

Corporate Overview and Scrutiny Committee

Agenda

Date: Thursday, 1st October, 2020

Time: 2.00 pm

Venue: Virtual Meeting

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

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

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

1. **Apologies for Absence**
2. **Minutes of Previous meeting** (Pages 3 - 6)

To approve the minutes of the meeting held on 3 September 2020.

For any apologies or requests for further information, or to give notice of a question to be asked by a member of the public

Contact: Joel Hammond-Gant

Tel: 01270 686468

E-Mail: joel.hammond-gant@cheshireeast.gov.uk

3. **Declarations of Interest**

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

4. **Declaration of Party Whip**

To provide an opportunity for Members to declare the existence of a party whip in relation to any item on the agenda.

5. **Public Speaking Time/Open Session**

A total period of 15 minutes is allocated for members of the public to make a statement(s) on any matter that falls within the remit of the Committee. Individual members of the public may speak for up to 5 minutes, but the Chairman will decide how the period of time allocated for public speaking will be apportioned, where there are a number of speakers.

Members of the public wishing to make a statement should provide notice in writing at least three clear working days before the meeting takes place.

6. **Mid-Year Review 2020/21** (Pages 7 - 94)

To consider a review of the council's financial activity at the mid-point of the 2020/21 financial year.

7. **Crowd Funding** (Pages 95 - 106)

To consider the new Crowd Funding policy proposal, in advance of it being taken to Cabinet for agreement and adoption.

8. **Re-procurement of Case Management Systems: Adult's and Children's** (Pages 107 - 112)

To consider the proposed re-procurement.

9. **Forward Plan** (Pages 113 - 130)

To review the council's Forward Plan of key decisions.

10. **Work Programme** (Pages 131 - 140)

To review the committee's work programme.

Membership: Councillors Q Abel, C Bulman, JP Findlow, R Fletcher, M Hunter, A Moran, B Murphy (Vice-Chairman), J Saunders, M Simon, R Vernon, L Wardlaw and J Clowes (Chairman)

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Corporate Overview and Scrutiny Committee**
held on Thursday, 3rd September, 2020 at Virtual Meeting

PRESENT

Councillor J Clowes (Chairman)

Councillors Q Abel, C Bulman, JP Findlow, R Fletcher, A Moran, J Saunders,
M Simon, R Vernon and L Wardlaw

PORTFOLIO HOLDERS IN ATTENDANCE

Councillor J Rhodes, Portfolio Holder for Public Health and Corporate
Services

Councillor A Stott, Portfolio Holder for Finance, ICT and Communication

OFFICERS IN ATTENDANCE

Frank Jordan, Deputy Chief Executive and Executive Director of Place

Mark Palethorpe, Executive Director of People

Alex Thompson, Director of Financial and Customer Services

Dr Matt Tyrer, Interim Director of Public Health

11 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor M Hunter.

12 MINUTES OF PREVIOUS MEETING**RESOLVED –**

That the minutes of the previous meeting held on 4 June 2020, be
approved as a correct record and signed by the Chairman.

13 DECLARATIONS OF INTEREST

There were no declarations of interest.

14 DECLARATION OF PARTY WHIP

There were no declarations of a party whip.

15 PUBLIC SPEAKING TIME/OPEN SESSION

There were no members of the public present who wished to speak.

16 COVID-19: UPDATE ON RESPONSE AND RECOVERY

The committee considered an update on the work the council undertook in response to the Covid-19 public health emergency, and the work that was carried out to support the recovery from the pandemic.

Members asked questions and put comments in relation to;

- the current, up-to-date rates of Covid-19 infection in Cheshire East;
- the council's supply and distribution of Personal Protection Equipment (PPE);
- what progress had been made by the council to get young people into paid internship schemes;
- whether Covid-19 had negatively impacted on the performance of early years settings, or increased the risk of closure to some settings;
- when the £1bn catch-up fund from central government would be received and when it would be administered by the council;
- whether lockdown and school closures had led to a financial saving on transport services, and would this be enough to help to offset some of the council's wider financial challenges;
- how the groups referred to in paragraph 6.1 of the report would be set up;
- whether the current projected £28 million shortfall included collection fund losses; and
- concern regarding the unknown long-term financial implications of Covid-19.

The committee thanked officers for enabling essential services to remain ongoing throughout lockdown, and gave thanks to all staff for working so flexibly to ensure residents and services were supported.

