffing costs dealing with business as usual not met by additional grant income.
[3] Pay inflationary increase	1,662	3,753	3,833	3,922	Not met. Pay award has not yet been finalised. Under review in 2022-23 MTFS.

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	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	6,314	
<b>General Purpose (Held Corporately)</b>				
Housing Benefit and Council Tax Administration	1,022	1,082	60	SRE
NNDR Administration Allowance	569	569	(0)	
Breathing Spaces (Debt Respite Scheme)	0	2	2	SRE
New Homes Bonus	7,841	7,841	0	
Individual Electoral Registration	0	5	5	SRE
Lower Tier Services Grant	335	335	0	
COVID-19 Business Rates Reliefs 2021/22	0	27,280	27,280	Reserves
COVID-19 Compensation for Sales, Fees and Charges Income	0	800	800	SRE
COVID-19 Local Council Tax Support	0	3,373	3,373	Reserves
COVID-19 Local Authority Support Grant	0	8,508	8,508	Balances
Business Rates Reliefs Grant 2021/22	0	8,606	8,606	Reserves
<b>TOTAL CORPORATE POLICY</b>	<b>53,393</b>	<b>108,340</b>	<b>54,948</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.

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2 The increase in specific grants relates mainly Housing Benefit Subsidy and new Covid-19 related grants. Requests for the allocation of the additional specific grants received are

detailed in **Table 2**. Previously approved additional specific grants are detailed in **Table 3**.

- 3.3 Spending in relation to specific use grants must be in line with the purpose for which it is provided.
- 3.4 **Table 4** shows additional general purpose grants that are approved by the Finance Sub-Committee. **Table 5** shows general purpose grants that have previously been approved.

**Table 2 – Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Use)**

Committee	Type of Grant	£000	Details
Corporate Policy	Housing Benefit Subsidy	5,282	Payment of claims administration within Housing Benefits.
Corporate Policy	Covid-19 Test and Trace Support (Self Isolation Payment)	1,039	Test and Trace Support Payment scheme – awards and administration of the scheme to support people self-isolating on a low income.
<b>Total Specific Purpose Allocation for Council Approval</b>		<b>6,321</b>	
Corporate Policy	Covid-19 Test and Trace Practical Support	257	The purpose of the grant is to provide funding to local authorities (LAs) to provide practical support for those self-isolating. Guidance for local authorities on practical support funding was reissued on 26 July. The document is named 'Self-Isolation Support Framework'.
Corporate Policy	New Burdens: Universal Credit	11	Funding for software and staffing to administer the required changes to Universal Credit.

Committee	Type of Grant	£000	Details
Corporate Policy	Local Authority Data Sharing (LADS)	9	Funding for software and staffing to administer the required changes for Local Authority Data Sharing.
Corporate Policy	New Burdens - Discretionary Housing Payments (DHP)	63	Funding for staff to administer the required changes to Discretionary Housing Payments.
Corporate Policy	New Burdens - removal of savings credit element in personal allowance	2	Additional funding for software and notifications to claimants about the changes.
<b>Specific Purpose Allocations less than £500,000</b>		<b>342</b>	
<b>Total Specific Purpose Allocations</b>		<b>6,663</b>	

**Table 3 - Summary of Grants already Approved (Specific Use)**

Committee	Type of Grant	£000	Details
Corporate Policy (July report)	Covid-19 Additional Local Elections Funding	14	The funding is to cover the costs of Covid-19 safety measures for the Borough by-election, Town and Parish by-elections and Neighbourhood Planning Referendums (NPRs) taking place on Thursday 6 May 2021.
<b>Specific Purpose allocations already Approved</b>		<b>7,638</b>	

**Table 4 – Allocation of Additional Grant Expenditure from General Purpose Grants Held in Central Budgets**

Committee	Type of Grant	£000	Details
Corporate Policy	Housing Benefit and Council Tax Administration	60	Increase on MTFS 2021-25 estimate. The grant is provided towards expenditure incurred, or to be incurred, in respect of the provision of local housing benefit and council tax administration in 2021/22.
Corporate Policy	Individual Electoral Registration	5	The funding is to be used on activities associated with Individual Electoral Registration (IER) services within the Electoral Services area.
<b>General Purposes Allocations less than £500,000</b>		<b>65</b>	
<b>Total General Purpose Allocation</b>		<b>65</b>	

**Table 5 - Summary of Grant Expenditure already Approved from Central Budget General Purpose Grants**

Committee	Type of Grant	£000	Details
Corporate Policy	Breathing Spaces (Debt Respite Scheme)	2	The Debt Respite Scheme (Breathing Space) will give someone in problem debt the right to legal protections from their creditors.
<b>General Purpose Allocations already Approved</b>		<b>2</b>	

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Corporate Policy Committee</b>		
Finance and Customer Services	29	3
Governance and Compliance	3	-
Transformation	401	163

## 5. Capital Strategy

Corporate Policy													CAPITAL
CAPITAL PROGRAMME 2021/22- 2024/25													
Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes													
ICT Services													
Care Act Phase 2	2,970	0	1,055	638	638	638	2,970					2,970	2,970
Core Financials	875	0	813	62	0	0	875				477	398	875
Info' Assurance And Data Mgmt	2,025	0	1,720	305	0	0	2,025					2,025	2,025
Infrastructure Investment(IIP)	1,675	0	1,675	0	0	0	1,675					1,675	1,675
Vendor Management	1,006	494	512	0	0	0	512					512	512
Unified Communications Project	1,205	43	1,000	162	0	0	1,162					1,162	1,162
Digital Strategy - Azure D365	310	276	34	0	0	0	34					34	34
Transformation Services													
Best4Business 2	23,764	22,206	1,558	0	0	0	1,558		595			963	1,558
Prevaro - implementation of the forecasting tool (FP & A)	346	100	246	0	0	0	246		123			123	246
Strategic Capital Projects	26,332	0	6,418	7,031	7,030	7,030	27,509					27,509	27,509
Total Committed Schemes	60,509	23,119	15,031	8,199	7,668	7,668	38,566	0	718	0	477	37,371	38,566
New Schemes													
Information Communication Technology													
Digital Strategy - Digital Customer Delivery	250	0	250	0	0	0	250					250	250
Total New Schemes	250	0	250	0	0	0	250					250	250
Total Corporate Policy Schemes	60,759	23,119	15,281	8,199	7,668	7,668	38,816	0	718	0	477	37,621	38,816

## 6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
<b>Corporate (Corporate Policy Committee):</b>				
<b>Directorate</b>				
Corporate Directorate	1,341	(56)	1,285	To support a number of widespread projects within the Corporate Directorate
<b>Finance and Customer Services</b>				
Collection Fund Management	42,833	(26,355)	16,478	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve - People Capital Projects	604	(604)	0	
Financing Reserve - Place Capital Projects	1,370	(300)	1,070	To provide for financing of capital schemes, other projects and initiatives.
Financing Reserve - Corporate Capital Projects	8,908	(2,880)	6,028	
<b>Transformation</b>				
Brighter Future Transformation Programme	2,050	0	2,050	To fund the Council's four year transformation programme and its five outcomes of Culture; Estates and ICT systems; Customer Experience, Commercial Approach and Governance.
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	59	(32)	27	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Pay Structure (M Grade Review)	550	(184)	366	To fund ongoing changes to pay structure.
<b>Governance and Compliance</b>				
Insurance Reserve - Cheshire County Fund	(50)	0	(50)	To settle insurance claims and manage excess costs.
Insurance Reserve - Cheshire East Fund	4,933	1,165	6,098	To settle insurance claims and manage excess costs.
Elections General	251	0	251	To provide funds for Election costs every 4 years.
<b>Cross Service (Corporate Policy Committee):</b>				
MTFS Reserve	8,083	(1,202)	6,881	To support the financial strategy and risk management.
Revenue Grants	3,101	(955)	2,146	Unspent specific use grant carried forward into 2021/22.
Revenue Grants - Covid-19	5,153	(500)	4,653	Covid (Unringfenced) reserve carried forward into 2021/22
<b>TOTAL</b>	<b>79,186</b>	<b>(31,903)</b>	<b>47,283</b>	

# Appendix 3

## Adults and Health Committee

### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Adults and Health</b>				
Adult Social Care Operations	27,965	-	(132)	27,833
Commissioning	91,079	43	28	91,150
Public Health	-	-	-	-
	119,044	43	(104)	118,983

### 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[67] Electronic Call Monitoring Reclamation	-245	-30			Not achieved impacted by Covid- on tracker
[57] Investment in Adult Social Care	4,000	4,000	4,000	4,000	Growth in line with demand
[82] Fixed Penalty Income target	118				Growth implemented



Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[59] Extra Care Housing – Catering / Restaurant Provision	300				Growth implemented
[58] Growth for Care Fees in Adult Social Care	2,441				Fee increase implemented
[61] Direction of travel for the Communities Team to focus more on the Intervention and Prevention Agenda to make cost savings, growth and future cost avoidance	-250	-500	-750		Not achieved- Covid Impact- on tracker
[12] Reduce Base budget assigned to Community Grants	-50	-100			Achieved
[55] Pathfinder Cheshire East - Cheshire Community Action	-100				Achieved in full
[73] Learning Disabilities Future Service Development and Review	-750	-1,000	-1,250		Partially achieved
[8] Direct Payments	-1,000				Partially achieved- on track - £672k
[63] Day Opportunities Redesign, Strategy and Savings	-30	-70	-150		Year 21/22 & 22/23 achieved in full
[68] Cheshire Care Record	-138				Achieved in full
[48] Productivity and Efficiency in Adult Social Care		-500	-500		Not on track

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[56] Mental Health Floating Support	-120				Achieved in full
[64] Mental Health Services Review	-500	-500			Demand into the service is growing impacting on ability to undertake sect. 117 reviews, we are negotiating with health colleagues.
[9] Continuing Healthcare Reviews	-500	-1,000	-500		There is a large health backlog on CHC which will impact on saving target.
[35] Contract savings in the People Directorate	-500				Partially achieved – on track to achieve in full
[52] Increased Usage of Digital Technology	-125				Achieved
[65] Review agreements linked to intermediate care beds	-268				Achieved
[36] Client Income in the People Directorate	-100				Achieved in full
[60] Investment in Advocacy Service	112				Growth implemented

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
<b>ADULTS and HEALTH</b>				
<b>Specific Use (Held within Services)</b>	29,360	38,284	8,924	
<b>General Purpose (Held Corporately)</b>				
Social Care Support Grant	7,979	7,979	(0)	
Independent Living Fund	818	861	43	SRE
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard	340	340	0	
<b>TOTAL ADULTS and HEALTH</b>	<b>38,497</b>	<b>47,463</b>	<b>8,966</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.
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- 4 Reserves - transfer to reserves at year end.
- 5 Balances - amount will be included as a variance to budget.

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
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specific grants received are detailed in **Table 2**. Previously approved additional specific grants are detailed in **Table 3**.

- 3.3 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

- 3.4 **Table 4** shows general purpose grants that have previously been approved. **Table 5** shows general purpose grant approvals resulting from urgent decisions.