RESOLVED –

That the update be received and noted.

17 CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES ANNUAL REVIEW 2019/20

Consideration was given to an update on the council's Capital, Investment and Treasury Management Strategies for the 2019/20 financial year.

Members asked questions and put comments in relation to;

- the impacts of Covid-19 to the council's General Reserves; and
- whether there had been any impacts on the winter service investment going forward.

RESOLVED –

That the update be received and noted.

18 FORWARD PLAN

The committee reviewed the council's Forward Plan of key decisions.

RESOLVED –

- 1 That the Forward Plan be noted.
- 2 That the 'Case Management Procurement' item be added to the committee's work programme at an appropriate date that allows for it to be scrutinised before the decision is taken by Cabinet.

19 WORK PROGRAMME

Consideration was given the committee's work programme.

RESOLVED –

That the Scrutiny Officer liaise with officers about when the following items could be added to the committee's work programme;

- an update from the (Best4Business) Joint Scrutiny Working Group;
- an update on the proposed committee system structure and any financial implications associated with it; and
- the 'Case Management Procurement' item on the Forward Plan.

The meeting commenced at 2.00 pm and concluded at 4.54 pm

Councillor J Clowes (Chairman)

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Key Decision N

Date First
Published: N/A

Cabinet

Date of Meeting: 6 October 2020

Report Title: Mid Year Review (FINANCE) 2020/21

Portfolio Holder: Cllr Amanda Stott - Finance, IT and Communication

Senior Officer: Alex Thompson – Director of Finance and Customer Services
(Section 151 Officer)

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2020/21 financial year. The report highlights financial activity and provides an overview of progress towards achieving outcomes for local people.
- 1.2. Local Authority budgets across the UK are being managed against the backdrop of the Covid-19 pandemic as well as inflation rises and increasing demand for services. However, the statutory duties of the Council must still be delivered within the relevant parameters and the associated inspection frameworks.
- 1.3. The Coronavirus pandemic has had a profound impact on all aspects of life in Cheshire East. The Council has adopted a pro-active evidence led approach to ensure that it responds to the emerging needs of residents and businesses. The Council's budget is under unprecedented pressure due the response required to protect both the health and economic wellbeing of local people and businesses during the Covid-19 Pandemic.
- 1.4. A briefing paper presented to the Audit and Governance Committee at the end of July gave initial estimates for gross costs relating to the Covid-19 pandemic at £70m. This figure represented the financial impact for the full year, without government funding, and at a point in time where the lockdown was in force and infection rates were at their highest. This figure

complied with the requirements of a government return that continues to be updated and used, to help government understand the financial impact on Local Authorities. Subsequent changes to the way government is funding certain activities, sometimes providing direct funding instead, as well as amended guidelines on dealing with the pandemic, has seen this forecast reduce.

- 1.5. The financial impact of Covid-19 was reported to Cabinet in September 2020 as being approximately £50m. Latest financial estimates show that the impact in 2020/21 is approximately £47m. This forecast does not include provision for a second wave or local outbreaks which would both separately or together increase the financial risk to the Council. Government funding of £22m has been received, with £21m remaining available in 2020/21 (£1m having already been allocated to spending in 2019/20). Of the current potential £26m shortfall in 2020/21 a claims process is being worked upon in relation to the c.£13m of income losses from sales, fees and charges included in the overall figure of £47m. Also within the overall figure £9.1m relates to cash deficits in the Collection Fund, the long term impact of which can be spread across the financial years 2021/22 to 2023/24. £6.3m of the total relates to increases in capital expenditure forecasts, which although related to immediate issues may not materialise until 2021/22. In addition these additional capital costs could be funded from within the budgets allocated in the capital programme.
- 1.6. The report sets out the current position on the financial pressures resulting from Covid-19 which are significant. Excluding Covid-19, the mid year position presents a balanced position (to within budget by 0.2%).
- 1.7. The Council set a balanced net revenue budget of £301.0m at its meeting in February 2020. Current forecasts against the revised budget of £301.8m, when excluding the financial impacts from Covid-19, shows a potential net expenditure of £301.3m. This position reflects an increase in demand led pressures in the People Directorate relating to Children in Care services (£2.6m) and Housing Benefit payments (£1.0m) in the Corporate Directorate. These pressures are offset by costs that are lower than budgeted, particularly in the Place Directorate, for example staff vacancies and lower energy usage in corporate buildings.
- 1.8. To address the risk of having to deal with financial pressure related to the local impact of Covid-19, the Council will consider robust actions to bring the overall outturn in line with the total available resources, including additional government support and use of reserves in line with the reserves strategy set by the Council in February. More detail is set out in paragraph 3.5.

- 1.9. Forecast expenditure in the year on the capital programme is £154.1m, which is in line with the revised budget.
- 1.10. The attached report, **Annex 1**, sets out details of how the Council is performing in 2020/21. It is structured into two sections:
 - Section 1 Financial Stability** - provides an update on the Council's overall financial position.
 - Section 2 Workforce Development** - provides a summary of the key issues relating to the Council's workforce development plan.
- 1.11. Appendices to the annex demonstrate how spending in 2020/21 has been funded, including the service budgets, grants, debt recovery and reserves. Updates are provided on the Capital Strategy, Treasury Management Strategy and Investment Strategy.

2. Recommendations

That Cabinet:

- 2.1. Notes the contents of the report.
- 2.2. Notes the contents of Annex 1 to the report, and the current financial impact of Covid-19, of up to £26m, being partially mitigated by non Covid-19 activity.
- 2.3. Notes the mitigating actions under consideration in order to manage the financial impact of Covid-19 (Section 3 – Reasons for Recommendations).
- 2.4. Notes the supplementary estimates approved to date in relation to Covid-19 activity (**Appendix 2, Table 2**).
- 2.5. Approves the supplementary revenue estimates of £774,000 (155,000 received and £619,000 is pending) relating to the additional grants for Covid-19 Emergency Active Travel Fund (**Appendix 2, Table 1**).
- 2.6. Approves the capital virement of £1,700,000 to increase the pothole and challenge funding (**Appendix 4, Annex C**).
- 2.7. Notes the approved supplementary capital estimate of £6,855,000 relating to additional Department for Transport grant received (**Appendix 4, Annex D**).
- 2.8. Recommends to Council to approve:
 - 2.8.1. fully funded supplementary revenue estimate above £1,000,000 in accordance with Financial Procedure Rules as detailed in (**Appendix 2 Table 1**).

3. Reasons for Recommendations

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.
- 3.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.
- 3.4. The potential financial pressure from Covid-19 remains uncertain. The compensation scheme linked to income losses from Sales, Fees and Charges is being implemented, and negotiations between Local Government and Central Government continue. This means government funding may increase, reducing the local effect on the Council's Medium Term Financial Strategy. Contrary to this position the Council must balance the risk of further increases in expenditure or reductions in income based on further outbreaks of Covid-19 or from the Council's recovery processes.
- 3.5. To mitigate current shortfalls in the funding for Covid-19, and the overspending in specific areas of the 2020/21 budget, the Council will:
 - Continue to manage and review the financial forecasts in response to emerging guidance and the local response to the emergency and how this affects the Council's revenue budget.
 - Analyse the Government proposals to compensate losses from Sales, Fees and Charges.
 - Analyse the level of Collection Fund losses across the three financial years 2021/22 to 2023/24.
 - Review the consequences of funding shortfalls on the Council's capital programme and how this impacts on the Council's long term funding of capital expenditure.
 - Review processes and practice that is causing overspending in Children's Services to improve efficiency without compromising outcomes.
 - Analyse the level of subsidy for Housing Benefit cases to ensure appropriate local discretion is being managed.

- Identify costs of transformation that may be funded from the flexible use of capital receipts.

3.6. The Council will continue to review performance against the CIPFA Financial Management Code, whilst also meeting the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

4. Other Options Considered

4.1. Not applicable.

5. Background

5.1. Managing performance is essential to the achievement of outcomes. This is especially important in evidencing the achievement of value for money across an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 380,000 local people. Gross annual spending is over £815m, with a revised net budget for 2020/21 of £301.8m.

5.2. The management structure of the Council is organised into three directorates, People, Place and Corporate. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.

5.3. Due to the unpredictable nature of the Coronavirus there are risks associated with the estimation of costs to the Council and the level of funding it will receive. A potential shortfall of £26m represents 8.6% of the net revenue budget. This impact is partially offset by a £0.5m variance to budget from non-Covid-19 activity.

5.4. General Reserve balances are risk assessed and it is clear that a number of risks, particularly associated with demand led service provision and the pandemic, have materialised.