**Table 2 – Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Use)**

Committee	Type of Grant	£000	Details
Adults and Health	Covid-19 Emergency Assistance Grant for Food & Essential Supplies	626	This grant is for local authorities in England to use to support people who are struggling to afford food and other essentials due to Covid-19.
<b>Total Specific Purpose Allocation for Committee Approval</b>		<b>626</b>	
<b>Total Specific Purpose Allocations</b>		<b>626</b>	

**Table 3 - Summary of Grants already Approved (Specific Use)**

Committee	Type of Grant	£000	Details
Adults & Health (July report)	Public Health Grant	172	Public Health Grant received was higher than estimated in the MTFS. The grant Income value will increase by £171,714 in 2021/22 to £16,928,979.
Adults and Health (July report)	Covid-19 Contain Outbreak Management Fund	2,196	The Council has the opportunity to accept the one-off Contain Outbreak Management Fund (COMF) from the Department of Health and Social Care, in the sum of £2,195,537.91, the purpose of which being to cover funding requirements for the Test Trace Contain Enable Programme for the 2021/22 financial year. The funding has been made available to provide support to local authorities in England, towards expenditure lawfully incurred, or to be incurred, in

Committee	Type of Grant	£000	Details
			relation to the mitigation against and management of local outbreaks of Covid-19. Acceptance of the grant will allow Cheshire East to continue its Test Trace Contain Enable Programme for the full 2021/22 financial year, providing protection and support for local residents against Coronavirus.
Adults and Health (ODRs)	Covid-19 Community Testing	271	Funding for Community Testing in response to the Covid-19 outbreak.
<b>Specific Purpose allocations already Approved</b>		<b>2,639</b>	

**Table 4 - Summary of Grant Expenditure already Approved from Central Budget General Purpose Grants**

Committee	Type of Grant	£000	Details
Adults and Health (Outturn report)	Independent Living Fund	43	<p>Following the closure of the Independent Living Fund (ILF) in June 2015, the government agreed to continue funding pre-existing ILF arrangements until the end of 2019 to 2020, through the former ILF recipient grant. Government have confirmed that that the former ILF recipient grant will continue to be paid to local authorities in 2021 to 2022.</p> <p>The total value of the grant in 2021 to 2022 will be maintained and this additional funding allocation is to cover the cost of the payments made to clients for the ILF, increasing it to the level of the actual 2021/22 grant, which is £42,776 higher than originally forecast in the Medium Term Financial Strategy.</p>
<b>General Purpose Allocations already Approved</b>		<b>43</b>	

**Table 5 - Urgent decisions made following Member consultation (Specific Purpose)**

Date	Summary of Decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
22.04.2021	Covid-19 Infection Control Fund & Rapid Testing Grant Apr 21 to Jun 21. A supplementary revenue estimate for the 2021/22 financial year of £3,028,690 be approved; this to be funded from the Infection Control and Rapid Testing Fund allocation for Cheshire East Council as set out in DoHCS guidance published on 29 March 2021.	Council	Yes	Decision made and Members notified
09.07.2021	Covid-19 Infection Control Fund & Rapid Testing Grant Jul 21 to Sep 21. A supplementary revenue estimate for the 2021/22 financial year of £2,256,923 be approved; this to be funded from the Infection Control and Rapid Testing Fund allocation for Cheshire East Council as set out in DoHCS guidance published on 29 March 2021.	Council	Yes	Decision made and Members notified
15.06.2021	PHE Adult weight management services grant, £123,054. Accepting the grant allows the capacity of the Council's commissioned weight management service to One You Cheshire East to be increased. This will enable a greater number of individuals to benefit from this service thus reducing the population health impact of excess weight.	Council	Yes	Decision made and Members notified

Date	Summary of Decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
15.06.2021	PHE SMS (CGL contract) enhance the current drug treatment, crime and harm reduction services, £251,000. The government announced in February 2021 an additional £80 million to fund drug treatment in 2021/22 for a 12-month period to tackle crime, drug use and associated harm. The funding will be made available through the Section 31 grant provisions of the Local Government Act 2003.	Council	Yes	Decision made and Members notified

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Adults and Health Committee</b>		
Adults, Public Health and Communities	8,084	5,123

# 5. Capital Strategy

Adults & Health								CAPITAL					
CAPITAL PROGRAMME 2021/22- 2024/25													
Scheme Description			Forecast Expenditure					Forecast Funding					
	Total Approved Budget	Prior Years	Forecast Budget 2021/22	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25	Total Forecast Budget 2021/25	Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	Total Funding
Committed Schemes							0						0
Adults Services													
Electronic Call Monitoring System	389	0	389	0	0	0	389			389			389
People Planner System	94	28	66	0	0	0	66	66					66
Replacement Care4CE Devices	93	63	30	0	0	0	30	30					30
Total Adults Services Schemes	576	91	485	0	0	0	485	96	0	389	0	0	485



## 6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
<b>Adult, Health and Integration (Adults and Health Committee):</b>				
<b>Directorate</b>				
Adults Directorate	1,020	0	1,020	To support a number of widespread projects within the Adults, Health and Integration Directorate
<b>Adult Social Care Operations</b>				
DOL's Assessments	600	(300)	300	Reserve required due to delays in closure and will run across two years up to 2022/23.
<b>Commissioning</b>				
PFI Equalisation - Extra Care Housing	2,618	97	2,715	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
NHB Community Grants Staffing	132	0	132	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects
<b>Public Health</b>				
Public Health	2,118	422	2,540	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues. Anticipated that the carry forward ringfenced grant will be spent across 2022/23 and 2023/24.
<b>TOTAL</b>	<b>6,488</b>	<b>219</b>	<b>6,707</b>	

## Appendix 4

### Children and Families Committee

#### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Children and Families</b>				
Directorate	888	-	10	898
Children's Social Care	42,922	169	86	43,177
Education & 14-19 Skills	16,105	57	291	16,453
Prevention & Early Help	8,279	-	-	8,279
	68,194	226	387	68,807

## 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[40] Increase income from hire of Children's Centres	-10				On track to achieve this target.
[78] Reduction in contribution to Cheshire Youth Justice Service	-45				On track to achieve this target with part achievement in 2021/22.
[72] Move to Integrated Early Help Locality Service model		-167			Under review as part of the 2022/23 MTFS.
Review of Children and Families Transport Policies and delivery arrangements		-200	-300	-200	Under review as part of the 2022/23 MTFS.
Transport Management Fee savings will not be delivered due to Covid-19 placing additional pressure on transport to school	1,000				Achieved
[77] Investment in Cared for Children and Care Leavers	1,300	1,300	1,300		Under review as part of the 2022/23 MTFS.
[11] Reduce the numbers of Business Support staff in line with the repurposing of Children and Family Centres		-200			Under review as part of the 2022/23 MTFS.
[50] Prevention and Early Help Service – Locality working and changes to the management structure of the Family Service		-140			Under review as part of the 2022/23 MTFS.

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[10] Prevention and Early Help Service – Reduction of the cost of Prevention Services			-200		Under review as part of the 2022/23 MTFS.
[19] Reduced travel, supplies and services for Early Help services	-26				Under review as part of the 2022/23 MTFS.
[74] Reduce supplies and services in Children's Centres by 20%.	-32				Under review as part of the 2022/23 MTFS.
[66] Reduced capacity in Family Information Service	-50				Achieved
[76] Development and Partnerships Service			-300		Under review as part of the 2022/23 MTFS.
[20] Reduce pensions budget to match latest forecasts	-140				Achieved
[53] To review use of School Improvement Grant to provide capacity to support maintained schools	-60				Achieved
[71] Increase capacity in SEND service to meet continuing demands on the service	380				Achieved
[69] Review the use of the Cheshire East Lifelong Learning Service grant to reduce the requirement of Council funding	-110				Achieved

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[37] Establish an Education Psychologist traded service to enable a proactive early support and intervention offer		-25	-75		This is on track to be achieved
[70] To reduce costs of School Liaison and Governance service with less use of external support	-10				Achieved
[62] Fund the Cygnet programme for cared for children from pupil premium	-15				Achieved
[38] Establish a traded service for non-statutory elements of Attendance Service		-35	-35		This is on track to be achieved
Children's Social Care Transformation and OFSTED Response	1,500	-1,500			Currently on track for investment of £1.5m over two years
[75] Reduction in cost of external placements for cared for children		-1,530	-2,171	-707	Savings proposals not on track to be achieved. Growth proposals are being put forward as part of the 2022/23 MTFS update.

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
<b>CHILDREN and FAMILIES</b>				
<b>Specific Use (Held within Services)<sup>1</sup></b>	160,065	157,768	(2,297)	
<b>General Purpose (Held Corporately)</b>				
Staying Put Implementation Grant	0	113	113	SRE
Extended Rights to Free Transport (Home to School Transport)	201	258	57	SRE
Extended Personal Adviser Duty Implementation	0	56	56	SRE
Extension of the role of Virtual School Heads	60	60	0	
<b>TOTAL CHILDREN and FAMILIES</b>	<b>160,326</b>	<b>158,255</b>	<b>(2,071)</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.

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2 The decrease in specific grants relates to the dedicated schools grant reflecting the latest allocations. Other additional

specific grants have been received and are detailed in **Table 2**. Previously approved additional specific grants are detailed in **Table 3**.

3.3 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

3.4 **Table 4** shows additional general purpose grants that are approved by the Finance Sub-Committee. **Table 5** shows general purpose grants that have previously been approved.

**Table 2 – Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose)**

Committee	Type of Grant	£000	Details
Children and Families	Covid-19 Local Support Grant	622	Extended Winter Grant now renamed, Covid Local Support Grant in recognition that "some restrictions on the economy continue".
<b>Total Specific Purpose Allocation for Committee Approval</b>		<b>622</b>	
Children and Families - Schools	Pupil Premium Grant	53	Pupil premium is funding to improve education outcomes for disadvantaged pupils in schools in England. Evidence shows that disadvantaged children generally face additional challenges in reaching their potential at school and often do not perform as well as other pupils.
Children and Families - Schools	Sixth Forms Grant	15	Funding is based on Pupil Numbers which makes up the main funding profile, the MTFS estimate will have been based on pupils in 2020/21 being forecast for the remainder of financial year. This will now have been updated for 2021/22 pupil numbers. Sixth Form providers also receive a High Value Course Premium based on the number of pupils taking high value courses.

Committee	Type of Grant	£000	Details
Children and Families - Schools	Free School Meals (FSM) Supplementary Grant	36	As the school funding system operates on a lagged basis, the government has introduced a supplementary grant to help schools manage this increase in Free School Meal numbers in the short term. It gives schools extra funding to help them meet the higher costs of providing extra meals before the lagged funding system catches up.
Children and Families - Schools	Teachers' Pay Grant	24	The teachers' pay grant (TPG) provides funding for schools to support teachers' pay awards. Local authorities must follow the terms and conditions set out in the conditions of grant.
Children and Families - Schools	Teachers' Pension Grant	66	The teachers' pension employer contribution grant (TPECG) supports schools and local authorities with the cost of the increase in employer contributions to the teachers' pension scheme. Local authorities must follow the terms and conditions set out in the conditions of grant.
Children and Families - Schools	Covid-19 Additional Dedicated Home to School and College Transport	29	The purpose of the grant is to provide support to local transport authorities in England towards expenditure lawfully incurred or to be incurred by them in respect of the provision of the additional transport capacity for both Home to School and Further Education colleges.
Children and Families	Asylum Seekers	79	Based on clients' claims so therefore will fluctuate based on age / numbers of claims – we are also receiving some additional funding from those that move through the National Transfer Scheme. Looking at claims in the current year there have been additions to the UASC population, therefore this has likely seen an increase in the amount receiving the higher rate. In addition, possibly an element of being cautious with MTFS items as this can vary significantly purely based on the numbers as said above.