5.5. The Council complies with all of its legislative and regulatory requirements in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications surrounding the process of setting the 2020 to 2024 Medium Term Financial Strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the mid year stage of 2020/21. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 6.1.2. The only other implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.
- 6.1.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.

6.2. Finance Implications

- 6.2.1. Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with the response and recovery to Covid-19 requires funding from the Council this could require the Council to deliver a greater level of future savings to replenish reserve balances.
- 6.2.2. As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.
- 6.2.3. Forecasts contained within the Mid Year Review provide important information in the process of developing the Medium Term Financial Strategy. Analysis of under or over spending during the year will identify whether such performance is likely to continue and this enables more robust estimates to be established.
- 6.2.4. Within this report the estimated costs associated with Children's Social Care and Housing Benefits raise concerns of future budget pressures which will need to be addressed.

6.2.5. Any overall shortfall in government funding for local activity linked to Covid-19 will add financial pressure to the Council's Medium Term Financial Strategy. In addition, the Medium Term Financial Strategy will need to take account of any longer impacts relating to income, for example, longer term impact on the Council's income and/or demand on its services.

6.2.6. The Local Government Settlement, due late in 2020 will also be informed by Councils responding to ongoing consultation from government, which itself is significantly informed by recognising the current financial pressures identified within this report and how such pressures can be managed in a sustainable way.

6.3. Policy Implications

6.3.1. This report is a backward look at Council activities at mid year and predicts the year-end position.

6.3.2. The forecast outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2021 to 2025 Medium Term Financial Strategy.

6.4. Equality Implications

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

6.5. Human Resources Implications

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

6.6. Risk Management Implications

6.6.1. Performance and risk management are part of the management processes of the Authority. Risks are captured at Strategic and Operational levels, both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders.

6.6.2. Risks identified in this report are used to inform the overall financial control risk contained in the Strategic Risk Register; CR3 Financial Resilience. Updates on the scoring and management of strategic risks

are provided to the Council's Audit and Governance Committee, and the ongoing challenges to the Council's funding and financial position has been recognised in the Annual Governance Statement.

6.6.3. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2020/21 budget and the level of general reserves were factored into the 2020/21 financial scenario, budget and reserves strategy.

6.7. Rural Communities Implications

6.7.1. The report provides details of service provision across the borough.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. The report provides details of service provision across the borough, acknowledges the Ofsted report and notes the overspend within Children in Care services.

6.9. Public Health Implications

6.9.1. Public health implications that arise from activities that this report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

6.10. Climate Change Implications

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

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. As part of the budget setting process the Pre-Budget Report 2020/21 provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

9. Access to Information

9.1. The following are links to key background documents:

[Medium Term Financial Strategy 2020/24](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Director of Finance and Customer Services (Section 151 Officer)

Email: alex.thompson@cheshireeast.gov.uk

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Mid Year Review (FINANCE) 2020/21

October 2020

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:

shapingourservices@cheshireeast.gov.uk

Introduction

Cheshire East Council is the third largest Council in the Northwest of England, supporting over 380,000 local people with annual spending of over £815m.

Local government is going through a period of financial challenges, with a combination of the impact of the Coronavirus pandemic, increasing demand for services, rising costs and reduced Government grant. The Council's response is to focus on emerging needs of residents and businesses, increasing efficiency and productivity that enables us to deliver sustainable, quality services.

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. This demand is resulting in revenue pressures of £3.6m. These are offset by underspends across council services resulting in a forecast outturn of £301.3m against a net revenue budget of £301.8m.

The Council's budget is under unprecedented pressure due to the Coronavirus and the response required to protect both the health and economic wellbeing of local people and businesses during the Covid-19 Pandemic. To date the Council has received funding related to an array of activities in response to the crisis, however at this current time it is not expected to fully cover all of the costs with a potential £26m shortfall. The Council will continue to manage and review the financial forecasts in response to the emergency and how this affects the Council's revenue budget to mitigate this position and protect General Reserves.

When the 2020/21 budget was set, in February 2020, it was highlighted that the use of reserves was not sustainable. Net spending therefore needs to be contained within the estimates of expenditure that form the budget. This issue, and how Covid-19

affects this will also be considered as part of the ongoing planning for the Medium Term Financial Strategy.

To support openness and transparency, and provide evidence of strong governance, the report has two main sections, to provide background and context, and then seven supporting appendices with detailed information about allocation and management of public money during 2020/21:

Section 1 provides information on the overall financial stability and resilience of the Council. It demonstrates how spending in 2020/21 is being funded, including the positions on overall service budgets, grants, council tax and business rates and centrally held budgets. Further details are contained in the appendices.

Section 2 provides a summary of the issues relating to the Council's Workforce Development Plan.

- **Appendix 1** shows budget changes since the Medium Term Financial Strategy.
- **Appendix 2** shows the latest position for Corporate Grants.
- **Appendix 3** analyses the position on Outstanding Debt.
- **Appendix 4** shows updates to the Capital Strategy.
- **Appendix 5** shows updates to the Treasury Management Strategy.
- **Appendix 6** shows updates to the Investment Strategy.
- **Appendix 7** lists details of Earmarked Reserves.

Alex Thompson

Director of Finance and Customer Services
(Section 151 Officer)

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2020/21 Outturn Forecast at Mid Year Review - Financial Position

2020/21 Mid Year Review (GROSS Revenue Budget £647.2m)	Revised Budget (NET) £m	Forecast Actual Outturn £m	Forecast Over / (Underspend) £m	For further information please see the following sections
SERVICE DIRECTORATES				
People	181.4	183.5	2.1	Note this table excludes the impact of Covid-19. Section 1 - Paragraphs 5-28
Place	74.3	71.3	(3.0)	Section 1 - Paragraphs 29-44
Corporate	34.1	35.2	1.1	Section 1 - Paragraphs 45-54
Total Services Net Budget	289.8	290.0	0.2	
CENTRAL BUDGETS				
Capital Financing	12.0	12.0	-	Appendix 4
Transfer to/(from) Earmarked Reserves	(0.7)	(0.7)	-	Appendix 7
Corporate Contributions / Central Budgets	0.7	-	(0.7)	Section 1 - Paragraph 55
Total Central Budgets	12.0	11.3	(0.7)	
TOTAL NET BUDGET	301.8	301.3	(0.5)	
Business Rates Retention Scheme	(49.8)	(49.8)	-	Section 1 - Paragraphs 72-76
Specific Grants	(22.4)	(22.4)	-	Appendix 2
Council Tax	(229.5)	(229.5)	-	Section 1 - Paragraphs 61-71
Sourced from Collection Fund	(0.1)	(0.1)	-	
Central Budgets Funding	(301.8)	(301.8)	-	
FUNDING POSITION	-	(0.5)	(0.5)	
	Planned Contribution 2020/21 £m	Forecast Variance Outturn £m	Impact on Reserves Outturn £m	
Impact on Reserves	-	0.5	0.5	Note the impact on reserves excludes the impact of Covid-19.
General Reserves Balance	2020/21 Budget £m	Mid Year Forecast £m		
Opening Balance April 2020	10.3	Actual	10.3	
2020/21 Impact on Reserves (see above)			0.5	Section 1 - Paragraphs 57-59
Closing Balance March 2021	10.3	Forecast	10.8	

2020/21 Mid Year Review (GROSS Revenue Budget £647.2m)	Covid Financial Pressures		Forecast Over / (Underspend)	For further information please see the following sections
	Expenditure	Income		
	£000	£000	£000	
SERVICE DIRECTORATES				
People	10,212	2,125	12,337	
Place	10,137	9,295	19,432	
Corporate	4,737	1,524	6,261	
Total Services Net Budget	25,086	12,944	38,030	
CENTRAL BUDGETS				
Capital Financing	-	-	-	
Transfer to/(from) Earmarked Reserves	(8,097)	-	(8,097)	Release of Covid Funding received last year held in reserves.
Covid Impact on Collection Fund	9,100	-	9,100	
Corporate Contributions / Central Budgets	-	-	-	
Total Central Budgets	1,003	-	1,003	
TOTAL NET BUDGET	26,089	12,944	39,033	
Business Rates Retention Scheme	-	-	-	
Specific Grants	(13,251)	-	(13,251)	Covid Funding received this year.
Council Tax	-	-	-	
Sourced from Collection Fund	-	-	-	
CENTRAL BUDGETS FUNDING	(13,251)	-	(13,251)	
NET	12,838	12,944	25,782	
<p>The £9.1m impact on the Collection fund does not affect reserves in 2020/21 as the costs can be allocated to 2021/22 – 2023/24 financial years.</p> <p>Capital expenditure of £9.335m included in Directorate expenditure above, £6.3m may not materialise until 2021/22.</p>				