Committee	Type of Grant	£000	Details
Children and Families	Tackling Troubled Families (Payments by Results)	70	<p>In April 2012, the Government launched the Troubled Families Programme, a £448m scheme to incentivise local authorities and their partners to turn around the lives of 120,000 troubled families by May 2015. This programme worked 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.</p> <p>In June 2013, the Government announced plans to expand the Troubled Families Programme for a further five years from 2015/16 and to reach up to an additional 400,000 families across England. £200 million has been committed to fund the first year of this five year programme. This increased investment is testament to the Government's ongoing commitment to improve the lives of troubled families and as this work is taken to a significantly greater scale, to transform local public services and reduce costs for the long-term.</p>
Children and Families	Skills & Lifelong Learning	26	Increase of £25,556 on the MTFS estimate. This fund aims to help adults to train and gain the valuable skills they need to improve their job prospects and support the economy.
Children and Families	Supporting Families; Investing in Practice programme (Mockingbird Family Model)	20	Increase of £20,019 on the MTFS estimate. This is part of the same grant funding therefore the amount unused in 2020/21 will have been rolled forward and forecast to be used in current year.

Committee	Type of Grant	£000	Details
Children and Families	Remand Grant	20	Children and Young People (CYP) who are remanded in youth detention accommodation will be given Looked After Children (LAC) status. The grant is to cover the costs of the LA's responsibility and gives LA's incentives to reduce their secure remands and reinvest any savings achieved in Youth Justice (YJ).
Children and Families	Extension of the Role of Virtual School Heads to children with a social worker Implementation	118	Funding provides Virtual School Heads with the additional resource required to take on the strategic leadership role for children with a social worker and is sufficient to recruit additional team members to support them with these responsibilities.
<b>Specific Purpose Allocations less than £500,000</b>		<b>556</b>	
<b>Total Specific Purpose Allocations</b>		<b>1,178</b>	

**Table 3 - Summary of Grants already Approved (Specific Purpose)**

Committee	Type of Grant	£000	Details
Children and Families - Schools  (June report)	Covid-19 Wellbeing for Education Recovery Grant	48	This grant is awarded to provide support to schools and colleges on mental health and wellbeing.
Children and Families - Schools  (June report)	Covid-19 Additional Dedicated Home to School and College Transport	26	The purpose of the grant is to provide support to local transport authorities in England towards expenditure lawfully incurred or to be incurred by them in respect of the provision of the additional transport capacity for both Home to School and FE colleges.

Committee	Type of Grant	£000	Details
Children and Families (July report)	Supporting Families (Payments by Results) Upfront Grant	590	Local Councils and partners supporting vulnerable families to thrive. Providing help to those families who need support so they get it at the right point, in the right way, as early as possible.
Children and Families (June report)	Domestic Abuse Safe Accommodation Housing Grant	648	To deliver support to victims of domestic abuse and their children residing within safe accommodation.
Children and Families (June report)	Holiday Activities & Food Grant	793	The aim of the programme is to make free places available to children eligible for and in receipt of free school meals for the equivalent of at least 4 hours a day, 4 days a week, 6 weeks a year. This would cover 4 weeks in the summer and a week's worth of provision in each of the Easter and Christmas holidays in 2021. Local authorities and their providers will have flexibility about how they deliver this level of provision to best serve the needs of children and families in their area. There will also be flexibility in how the programme can be delivered to older children.
Children and Families (June report)	Covid-19 Local Support Grant	207	Extended Winter Grant now renamed, Covid Local Support Grant in recognition that "some restrictions on the economy continue".
Children and Families (July report)	Covid-19 Winter Grant Scheme	306	Funding to provide direct assistance to vulnerable households and families with children particularly affected by the pandemic. This will include some families who normally have access to Free School Meals during term time.
Children & Families (Outturn report)	Covid-19 Local Support Grant	829	The Government's Covid-19 Local Support Grant provides funding through local authorities for families who need help paying for food and utilities, has been extended until the end of September.
<b>Specific Purpose allocations already Approved</b>		<b>3,447</b>	

**Table 4 – Allocation of Additional Grant Expenditure from General Purpose Grants Held in Central Budgets**

Committee	Type of Grant	£000	Details
Children and Families	Extended Rights to Free Transport	57	The Department for Education provides additional transport funding to local authorities to support children from low-income families to be able to attend schools 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).
<b>General Purposes Allocations less than £500,000</b>		<b>57</b>	
<b>Total General Purpose Allocation</b>		<b>57</b>	

**Table 5 - Summary of Grant Expenditure already Approved from Central Budget General Purpose Grants**

Committee	Type of Grant	£000	Details
Children and Families (July report)	Staying Put Implementation	113	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 18 <sup>th</sup> birthday. This supported arrangement can continue until the young person's 21 <sup>st</sup> birthday.
Children and Families (July report)	Extended Personal Advisor Duty Implementation Grant	56	The purpose of the grant is to support Local Authorities in England to meet the requirements of the Children and Social Work Act 2017, requiring them to offer Personal Adviser support to all care leavers up to the age of 25. The grant is

Committee	Type of Grant	£000	Details
			to support those young people that may request support from the Local Authority after the age of 21 and up to the age of their 25th birthday. The grant has been provided to meet the extra demand for personal adviser time that the new duties create. The new duty provides the Local Authority the ability to respond positively to requests for support from care leavers who may have difficulties and be struggling to transition to adulthood.
<b>General Purpose Allocations already Approved</b>		<b>169</b>	

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Children and Families Committee</b>		
Children's, Education, Prevention and Early Help	472	82
Schools	55	34

## 5. Capital Strategy

### Children and Families

### CAPITAL

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

Scheme Description	Total Approved Budget	Prior Years	Forecast Expenditure				Total Forecast Budget 2021/25	Forecast Funding					Total Funding
			Forecast Budget 2021/22	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25		Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
Committed Schemes in progress													
Childrens Social Care													
Foster Carers Capacity Scheme	634	348	0	0	286	0	286					286	286
Childrens Prevention and Support													
Ash Grove Nursery Expansion	230	0	230	0	0	0	230	230					230
Beechwood Nursery Expansion	867	64	803	0	0	0	803	738		65			803
Early Years Sufficiency Capital Fund	189	0	0	189	0	0	189	189					189
Education and 14-19 Skills													
Adelaide Academy	348	31	0	317	0	0	317	147				170	317
Brine Leas High school	1,264	1,205	59		0	0	59	59					59
Congleton Planning Area (Includes -CHS - Toliet	4,527	232	245	3,800	0	0	4,045	3,960	85				4,045
Elworth CoE Primary School	2,073	1,175	648	0	0	0	648	383	265				648
Future Years Basic Need Allocation	6,570	0	6,570	0	0	0	6,570	6,570					6,570
Holmes Chapel Planning Area	2,014	18		140	1,856	0	1,996	1,996					1,996
Macclesfield Planning Area	3,471	228	1,200	2,043	0	0	3,243	3,243					3,243
Malbank High School	1,922	1,815	107	0	0	0	107	107					107
Middlewich High School	582	552	30	0	0	0	30	30					30
Middlewich Planning Area	1,500	0	0	1,500	0	0	1,500	1,500					1,500
Monks Coppenhall Sen Expansion	101	1	0	100	0	0	100					100	100
Nantwich Planning Area (Primary)	3,500	0	200	1,500	1,800	0	3,500	2,901	599				3,500
Nantwich Planning Area (Secondary)	300	0	300	0	0	0	300	300					300
Park Lane Expansion	3,604	1,503	2,101	0	0	0	2,101					2,101	2,101
Puss Bank SEN Expansion	532	471	61	0	0	0	61					61	61
St Johns CoE School Expansion	478	247	231	0	0	0	231	18	213				231
Sandbach High School - Basic Need	1,701	861	789	50	0	0	839	839					839
Sandbach Boys School - Basic Need	1,772	1,728	43	0	0	0	43	43					43
Sandbach Planning Area (secondary)	38	0	38	0	0	0	38	38					38
School Condition Grant	5,766	0	2,148	2,058	1,560	0	5,766	5,766					5,766
Sen/High Needs Grant Allocation	1,264	0	75	1,189	0	0	1,264	1,264					1,264
Sen Placement Expn - Phase 2	52	0	52	0	0	0	52					52	52
Special Provision Grant Allocation	767	0	137	630	0	0	767	767					767
Springfield Special School Expansion	1,138	1,074	64	0	0	0	64					64	64
Vernon Primary School	128	113	15	0	0	0	15	15					15
Wilmslow Basic Need Scheme	13,179	863	1,000	7,416	3,900	0	12,316	12,016	300				12,316
Wilmslow Primary Planning Area	500	0	0	500	0	0	500	500					500
													0
Total Committed Schemes	61,010	12,530	17,146	21,432	9,402	0	47,980	43,619	1,462	65	0	2,834	47,980

## CAPITAL PROGRAMME 2021/22- 2024/25

Scheme Description	Total Approved Budget	Prior Years	Forecast Expenditure				Total Forecast Budget 2021/25	Forecast Funding					Total Funding
			Forecast Budget 2021/22	Forecast Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25		Grants	External Contributions	Revenue Contributions	Capital Receipts	Prudential Borrowing	
<b>New Schemes</b>													
Shavington Planning Area	2,500	0	157	2,343	0	0	2,500	2,500					2,500
Springfield Satellite Site (Dean Row)	3,027	0	127	2,150	500	250	3,027	1,427	800			800	3,027
<b>Total New Schemes</b>	<b>5,527</b>	<b>0</b>	<b>284</b>	<b>4,493</b>	<b>500</b>	<b>250</b>	<b>5,527</b>	<b>3,927</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>5,527</b>
<b>Total Children and Families Schemes</b>	<b>66,537</b>	<b>12,530</b>	<b>17,430</b>	<b>25,925</b>	<b>9,902</b>	<b>250</b>	<b>53,507</b>	<b>47,546</b>	<b>2,262</b>	<b>65</b>	<b>0</b>	<b>3,634</b>	<b>53,507</b>

## 6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
<b>Children's Services (Children and Families Committee):</b>				
<b>Directorate</b>				
Childrens Directorate	422	0	422	To support a number of widespread projects within the Children and Families Directorate
<b>Childrens Social Care</b>				
Domestic Abuse Partnership	79	7	86	To sustain preventative services to vulnerable people as a result of partnership funding.
Transformation Funding	0	750	750	Service is planning to spend half of 1.5m in 2021/22 and half in 2022/23 so will be creating an EMR at Year End 21/22.
<b>Education and 14-19 Skills</b>				
Skills and Lifelong Learning	32	0	32	To support adult learning, training and improving skills for the workplace.
School Organisation & Capital Service	46	(29)	17	£28.5k drawn down in 2021/22 for Springfield Lease
<b>TOTAL</b>	<b>579</b>	<b>728</b>	<b>1,307</b>	

## Appendix 5

### Highways and Infrastructure Committee

#### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Highways and Transport</b>				
Highways & Infrastructure	11,241	-	3	11,244
	11,241	-	3	11,244



## 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[90] Community Transport	-25				Following market testing no savings will be achieved in 21/22, position in fares for community transport will be reviewed once Covid support for local bus ends.
[88] Parking Strategy – Review of Charges	-327	-955			Behind schedule following Committee decision in September, on-going work to re-scope the parking review leading to future year income.
[23] Urban Grass Cutting	-67				On track
[24] Improving customer experience – Highways correspondence	-50	-50			<p>This exercise is now part of the council wide Brighter Future Together Customer Experience Workstream, specifically the corporate Formal Correspondence Pilot. The first stage of the pilot (July – September) was focussing on MP and Member Enquiry Service formal correspondence.</p> <p>A paper is currently being written for the pilot to be extended and to capture</p>

					all types of formal correspondence – any savings will be dependent on the recommendations and outcomes of the pilot.
[33] Commercialisation of the Highway Service Contract	-80				Commercialisation of the Highway Service Contract – Behind schedule, work on going to identify acceptable contractual mechanism. No savings will be achieved in 21/22, some savings may be achieved in the 22/23 financial year.
[87] Carbon Reduction - Replacement of existing illuminated signs and bollards with LED units		30	-4	-31	Year one of two year programme on track. Identified efficiencies likely to be achieved.
[89] Local Supported Buses	-33	-117			On track for FY 21/22, options for FY22/23 will be identified through discussions on the new Enhanced Partnership with bus operators.

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
<b>HIGHWAYS and TRANSPORT</b>				
Specific Use (Held within Services)	348	949	601	
General Purpose (Held Corporately)				
<b>TOTAL HIGHWAYS and TRANSPORT</b>	<b>348</b>	<b>949</b>	<b>601</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.

3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.

3.2 The increase in specific grants relates mainly to bus services. Requests for the allocation of the additional specific grants received are detailed in **Table 2**. Previously approved additional specific grants are detailed in **Table 3**.

3.3 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

**Table 2 – Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose)**

Committee	Type of Grant	£000	Details
Highways and Transport	Bus Service Operators Grant	92	The Bus Service Operators Grant is a grant paid to operators of eligible bus services and community transport organisations to help them recover some of their fuel costs. The amount each bus operator receives is based on their annual fuel consumption.
Highways and Transport	Bus Capacity Grant	247	Funding to support LTAs in developing local bus proposals as outlined in the National Bus Strategy.
<b>Specific Purpose Allocations less than £500,000</b>		<b>339</b>	
<b>Total Specific Purpose Allocations</b>		<b>339</b>	

**Table 3 - Summary of Grants already Approved (Specific Purpose)**

Committee	Type of Grant	£000	Details
Highways and Transport (July report)	Local Authority Capability Fund	171	The grant is awarded to enable the authority to deliver the objectives as set out in the Capability Fund bid. The Local Authority Capability Fund supports the commitment made in Gear Change, the Prime Minister's Cycling and Walking Plan, in July 2020, to increase the capabilities of local authorities to plan good active travel infrastructure, including building more expertise and undertaking more evidence-based planning.
Highways and Transport (July report)	Covid-19 Bus Services Support Grant (Restart) - Tranche 6	91	Covid-19 Bus Services Support Grant can only be spent on supporting bus services that have been affected by or need to be adjusted because of the impact of Covid-19. It is to be used as additional support on top of normal funding for local bus services, not as a replacement of that funding.
<b>Specific Purpose allocations already Approved</b>		<b>262</b>	

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Highways and Transport Committee</b>		
Highways and Infrastructure	750	710

## 5. Capital Strategy

### Highways and Transport

### CAPITAL

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

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Highways and Infrastructure</b>													
A51/A500 Corridor Nantwich	250	231	19	0	0	0	19					19	19
A50/A54 Holmes Chapel	603	66	10	200	327	0	537		537				537
A500 Dualling Scheme	9,329	7,506	1,822	0	0	0	1,822	2,702				-881	1,822
A537 Safer Road Fund Scheme	2,490	0	527	1,963	0	0	2,490	2,490					2,490
A54/A533 Leadsmithy St, Middlewich	563	115	45	403	0	0	448		448				448
A556 Knutsford To Bowdon	504	337	80	87	0	0	167		167				167
A6 Marr Cmm - Disley	2,122	1,612	100	410	0	0	510		56			454	510
A6 Marr Cmm Handforth	800	461	75	264	0	0	339	257	48			34	339
A6Marr Design Checks & Ta	473	268	205	0	0	0	205	72	133				205
Air Quality Action Plan	147	0	147	0	0	0	147	147					147
Alderley Edge Bypass Sch Impm	60,611	60,313	298	0	0	0	298					298	298
Bridge Maintenance Minor Wks	2,987	0	2,987	0	0	0	2,987	1,569				1,419	2,987
Congleton Link Road (Complete)	90,443	65,028	11,020	2,111	3,383	8,901	25,416	316	15,169			9,931	25,416
Client Contract And Asset Mgmt	388	0	388	0	0	0	388	388					388
Crewe Green Link Road Ph2	25,747	24,905	150	692	0	0	842		653			189	842
Crewe Green Roundabout	7,500	7,047	193	180	40	40	453		453				453
Crewe Rail Exchange	6,712	6,693	19	0	0	0	19	19					19
Davenport Lane, Arclid	352	50	302	0	0	0	302	245	57				302
Flowerpot Phs 1 & Pinch Point	5,500	1,007	936	392	2,838	327	4,493	2,437				2,057	4,493
Future High Street Funding - Adaptive Signals	306	0	82	53	153	18	306	306					306
Future High Street Funding - Earle Street Link	1,148	0	0	250	250	648	1,148	1,148					1,148
Future High Street Funding - Flag Lane Link	1,458	0	118	300	1,040	0	1,458	1,458					1,458
Future High Street Funding - Southern Gateway	3,054	0	58	284	1,786	926	3,054	3,054					3,054
Highway Maintenance Minor Wks	12,259	0	12,259	0	0	0	12,259	10,659				1,600	12,259
Highway Pothole/Challenge Fund	20,170	6,734	1,395	3,242	0	0	4,637					4,637	4,637
Highways S106 Funded Schemes	1,062	406	622	34	0	0	656	-36	692				656
Infrastructure Scheme Development	125	0	75	50			125	125					125
Jack Mills Way Part 1 Claims	300	277	23	0	0	0	23		23				23
Local Area Programme	1,012	0	711	301	0	0	1,012	1,011					1,011
Macclesfield Movement Strategy	100	31	0	69	0	0	69	69					69
Middlewich Eastern Bypass	25,518	13,802	7,506	4,211	0	0	11,717	6,938	4,779				11,717
Middlewich Rail Study	20	0	20	0	0	0	20	20					20
North-West Crewe Package	36,500	5,637	2,023	15,888	12,952	0	30,863	11,518	12,249		1,730	5,365	30,863
Old Mill Rd/ The Hill Junction	1,325	91	70	150	1,014	0	1,234		1,234				1,234
Part 1 Claims	79	0	41	38	0	0	79	79					79
Poynton Relief Road	50,657	18,367	14,995	8,371	356	8,569	32,290	10,833	6,200		1,000	14,257	32,290
Programme Management	200	0	200	0	0	0	200	200					200

## CAPITAL PROGRAMME 2021/22- 2024/25

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
Committed Schemes													
Highways and Infrastructure													
Road Network & Linked Key Inf	83	78	5	0	0	0	5	5					5
Road Safety Schemes Minor Wks	455	0	424	31	0	0	455	455					455
Safer Roads Fund A532	1,030	128	528	468	0	0	996	996					996
Safer Roads Scheme A536	2,310	237	1,479	594	0	0	2,073	2,073					2,073
Sydney Road Bridge	10,501	10,127	73.532	300.000	0	0	374	50	324				374
Winter Service Facility	999	287	276	436	0	0	712	136				576	712
							0						0
Transport & Parking							0						0
Accessibility: Public Transp T	99	0	99	0	0	0	99	99					99
Active Travel Fund (Covid-19)	724	260	464	0	0	0	464	464					464
Active Travel (Cycle/Walking Route) Investment	528	0	528	0	0	0	528	518			10		528
Replace Route Planning System	195	172	23	0	0	0	23				23		23
Broadway Meadow Car Park	49	0	49	0	0	0	49					49	49
Car Parking Improvements	73	0	15	28	30	0	73				14	59	73
Digital Solutions - Parking	140	93	26	21	0	0	47					47	47
Pay And Display Parking Meters	620	531	0	40	49	0	89					89	89
Sustainable Travel Access Prog	3,274	1,487	1,387	400	0	0	1,787	1,240	309			238	1,787
Sustainable Travel To Schools	256	0	256	0	0	0	256	256					256
Town Studies	450	278	120	52	0	0	172	172					172
HS2 Programme													
Crewe Hs2 Hub Project Dev	12,701	6,671	6,029	0	0	0	6,029					6,029	6,029
Total Committed Schemes - In Progress	407,302	241,334	71,305	42,312	24,218	19,428	157,263	64,487	43,530	47	2,730	46,467	157,262
													0
New Schemes													0
Highways and Infrastructure													
Highways S106 Funded Schemes	6	0	6	0	0	0	6		6				6
Traffic Signs and Bollards - LED Replacement	1,250	0	625	625	0	0	1,250					1,250	1,250
Traffic Signal Maintenance	500	0	250	250	0	0	500	500					500
Integrated Transport Block - LTP	5,961	0		1,987	1,987	1,987	5,961	5,961					5,961
Maintenance Block - LTP	25,227	0		8,409	8,409	8,409	25,227	25,227					25,227
Incentive Fund - LTP	5,253	0		1,751	1,751	1,751	5,253	5,253					5,253
Transport & Parking													
Local Access - Crewe Transport Access Studies	150	0	75	75	0	0	150	150					150
Local Access - Macclesfield Transport Access Studies	150	0	75	75	0	0	150	150					150
Total New Schemes	38,497	0	1,031	13,172	12,147	12,147	38,497	37,241	6	0	0	1,250	38,497
Total Capital Schemes	445,799	241,334	72,336	55,484	36,365	31,575	195,760	101,728	43,536	47	2,730	47,717	195,759