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 received funding in response to the Covid-19 crisis, however it is not expected to cover all the costs of additional expenditure and reduced income caused by the pandemic. Demand for Children's and Adults' Social Care remains a significant pressure for the Council.
2. A full mitigation plan is in progress to address any shortfall in funding for the costs of Covid-19 and ensure that the General Reserves are protected. Given the scale of the financial pressures achieving a balanced budget position this year will be extremely challenging.
3. **Table 1** provides a service summary of financial performance at mid year. The current forecast is that services will be £0.2m over budget in the current year on normal activities. The Financial Narratives provide further details and changes to service net budgets since mid year review 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 Contingencies and Contributions.

Table 1 - Service Revenue Outturn Forecasts

2020/21 Outturn Review (GROSS Revenue Budget £647.2m)	Revised Budget (NET) £m	Actual Outturn £m	Over / (Underspend) £m
SERVICE DIRECTORATES			
Directorate	0.9	0.8	(0.1)
Children's Social Care	40.2	42.8	2.6
Education & 14-19 Skills	15.0	14.5	(0.5)
Prevention & Early Help	8.4	8.1	(0.3)
Adult Social Care - Operations	28.1	28.3	0.2
Commissioning	88.8	89.0	0.2
Public Health	-	-	-
People	181.4	183.5	2.1
Directorate	1.0	0.9	(0.1)
Environment & Neighbourhood Services	40.8	40.6	(0.2)
Growth & Enterprise	20.6	18.1	(2.5)
Highways & Infrastructure	11.9	11.7	(0.2)
Place	74.3	71.3	(3.0)
Directorate	0.7	0.3	(0.4)
Finance & Customer Services	8.7	10.0	1.3
Governance & Compliance Services	10.0	9.3	(0.7)
Transformation	14.7	15.6	0.9
Corporate	34.1	35.2	1.1
Total Services Net Budget	289.8	290.0	0.2

Note this table excludes the impact of Covid-19

Financial Narratives

People Directorate

5. The base budget for the Children and Families Department for 2020/21 at mid-year is £64.5m.
6. There are a number of key pressures within the Directorate resulting in a forecast overspend of £4.1m against the base budget. Additional costs arising from Covid-19 represent a significant factor and these are forecast at £2.4m. The position excluding Covid-19 costs is a £1.7m overspend.
7. The Covid-19 costs facing the Directorate include £1.2m in Children's Social Care from additional placements and higher costs being incurred as a result of delayed court proceedings plus £0.9m from the loss of income from parents for school meals during the lock down period when schools were only open for the children of key workers.
8. The position is summarised in the table below:

Mid Year Review	Base Budget	Outturn Variance	Covid Element	Net of Covid Costs
	£'000	£'000	£'000	£'000
Executive Director	0.9	(0.1)	-	(0.1)
Children's Social Care	40.2	3.8	1.2	2.6
Prevention and Support	8.4	(0.2)	0.1	(0.3)
Education and Skills	15.0	0.6	1.1	(0.5)
Revised Total	64.5	4.1	2.4	1.7
Dedicated Schools Grant - forecast overspend		5.1		5.1

9. Particular issues are set out in the paragraphs below.

Children's Social Care

10. The overspend excluding Covid-19 costs is forecast at £2.6m.
11. This is mainly as a result of increasing numbers of children in care (from 533 at the end of March 2020 to 547 at the end of July 2020). This has led to a £0.3m pressure.
12. The second key issue is that the new residential services contract is expected to be fully utilised in-year but there will be a delay in maximising occupancy levels. The full use of the contract means additional costs of £1.7m which should be offset by savings from children moving from more costly block contract places into those settings.
13. However, there will be delays in making the expected savings and some associated costs where children have not yet moved. This additional overall cost is forecast at £0.5m.
14. The service is taking forward a number of demand management projects to reduce the pressure on the agency placements budget. These include:
 - Regular reviews of placements to ensure needs are met at the appropriate cost and improved gatekeeping.
 - Greater analysis of the budget basis, the increase in costs over time and unit costs.
 - Working as part of a regional adoption collaboration to increase adopters.
 - Further projects in 2020/21 to move to a "bespoke" service offer and undertake further challenge of costs.