## 6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
<b>Highways and Infrastructure (Highways and Transport Committee)</b>				
Flood Recovery Works	<b>430</b>	(215)	<b>215</b>	27 locations identified for repair works as a result of the 2019 flood events. There are also a further 16 which require investigation to ascertain the scope of the works required.
Well Managed Highway Infrastructure Delay	<b>200</b>	(100)	<b>100</b>	Due to the call in of WMHI, the savings proposed relating to winter service cannot be realised and the forecast service costs have increased.
Highways Procurement Proj	<b>103</b>	(26)	<b>77</b>	To finance the development of the next Highway Service Contract.
HS2	<b>303</b>	0	<b>303</b>	To support the Council's ongoing programme in relation to Government's HS2 investment across the borough and Transport for the North's Northern Powerhouse Rail Business Case.
Parking Pay and Display Machines / Parking Studies	<b>178</b>	0	<b>178</b>	Purchase of Pay and Display machines and town centre parking studies.
<b>TOTAL</b>	<b>1,214</b>	<b>(341)</b>	<b>873</b>	



# Appendix 6

## Economy and Growth Committee

### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Economy and Growth</b>				
Directorate	940	-	(81)	859
Growth & Enterprise	20,886	9	-	20,895
	21,826	9	(81)	21,754

### 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[80] Tatton Park		-6	-28	-46	No item for this year
[30] Public Rights of Way Resources (Revenue implications of Capital)	10				
[49] Estates Transformation - Office Accommodation	-44	-100	-460		Partially achieved through release of Dean Row. Future

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
					years subject to option appraisal and assessment.
[51] Neighbourhood Estate Review	-90	-260			On track, likely to be achieved in full, but following years will necessitate a review of how services are delivered, in order to release buildings.
[81] Asset / Service Transfer	-50	-30	-20		On track, potentially to be achieved in full
[83] Housing Services	-45				On track - to be achieved in full
[79] Development of a Transit Site (Revenue implications of Capital)	27				Planning consent received and progressing, likely to be achieved in full
[25] Transfer of Congleton Visitor Information Centre	1	-20	-10	-20	On track, likely to be achieved in full
Investment Income: Income Target Adjustment	575				Confirmed

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

Grants 2021/22	Original Budget	Revised Forecast	Change from Original Budget	Treatment of Grant
	2021/22 £000	2021/22 £000	2021/22 £000	Notes 2 - 5
<b>ECONOMY and GROWTH</b>				
<b>Specific Use (Held within Services)</b>	787	27,588	26,801	
<b>General Purpose (Held Corporately)</b>				
Homelessness Domestic Abuse New Burdens	0	9	9	SRE
<b>TOTAL ECONOMY and GROWTH</b>	<b>787</b>	<b>27,597</b>	<b>26,810</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.

3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.

3.2 The increase in specific grants relates mainly to new Covid-19 business support grants. 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. These are being administered from Economy and Growth.

- 3.3 Requests for the allocation of the additional specific grants received are detailed in **Table 2**. Previously approved additional specific grants are detailed in **Table 3**.

- 3.4 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

- 3.5 **Table 4** shows general purpose grants that have previously been approved. **Table 5** shows grant approvals resulting from urgent decisions.

**Table 2 – Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding (Specific Purpose)**

Committee	Type of Grant	£000	Details
Economy and Growth	Local Enterprise Partnership (LEP): Growth Hub Funding	175	This is the incorporation by BEIS of what was previously separately classed as Growth Hub Supplementary Funding in 2020/21 into the Growth Hub Core Funding.
Economy and Growth	Local Enterprise Partnership (LEP): NP (Northern Powerhouse) 11	350	This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership). To enable the 11 Northern LEPs (the NP11) to develop a more unified Northern Powerhouse economic development programme and voice. The NP11 will work together on issues where a pan-Northern approach to economic development can add value.
Economy and Growth	Local Enterprise Partnership (LEP): Growth Hub Cluster Network - Peer Networks	150	This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership). Expenditure is reasonably incurred by the Cheshire and Warrington LEP for Cheshire East Borough Council via its Growth Hub in undertaking the programme of Peer Networks to provide support, advice and

Committee	Type of Grant	£000	Details
			training to assist businesses to navigate the challenges facing them in relation to Covid-19 by working through with peers actions and solutions. The Cheshire East Borough Council via its Growth Hub will act as the delivery body for the networking scheme; recruiting participants, organising facilitators/coaches, organising virtual and physical venues, liaising with the evaluation partner and reporting to on performance (the “Funded Activities”).
Economy and Growth	Local Enterprise Partnership (LEP): Skills Advisory Panel	75	This grant is paid to Cheshire East Council as Accountable Body to the CWLEP (Cheshire & Warrington Local Enterprise Partnership). Skills Advisory Panels are local partnerships that work to identify and address local skills priorities. They aim to strengthen the link between employers and skills providers – including colleges, independent training providers and universities.
Economy and Growth	Local Enterprise Partnership (LEP): Local Digital Skills Partnership Catalyst grant	75	Funding to tackle local digital skills gaps. This grant is to continue to fund staff (a ‘Local DSP Regional Coordinator’) to further project manage and coordinate the Local DSP.
<b>Specific Purpose Allocations less than £500,000</b>		<b>825</b>	
<b>Total Specific Purpose Allocations</b>		<b>825</b>	

**Table 3 - Summary of Grants already Approved (Specific Purpose)**

Committee	Type of Grant	£000	Details
Economy and Growth (July report)	Rough Sleeping Initiative	371	Funding has been used to establish or continue Rough Sleeping Initiative services agreed by the Ministry of Housing Communities and Local Government (MHCLG) to immediately intervene in, prevent and reduce rough sleeping in financial year 2021/22.
Economy and Growth (July report)	Homelessness Prevention	560	Homelessness Prevention Fund is to be used for the following: <ul style="list-style-type: none"> <li>- To fully enforce the Homelessness Reduction Act and contribute to ending rough sleeping by increasing activity to prevent single homelessness</li> <li>- To reduce family temporary accommodation numbers through maximising family homelessness prevention</li> <li>- To eliminate the use of unsuitable bed and breakfast accommodation for families for longer than the statutory six week limit.</li> </ul>
Economy and Growth (July report)	Covid-19 Cold Weather Fund	6	The Cold Weather Fund is to be used to enhance accommodation provision such as access to the private rented sector, provide space in existing supported housing projects and fund more emergency accommodation for rough sleepers.
Economy and Growth (July report)	Covid-19 Welcome Back Fund	339	Funding to support the return to high streets safely and help build back better from the pandemic.
<b>Specific Purpose allocations already Approved</b>		<b>1,276</b>	

**Table 4 - Summary of Grant Expenditure already Approved from Central Budget General Purpose Grants**

Committee	Type of Grant	£000	Details
Economy and Growth (Outturn report)	Homelessness Domestic Abuse New Burdens	9	The grant should be used to delivery statutory homelessness duties in respect of victims of domestic abuse, as set out in the Housing Act 1996 and Homelessness (Priority need for Accommodation) (England) Order 2002, as amended by the Domestic Abuse Act 2021.
<b>General Purpose Allocations already Approved</b>		<b>9</b>	

**Table 5 - Urgent decisions made following Member consultation (Specific Purpose)**

Date	Summary of Decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
15.04.21	A Supplementary Revenue Estimate be approved for the 2021/22 Financial Year, of <b>£21,294,675</b> to be funded from the <b>Local Authority Restart Grant 1 April 2021 – 31 July 2021</b> .  The Executive Director- Corporate Services be authorised to fully distribute such funding from the <b>Local Authority Restart Grant 1 April 2021 – 31 July 2021</b> in consultation with the appropriate Portfolio Holder.	Council	Yes	Decision made and Members notified
25.08.2021	Additional Restrictions Grant Top Up Determination: That:	Council	Yes	Decision made and Members notified

Date	Summary of Decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
	<p>A Supplementary Revenue Estimate be approved, of £3,405,353 to be funded from the Additional Restrictions Grant.</p> <p>Officers be authorised to further develop and approve policies and procedures as may be required in respect of the Grant, subject to consultation with the Chair of the appropriate Committee.</p> <p>Officers also be authorised to distribute funding from the Grant, subject to consultation with the Chair of the appropriate Committee.</p>			

## 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
<b>Economy and Growth Committee</b>		
Growth and Enterprise	808	513



## 5. Capital Strategy

### Economy and Growth

### CAPITAL

CAPITAL PROGRAMME 2021/22- 2024/25													
Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
Alsager Footpath No.10 S106	37	16	-	21	0	0	21		21				21
Archive Option Development	396	153	243	0	0	0	243					243	243
Countryside Capital Projects	64	0	64	0	0	0	64	64					64
Countryside Vehicles	101	0	101	0	0	0	101					101	101
Public Rights of Way Capital Works	108	0	108	0	0	0	108	108					108
Public Rights of Way Cmm A6 Marr	100	2	0	98	0	0	98	98					98
Public Rights of Way Flood Damage Investment	122	15	107	0	0	0	107					107	107
Public Rights of Way: Capital Structures	99	36	63	0	0	0	63					63	63
Queens Dr, Nantwich S106 Paths	60	38	12	10	0	0	22		22				22
Tatton Park Investment Phase 2	3,280	1,288	281	1,000	710	0	1,991					1,991	1,991
<b>Economic Development</b>													
Crewe Town Centre Regeneration	32,018	11,494	638	797	15,206	3,883	20,524	724	15			19,785	20,524
Digital Business Support Project	9,250	1,239	1,320	4,271	1,420	1000	8,011	7,758				253	8,011
Digital Infrastructure Project	29,524	28,929	300	295	0	0	595		48			547	595
Digital Infrastructure Project 2	6,235	5,355	548	332	0	0	880		313		177	390	880
Macclesfield Town Centre	2,219	528	1,691	0	0	0	1,691	5				1,686	1,691
North Cheshire Garden Village	29,728	4,857	1,100	13,746	10,025	0	24,870	21,700				3,170	24,870
South Macclesfield Development Area	24,814	2,655	1,195	13,091	7,873	0	22,159	10,000				12,159	22,159
Leighton Green	2,096	1,379	120	399	198	0	717					717	717
<b>Estates</b>													
Corporate Landlord - Operational	1,027	947	80	0	0	0	80					80	80
Farms Strategy	1,717	0	35	420	420	841	1,717				1,717		1,717
Fire Remedial Works	200	113	87	0	0	0	87					87	87
Malkins Bank Landfill Site	1,360	477	883	0	0	0	883				61	821	883
Premises Capital (Fm)	4,955	0	4,255	700	0	0	4,955					4,955	4,955
Schools Capital Maintenance	2,148	0	2,148	0	0	0	2,148	1,895	253				2,148
Septic Tanks	636	216	420	0	0	0	420					420	420
<b>Housing</b>													
Astbury Marsh Caravan Park	247	4	243	0	0	0	243					243	243
Disabled Facilities	5,718	0	2,500	3,218	0	0	5,718	4,713				1,005	5,718
Gypsy And Traveller Sites	3,267	1,157	1,000	1,109	0	0	2,109	550			58	1,501	2,109
Home Repairs Vulnerable People	600	41	250	309	0	0	559					559	559
Temporary Accommodation	466	300	-	166	0	0	166			166			166
Warm Homes Fund	239	132	107	-	0	0	107	107					107
<b>Total Committed Schemes</b>	<b>162,831</b>	<b>61,373</b>	<b>19,899</b>	<b>39,982</b>	<b>35,853</b>	<b>5,724</b>	<b>101,458</b>	<b>47,722</b>	<b>671</b>	<b>166</b>	<b>2,014</b>	<b>50,885</b>	<b>101,458</b>

CAPITAL PROGRAMME 2021/22- 2024/25													
Scheme Description			Forecast Expenditure					Forecast Funding					
	Total Approved Budget	Prior Years £000	Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Total Forecast Budget 2021/25 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
New Schemes													
Economic Development													
Demolition of Crewe Library & Concourse	2,765	0	100	0	2,665	0	2,765	1,242				1,523	2,765
Future High Street Funding - CEC Innovation Centre	1,169	0	75	500	594	0	1,169	1,169					1,169
Future high Street Funding - Centralised Budget	0	0	0	0	0	0	0						0
Future High Street Funding - Christ Church Innovation Centre	1,934	0	75	500	1,359	0	1,934	1,934					1,934
Future High Street Funding - Sustainable Energy Network	2,577	0	1,577	1,000	0	0	2,577	2,577					2,577
Public Sector Decarbonisation Fund - Cledford	165	0	165	0	0	0	165	165					165
Public Sector Decarbonisation Fund - Substation	120	0	120	0	0	0	120	120					120
Macclesfield Town Hall Air source heat pump	604	0	604	0	0	0	604	604					604
Public Sector Decarbonisation Fund - Facilities	1,997	22	1,974	0	0	0	1,974	1,974					1,974
Future High Street Funding - Chester Street	1,378	0	5	271	1,102	0	1,378	1,378					1,378
Future High Street Funding - Delamere Street	1,459	0	5	287	1,167	0	1,459	1,459					1,459
Housing													
Green Homes Grant	3,890	0	3,890	0	0	0	3,890	3,890					3,890
Green Investment Scheme (Solar Farm)	3,950	23	450	3,477	0	0	3,927					3,927	3,927
Total New Schemes	22,008	45	9,041	6,034	6,888	0	21,963	16,513	0	0	0	5,450	21,963
Total Economy and Growth Schemes	184.839	61.418	28.940	46.016	42.740	5.724	123.421	64.236	671	166	2.014	56.335	123.421

## 6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
<b>Directorate (Economy and Growth Committee)</b>				
Place Directorate	1,254	(355)	899	To support a number of widespread projects within the Place Directorate
Investment (Sustainability)	682	(227)	455	To support investment that can increase longer term financial independence and stability of the Council.
<b>Growth and Enterprise (Economy and Growth Committee)</b>				
Royal Arcade Crewe	99	(99)	0	Original purpose was to fund vacant possession related costs for the Royal Arcade until demolition. The balance will now be used to pay for ongoing maintenance costs for Crewe Bus station which will be incurred in FM.
Homelessness & Housing Options	53	(53)	0	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Legal Proceedings	560	(450)	110	To enable legal proceedings on land and property matters.
<b>TOTAL</b>	<b>2,648</b>	<b>(1,184)</b>	<b>1,464</b>	

# Appendix 7

## Environment and Communities Committee

### 1. Changes to Revenue Budget 2021/22 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Revised Net Budget £000
<b>Environment and Communities</b>				
Environment & Neighbourhood Service	41,899	470	(73)	42,296
	41,899	470	(73)	42,296

## 2. Policy Proposal Update

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[41] Ansa income generation and efficiencies	-259				May not be achieved in full due to increase in the amount of waste being produced with more people working at home
[84] Waste contract inflation and tonnage growth	810	644	657	613	There is a risk that the planned growth for 2021/22 and future years will not be sufficient due to the higher volumes of waste being produced per household
[39] ASDV governance review / commercial income	-315	-225	-100		The 2021/22 saving may not be achieved in full due to a delay in concluding the ASDV Review programme
[85] Carbon Neutral Action Plan delivery	96	20	-81		On track
[29] Orbitas income and management fee	32	21			On track

Budget Policy Proposal	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	In Year Update
[31] ESAR Annual Management fee	-43	-42	-41	-40	On track
[42] Strategic leisure review		-250			On track
[86] Tree Risk Management		500			On track
[26] Regulatory Services ICT system		-9			On track
[22] Flexible resourcing	-50				On track
[27] CCTV Migration to wireless		-85			Dependent on procurement of new contract

### 3. Corporate Grants Register

**Table 1 – Corporate Grants Register**

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

- 3.1 Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. Specific use grants are held within the relevant service with a corresponding expenditure budget. Whereas general purpose grants are held in central budgets with a corresponding expenditure budget within the allocated service area.
- 3.2 The increase in specific grants relates to HS2 Environmental and Landscape Mitigation Fund. Requests for the allocation of the additional specific grants received are detailed in **Table 2**.
- 3.3 Spending in relation to specific use grants must be in line with the purpose for which it is provided.

3.4 **Table 3** shows general purpose grants that have previously been approved.

**Table 2 – Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding (Specific Purpose)**

Committee	Type of Grant	£000	Details
Environment and Communities	HS2 Phase 2a Environmental and Landscape Mitigation Fund	850	£700,000 Environment and Landscape Enhancements Fund to enable the Council to initiate and deliver additional mitigation against the environmental, landscape and ecological impacts of the scheme. A further £150,000 was secured by an assurance to Cheshire Wildlife Trust which was agreed would be administered by the Council.
<b>Total Specific Purpose Allocation for Committee Approval</b>		<b>850</b>	
<b>Total Specific Purpose Allocations</b>		<b>850</b>	

**Table 3 - Summary of Grant Expenditure already Approved from Central Budget General Purpose Grants**

Committee	Type of Grant	£000	Details
Environment and Communities (Outturn report)	Neighbourhood Planning Grant	70	The conditions of grant mean that this funding could be used across the wider Spatial Planning area. This level of funding would be intended to support a number of Community Neighbourhood Plans across the borough.
<b>General Purpose Allocations already Approved</b>		<b>70</b>	



# 4. Debt Management

	Outstanding Debt £000	Over 6 months old £000
Environment and Communities Committee		
Environment and Neighbourhood Services	106	57

## 5. Capital Strategy

### Environment and Communities

### CAPITAL

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

Scheme Description	Total Approved Budget	Prior Years £000	Forecast Expenditure				Total Forecast Budget 2021/25 £000	Forecast Funding					Total Funding £000
			Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000		Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	
<b>Committed Schemes</b>													
<b>Environment Services</b>													
Arnold Rhodes Public Open Space Improvements Phase 2	94	89	5	0	0	0	5		5				5
Bereavement Service Data System	35	0	35	0	0	0	35			35			35
Browns Lane, Wilmslow Play Area	585	510	74	0	0	0	74		74				74
Church Lane Community Park Development	95	90	5	0	0	0	5		5				5
Energy Improvements at Cledford Lane	985	785	199	0	0	0	199					199	199
Hassall Road Play Area Improvements	77	0	77	0	0	0	77		77				77
Household Bins Schemes	2,189	2,039	50	50	50		150					150	150
Household Waste Recycling Centre	145	101	45	0	0	0	45					45	45
Litter and Recycling Bins	208	56	52	50	50		152					152	152
Mere Court Open Space	157	148	9	0	0	0	9		9				9
Newtown Outdoor Pitch Improvements	51	39	12	0	0	0	12		12				12
Newtown Sports Facilities Improvements	51	41	10	0	0	0	10		10				10
Park Development Fund	626	484	142	0	0	0	142					142	142
Pastures Wood	51	11	40	0	0	0	40		15	25			40
Queens Park Lake Planting	18	17	1	0	0	0	1		1				1
Queens Park Play Area Improvements	100	0	100	0	0	0	100	94				6	100
Robin Lane Park Improvements	109	48	61	0	0	0	61	42				19	61
Rotherhead Drive Open Space and Play Area	141	0	141	0	0	0	141		141				141
Rugby Drive Playing Fields	308	193	115	0	0	0	115		115				115
Station Road Playground, Wrenbury	10	0	10	0	0	0	10		10				10
Victoria Park Pitch Improvements	29	3	26	0	0	0	26		26				26
West Park Skate Ramp Provision	34	0	34	0	0	0	34		34				34
Wynbunbury Parish Open Space	5	1	4	0	0	0	4		4				4
Wynbunbury Road, Willaston Play Area	63	37	26	0	0	0	26		26				26
<b>Neighbourhood Services</b>													
Congleton Leisure Centre	11,750	1,134	6,000	4,600	16	0	10,616					10,616	10,616
Macclesfield Leisure Centre Improvements	4,000	3,396	500	104	0	0	604					604	604
Middlewich Leisure Centre	60	0	60	0	0	0	60					60	60
Nantwich Pool Improvements	1,874	211	1,663	0	0	0	1,663					1,663	1,663
Next Generation - Self Service	374	322	52	0	0	0	52					52	52
Poynton Leisure Centre	4,606	391	500	3,715	0	0	4,215					4,215	4,215
Regulatory Services & Enviromental Health ICT System	253	198	55	0	0	0	55			50		5	55
Replacement CCTV Cameras	205	0	205	0	0	0	205			205			205

CAPITAL PROGRAMME 2021/22- 2024/25													
			Forecast Expenditure					Forecast Funding					
	Total Approved Budget	Prior Years £000	Forecast Budget 2021/22 £000	Forecast Budget 2022/23 £000	Forecast Budget 2023/24 £000	Forecast Budget 2024/25 £000	Total Forecast Budget 2021/25 £000	Grants £000	External Contributions £000	Revenue Contributions £000	Capital Receipts £000	Prudential Borrowing £000	Total Funding £000
Scheme Description													
Committed Schemes													
Planning Services													
Replacement Planning & Building	410	22	123	265	0	0	388					388	388
Total Environment and Communities Schemes	29,697	10,366	10,431	8,785	116	0	19,331	136	565	315	0	18,315	19,331

## 6. Reserves Strategy

Name of Reserve	Opening Balance 1st April 2021 £000	Forecast Movement in Reserves 2021/22 £000	Forecast Closing Balance 31st March 2022 £000	Notes
<b>Environment and Neighbourhood Services (Environment and Growth Committee)</b>				
Strategic Planning	<b>638</b>	(209)	<b>429</b>	To meet costs associated with the Local Plan - site allocations and minerals and waste DPD
Air Quality	<b>39</b>	(39)	<b>0</b>	Air Quality Management - DEFRA Action Plan.
Licensing Enforcement	<b>15</b>	(15)	<b>0</b>	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Trees / Structures Risk Management	<b>627</b>	(627)	<b>0</b>	New reserve to respond to increases in risks relating to the environment, in particular the management of trees, structures and dealing with adverse weather events.
<b>TOTAL</b>	<b>1,319</b>	<b>(890)</b>	<b>429</b>	

# Appendix 8

## Treasury Management Strategy

### Treasury Management Report

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B. Existing Investment & Debt Portfolio Position	- 112 -

## 1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.
- 1.2 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in the Investment Report (see **Appendix 9**).

## 2. External Context

- 1.4 **Economic background:** The economic recovery from coronavirus pandemic continued to dominate the first

half of the financial year. By the end of the period over 48 million people in the UK had received their first dose of a Covid-19 vaccine and almost 45 million their second dose.

- 1.5 The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. In its September 2021 policy announcement, the BoE noted it now expected the UK economy to grow at a slower pace than was predicted in August, as the pace of the global recovery had shown signs of slowing and there were concerns inflationary pressures may be more persistent. Within the announcement, Bank expectations for GDP growth for the third (calendar) quarter were revised down to 2.1% (from 2.9%), in part reflecting tighter supply conditions. The path of CPI inflation is now expected to rise slightly above 4% in the last three months of 2021, due to higher energy prices and core goods inflation. While the Monetary Policy Committee meeting ended with policy rates unchanged, the tone was more hawkish.
- 1.6 Government initiatives continued to support the economy over the quarter but came to an end on 30 September 2021, with businesses required to either take back the 1.6 million workers on the furlough scheme or make them redundant.

- 1.7 The latest labour market data showed that in the three months to July 2021 the unemployment rate fell to 4.6%. The employment rate increased, and economic activity rates decreased, suggesting an improving labour market picture. Latest data showed growth in average total pay (including bonuses) and regular pay (excluding bonuses) among employees was 8.3% and 6.3% respectively over the period. However, part of the robust growth figures is due to a base effect from a decline in average pay in the spring of last year associated with the furlough scheme.
- 1.8 Annual CPI inflation rose to 3.2% in August, exceeding expectations for 2.9%, with the largest upward contribution coming from restaurants and hotels. The Bank of England now expects inflation to exceed 4% by the end of the calendar year owing largely to developments in energy and goods prices. The Office of National Statistics' (ONS') preferred measure of CPIH which includes owner-occupied housing was 3.0% year/year, marginally higher than expectations for 2.7%.
- 1.9 The easing of restrictions boosted activity in the second quarter of calendar year, helping push GDP up by 5.5% quarter on quarter(q/q) (final estimate vs 4.8% q/q initial estimate). Household consumption was the largest contributor. Within the sector breakdown production contributed 1.0% q/q, construction 3.8% q/q and services 6.5% q/q, taking all of these close to their pre-pandemic levels.
- 1.10 The US economy grew by 6.3% in quarter 1 2021 (Jan-Mar) and then by an even stronger 6.6% in quarter 2 as the recovery continued. The Federal Reserve maintained its main interest rate at between 0% and 0.25% over the period but in its most recent meeting made suggestion that monetary policy may start to be tightened soon.
- 1.11 The European Central Bank maintained its base rate at 0%, deposit rate at -0.5% and asset purchase scheme at €1.85 trillion.
- 1.12 **Financial Markets:** Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period, albeit with a bumpy ride towards the end. The Dow Jones hit another record high while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.
- 1.13 Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested bond markets were expecting any general price increases to be less severe, or more transitory, that was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV and lorry drivers with companies willing to pay more to secure their services, has caused

problems for a range of industries and, in some instance, lead to higher prices.

- 1.14 **Credit Review:** Credit default swap spreads were flat over most of period and are broadly in line with their pre-pandemic levels. In late September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but are now falling back. The gap in spreads between UK ringfenced and non-ringfenced entities continued to narrow, but Santander UK remained an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 53bps and Lloyds Banks Plc the lowest at 32bps. The other ringfenced banks were trading between 37-39bps and Nationwide Building Society was 39bps.
- 1.15 Over the period Fitch and Moody's upwardly revised to stable the outlook on a number of UK banks and building societies on our counterparty list, recognising their improved capital positions compared to last year and better economic growth prospects in the UK.
- 1.16 The successful vaccine rollout programme is credit positive for the financial services sector in general and the improved economic outlook has meant some institutions have been able to reduce provisions for bad

loans. While there is still uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, the sector is in a generally better position now compared to earlier this year and 2020.

- 1.17 At the end of the period Arlingclose had completed its full review of its credit advice on unsecured deposits. The outcome of this review included the addition of NatWest Markets plc to the counterparty list together with the removal of the suspension of Handelsbanken plc. In addition, the maximum duration for all recommended counterparties was extended to 100 days.
- 1.18 An outlook for the remainder of 2021/22 and interest rate forecast provided by Arlingclose is attached at **Annex A**.

### 3. Local Context

- 1.19 As at 31 August 2021 the Authority has borrowings of £163m and investments of £44m. This is set out in further detail at **Annex B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

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

	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
General Fund CFR	403	436	474	498	516
Less: Other long term liabilities *	(22)	(21)	(20)	(18)	(17)
<b>Loans CFR</b>	<b>381</b>	<b>415</b>	<b>454</b>	<b>480</b>	<b>499</b>
Less: External borrowing **	(190)	(78)	(77)	(77)	(77)
<b>Internal (over) borrowing</b>	<b>191</b>	<b>337</b>	<b>377</b>	<b>403</b>	<b>422</b>
Less: Usable reserves	(101)	(131)	(128)	(124)	(119)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
<b>Investments (or New borrowing)</b>	<b>(10)</b>	<b>(126)</b>	<b>(174)</b>	<b>(206)</b>	<b>(232)</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

1.20 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.

1.21 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £74m over the forecast period.

1.22 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority expects to comply with this recommendation during 2021/22.



1.23 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same

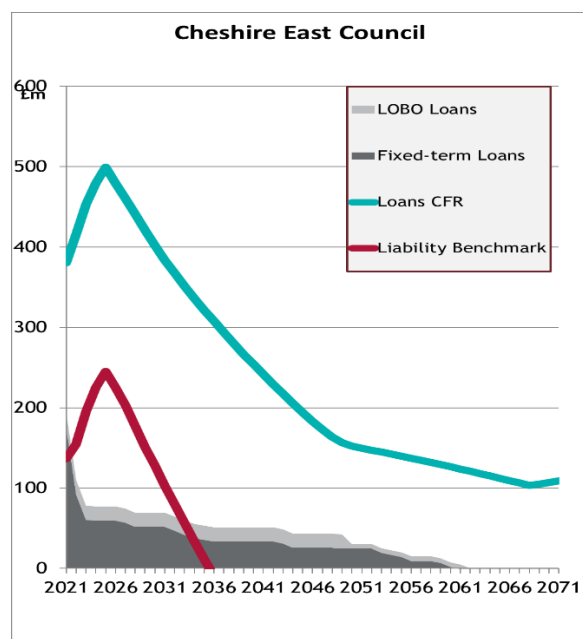
forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

**Table 2: Liability Benchmark**

	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
Loans CFR	381	415	454	480	499
Less: Usable reserves	(101)	(131)	(128)	(124)	(119)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
Plus: Minimum investments	20	20	20	20	20
<b>Liability Benchmark</b>	<b>220</b>	<b>224</b>	<b>271</b>	<b>303</b>	<b>329</b>

- 1.24 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**



## 4. Borrowing Strategy

- 1.25 The Authority currently holds loans of £163m, a decrease of £27m since 31 March 2021. This will increase to a higher level, currently forecast as £170m

at 31 March 2022. PWLB debt is reducing by £1m this year whilst cash flow shortfalls caused by internal borrowing are being funded through cheaper short term borrowing. The amount of temporary borrowing continues to be affected by Covid-19 mitigation measures and grants.

- 1.26 At the moment this is being be met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. As rates are still low and the liquidity of short term markets at year end is often tighter, new borrowings from September onwards are for maturity dates extending into 2022/23. The cost (including fees) to 31 August 2021 is around 0.22% although new borrowings are now at even lower rates. If the predicted interest environment changes or the availability of temporary borrowing changes then this strategy will be re-assessed. A full list of current temporary borrowings is shown below in **Table 3**.

**Table 3 – Current Temporary Borrowing**

Lender	Start	Maturity	Rate %	£m
Evergreen Fund (CW LEP)	Call Account		0.02	4.5
Devon & Somerset Fire & Rescue	06/07/21	06/09/21	0.02	3.0
Kensington & Chelsea	08/03/21	08/09/21	0.20	5.0
Wokingham	11/09/19	10/09/21	0.90	5.0
Middlesbrough	12/08/21	13/09/21	0.01	5.0
Bridgend CBC	21/06/21	21/09/21	0.03	5.0
Greater Manchester CA	22/06/21	22/09/21	0.04	10.0
Renfrewshire	08/04/21	08/10/21	0.09	5.0
West Midlands CA	21/07/21	21/10/21	0.02	5.0
West Midlands CA	20/08/21	22/11/21	0.02	5.0
Maldon	24/05/21	24/11/21	0.05	2.0
Northern Ireland Housing Executive	25/05/21	25/11/21	0.05	5.0
Northern Ireland Housing Executive	22/06/21	13/12/21	0.05	9.0
Richmond Upon Thames	22/06/21	16/12/21	0.05	5.0
Newham	30/07/21	31/01/22	0.02	5.0
Wokingham	13/08/21	01/02/22	0.02	5.0
<b>TOTAL</b>				<b>83.5</b>

- 1.27 **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.

## 5. Investment Strategy

- 1.28 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. The level at 31 August 2021 is £44m.
- 1.29 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.

1.30 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.

1.31 Treasury Management income to 31 August 2021 is £375,000 which is higher than the budgeted £350,000. Borrowing costs are also lower than budgeted at £79,000 compared to budget of £167,000. The level of cash balances is expected to peak in October at around £60m after which they will decrease in line with normal Local Authority cash flows resulting in a continued need to borrow.

- The average daily investment balance including managed funds up to 31 August 2021 is £40.2m

- The average annualized interest rate received on in-house investments during 2021/22 is 0.02%
- The average annualized interest rate received on the externally managed funds during 2021/22 is 4.46%

1.32 The Authority's total average interest rate on all investments in 2021/22 is 2.23%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.05%, and our own performance target of 0.60% (Base Rate + 0.50%).

**Table 4 – Interest Rate Comparison**

Comparator	Average Rate to 31/08/2021
Cheshire East	2.23%
LIBID 7 Day Rate	0.05%
LIBID 3 Month Rate	0.05%
Base Rate	0.10%
Target Rate	0.60%

1.33 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.

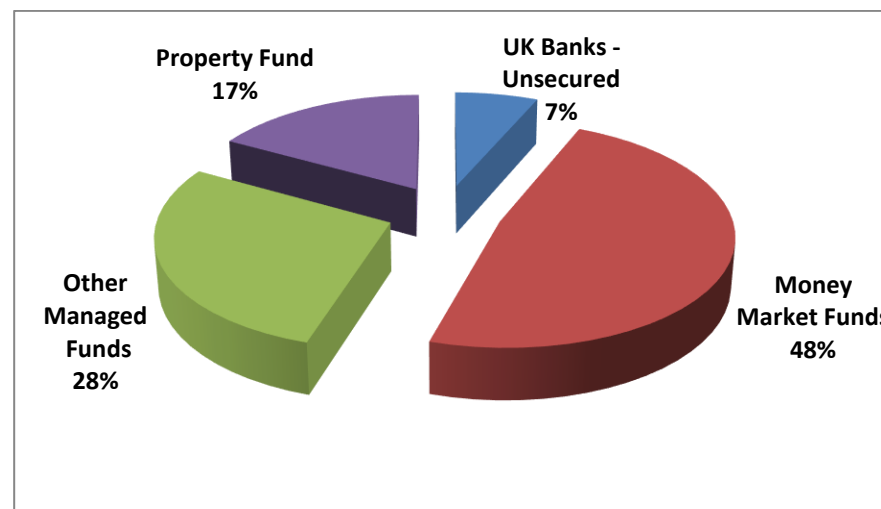
- 1.34 The investments are in five different funds which are all designed to give an annual income return between 4% and 5% but which have different underlying levels of volatility. By spreading investments across different types of fund, the intention is to dampen any large fluctuations in the underlying value of the investments.

**Table 5 –Strategic Investments**

Fund Manager	Asset Class	Invested £m	Current Value £m
CCLA	Property	7.5	8.1
Aegon	Multi Asset	5.0	5.1
Fidelity	Equity - Global	4.0	4.2
Schroders	Equity - UK	2.5	2.2
M & G	Bonds	1.0	1.0
TOTAL		20.0	20.6

- 1.35 The value of these investments does vary. The effects of Covid-19 on financial markets and values of underlying assets has been considerable. Most funds have recovered well and fund values at 31 August 2021 are higher than the amounts invested. All funds continue to deliver high levels of income return.

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



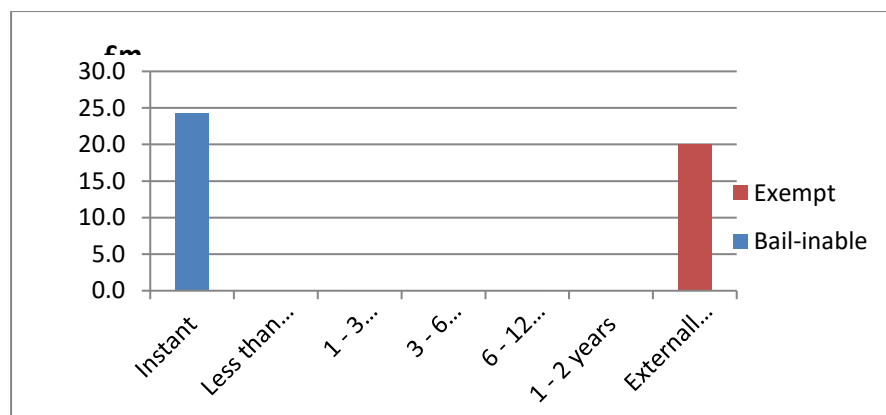
**Table 6 – Types of Investments and Current Interest Rates**

Instant Access Accounts	Average Rate %	£m
Money Market Funds	0.02	21.3
Barclays Bank	0.01	2.9

Externally Managed Funds	£m
Total – see table 5	20.0

Summary of Current Investments	£m
TOTAL	44.2

**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.

## 6. Treasury Management Indicators

1.36 The Authority measures and manages its exposures to treasury management risks using the following indicators.

1.37 **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
Likely revenue impact in 2021/22 of a 1% <b>rise</b> in interest rates after 31 August 2021	£262,500

1.38 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The Council is expected to remain a net borrower in 2021/22 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set.

1.39 **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 August 2021 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	63%
12 months and within 24 months	35%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	11%

Refinancing rate risk indicator	Upper Limit	Actual
10 years and within 20 years	100%	10%
20 years and above	100%	16%

- 1.40 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 and allows for LOBO loans which, although unlikely, have the potential to be repaid early. This will be kept under review as it does increase the risk of higher financing costs in the future.

- 1.41 **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	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

## Annex A: Economic & Interest Rate Outlook for Remainder of 2021/22

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.15	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.15	0.15	0.15	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

Arlingclose expects Bank Rate to rise in quarter 2 2022. We believe this is driven as much by the Bank of England's desire to move from emergency levels as by fears of inflationary pressure.

The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit.

While quarter 2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave quarter 3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of

recovery, will slow considerably as the economy is taken off life support.

Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher.

The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increased in wages is possible given the pressures on businesses.



Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.

The MPC appears to be playing both sides, but has made

clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

## Annex B: Existing Investment & Debt Portfolio Position

	31/08/21 Actual Portfolio £m	31/08/21 Average Rate for the year %
<b>External Borrowing:</b>		
PWLB – Fixed Rate	61	4.50%
Local Authorities	84	0.15%
LOBO Loans	17	4.63%
Other	1	-
<b>Total External Borrowing</b>	<b>163</b>	<b>2.24%</b>
<b>Other Long Term Liabilities:</b>		
PFI	21	-
Finance Leases	1	-
<b>Total Gross External Debt</b>	<b>185</b>	<b>-</b>
<b>Investments:</b>		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	21	0.02%
Call Accounts	3	0.01%
<i>Managed externally</i>		
Property Fund	7.5	4.00%
Multi Asset Fund	5	5.92%
Equity - Global	4	5.17%
Equity - UK	2.5	5.96%
Bonds	1	2.46%
<b>Total Investments</b>	<b>44</b>	<b>2.23%</b>
<b>Net Debt</b>	<b>141</b>	<b>-</b>

# Appendix 9

## 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

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 is expected to fluctuate between £20m and £73m during the 2021/22 financial year.
- 1.6 Full details of the Authority's policies and plans for 2021/22 for treasury management investments are covered the Treasury Management Strategy (**Appendix 8**).

### 3. Service Investments: Loans

- 1.7 Current loan balances are shown in the table below. Upper limits on the outstanding loans to each category of borrower were set through the MTFS process but Covid-19 has impacted upon the Council's appetite for investment:

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

Category of borrower	31/03/21 Actual	As at 31/08/21			2021/22
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	0	2,000
Suppliers	24	24	1	23	500
Local businesses	5,738	5,982	70	5,912	30,000
Local charities	598	598	79	519	2,500
<b>TOTAL</b>	<b>6,360</b>	<b>6,604</b>	<b>150</b>	<b>6,454</b>	<b>35,000</b>

1.8 Loans have been provided to Everybody Sport & Recreation Trust (ESAR) 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 £4.5m as at 31 August 2021) in the Greater Manchester & Cheshire Life Science Fund, a venture capital fund investing in a range of life science businesses. Partners in

the Fund include the Greater Manchester Combined Authority, Cheshire & Warrington Local Enterprise Partnership and Alderley Park Holdings Ltd. The Fund has a regional focus and seeks to target companies looking to re-locate a material part of their business within the Greater Manchester and Cheshire 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 crystallize when funds are extracted.

1.12 Only the ESAR 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 increase in value of our share of the underlying assets. The valuation is still greater than the purchase prices and the underlying assets at Alderley Park remain strong, with a pipeline of future investments in place.
- 1.16 A gain or loss to the Council's Revenue and Capital Receipts accounts would only crystallise in the event of divesting our equity stake.
- 1.17 The Council also has shares in its subsidiary, wholly owned companies. However they are of nominal value, and consequently whilst the turnover of the group of companies is significant (£60m in aggregate) the share values are not considered material in the context of this Investment Strategy.
- 1.18 Upper limits on the sum invested in each category of shares have been set as follows:

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

Category of company	31.3. 2021 actual	As at 31/10/2020			2020/21
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local Businesses	3,410	1,070	2,340	3,410	10,000
<b>TOTAL</b>	<b>3,410</b>	<b>1,070</b>	<b>2,340</b>	<b>3,410</b>	<b>10,000</b>

## 5. Commercial Investments: Property

- 1.19 For the purpose of this paper it should be noted that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit. In order to comply with 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. This is a significant move which will limit the Authorities ability to invest in commercial property for investment purposes. 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 80% of the value in the accounts at 31 March 2021.
- 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 2021 and reflect the first year of Covid-19. It is possible that Covid has further impacted some valuations but we will not have a detailed assessment of this until after the end of the financial year. What we can see is that the value of retail property held up whilst that of industrial units and enterprise centres was valued downwards. Both categories are still valued at more than purchase cost. There has been a reclassification in the year and the single residential property has been removed from this listing as it was not deemed appropriate to classify it as an investment asset. This resulted in £240,000 being removed from the valuation.

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

Property	Actual	31/03/21 actual		31/03/22 expected		2021/22 Approval Limit
	Purchase cost	Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date	Gains or (losses)	Value in accounts	
Industrial Units	1,492	(236)	1,729	0	1,729	
Enterprise Centres	245	(30)	320	0	320	
Retail	23,300	734	25,604	0	25,604	
<b>Total</b>	<b>25,037</b>	<b>468</b>	<b>27,653</b>	<b>0</b>	<b>27,653</b>	<b>100,000</b>

## 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 31/08/21			2021/22
		Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Partner Organisations	8,073	8,179	368	7,811	20,000
<b>TOTAL</b>	<b>8,073</b>	<b>8,179</b>	<b>368</b>	<b>7,811</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	31/08/21 Actual	31/03/22 Forecast	31/03/23 Forecast
Treasury management investments	44,150	20,000	20,000
Service investments: Loans	6,604	6,432	6,296
Service investments: Shares	3,410	3,410	3,410
Commercial investments: Property	27,653	27,653	27,653
Commercial Investments: Loans	8,179	8,331	8,144
<b>TOTAL INVESTMENTS</b>	<b>89,996</b>	<b>65,826</b>	<b>65,503</b>
Commitments to lend	2,439	2,439	2,439
<b>TOTAL EXPOSURE</b>	<b>92,435</b>	<b>68,265</b>	<b>67,942</b>

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



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

Investments funded by borrowing	31/03/20 Actual	31/03/21 Actual	31/03/22 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	20,950	20,950	20,950
Commercial Investments: Loans	0	8,000	8,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>20,950</b>	<b>28,950</b>	<b>28,950</b>

- 1.38 **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.
- 1.39 The return for the Service Investments: Loans and Shares is not a true return but is instead the % fluctuation in the underlying value of the new assets within the Life Science fund and Alderley Parks Holdings Limited. As such they do not reflect actual cashflows.

- 1.40 We do not yet have updated accounts for Alderley Park Holdings to allow for an accurate calculation of the forecast rate of return for shares in 2021/22. Thus it is shown at zero as the value has not fluctuated from the last known actual. It is hoped that accounts will be available for the annual Investment Strategy as included with the MTFS.
- 1.41 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 tenant goes bust or is subject to a (lower) rent review.
- 1.42 From the perspective of the Council one of the tenants affected is a home improvements retailer and the second is a national supermarket retailer. Both of these have thus far weathered the local economic effects of the Covid-19 pandemic though we might expect further reductions in asset value in this financial year.
- 1.43 Much of the investment returns for Commercial Investments relates to rent on these two assets. Rental income on both has held up during the year. The reduction in returns from 2020/21 is due in part to changes in the way the Authority accounts for the rental income in order to create a reserve. This has significantly reduced the net income figure used for the returns calculation. There are also some adjustments for rents factored in as a result of Covid-19. These will be fully reviewed and aligned ahead of the preparation of the annual Investment Strategy as included within the MTFS.

**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 Forecast</b>	<b>2022/23 Forecast</b>
Treasury management investments	1.62%	2.10%	2.00%
Service investments: Loans	10.39%	0.11%	0.27%
Service investments: Shares	28.04%	0.00%	0.00%
Commercial investments: Property	4.13%	2.8%	3.0%