15. The forecast assumes no further growth in placement numbers at this stage.

Prevention and Early Help

16. The department is forecasting an underspend of £0.3m due to holding vacancies. That is excluding Covid-19 costs of £0.1m for an additional manager and loss of income from rental income and training.

Education and Skills

17. The Department is currently reflecting an underspend of £0.5m excluding Covid-19 costs. The key issues are:

- Special Educational Needs ~ staffing expenditure (including permanent and agency staff) is expected to balance following the additional budget allocation for 2020/21.

However, the demands on the service from higher numbers of Education, Health and Care Plans (EHCPs) continues and there are statutory deadlines to meet. The third quarter will provide a further opportunity to review the overall staffing pressure.

The service is undertaking a number of projects to improve systems for different areas of SEND spend and this is requiring additional support. The service is also looking at different arrangements for procuring additional education psychologists time over a number of years.

- Transport ~ the Children and Families outturn assumes a net nil position for transport. This acknowledges there are pressures but an underspend in quarter 1 as transport was not required along with the growth in budget should mitigate the pressure in-year. TSS have a new route planning system which should support delivering future efficiencies.

- Education and Skills ~ the two services supporting schools are reflecting a £0.1m underspend through vacancies.

- Catering ~ there has been a significant loss of income due to Covid-19 of £0.9m. This has been offset by reductions in spend and other contributions to reflect a £0.5m underspend excluding the Covid-19 pressure. The forecasts assume that income from parents returns to normal from September 2020.

- Schools Capital programme – there are potentially increased capital costs of £2m.

Dedicated Schools Grant (DSG)

18. 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 costs.

19. The key pressure on DSG relates to the high needs block. For 2020/21 the amount of high needs DSG funding expected is £40m representing an increase of £3.1m (8.5%) on 2019/20.

20. However, the overspend from high needs of £4.2m has taken the Council's DSG reserve into a credit position of £2.6m at the 1 April. Therefore, the first call on that additional funding is to top up the reserve to nil.

21. The forecast for 2020/21 from placements is £5.1m overspend. This reflects the significant increase in EHCPs. We continue to create additional local capacity, but demand exceeds the current rate of local expansion. A robust process of significant challenge where increased costs are requested

from providers is now in place. The service has made progress on reducing further pressure but overall this remains a challenge.

22. A significant number of measures to address this are being taken forward including:
- Restructuring the SEND team and increasing capacity.
 - Using new systems to improve monitoring and forecasting.
 - Updating an analysis of SEND needs across the borough.
 - Expanding local SEND provision and opening new facilities to reduce the need for expensive independent placements. This is taking time to deliver and Covid-19 will impact.
 - Piloting a new banding system for funding pupils with SEND to give schools greater flexibility on how the funding is used.
 - Challenging price increases from providers.
 - Developing a demand management strategy.
23. A recovery plan is being developed to keep track of these items and how the continued growth in EHCPs is being mitigated.

Adult Social Care, Public Health and Communities

24. The Adult Social Care (Operations and Commissioning) and Public Health budget remain under continued pressure across the country. The pressure here in Cheshire East comes from a combination of factors, which have been building over a number of years, and relate to meeting the needs of our most vulnerable residents and this has been recognised in the 2020/21 budget where growth has been allocated.
25. Adult Social Care Commissioning have responded to this challenge by re-commissioning and developing new models of care to ensure there is a better offer to service users and

more sustainability for care providers. In addition to this the Adult Social Care Commissioners have also introduced an Early Help Framework to support better outcomes in the Voluntary, Community and Faith sectors.

26. Covid-19 is creating huge pressures and risks across the wide spectrum of services provided. This includes within the social care market and for our partners such as the NHS, as well as the Voluntary, Community and Faith sectors. Adult Social Care Operations & Commissioners are working collaboratively with providers and our partners to ensure that people's needs continue to be met and that they are protected throughout this challenging time.
27. The service is reporting a forecast overspend of £0.4m at the Mid Year Review point, excluding direct pressure from Covid-19 costs.
28. The forecast overspend for the People Directorate is therefore £2.1m at year end as identified in **Table 1** above.

Place Directorate

29. The Place Directorate is reporting an underspend of £3m at the Mid Year Review point, this excludes revenue costs and loss of income related to Covid-19 which is significant at £14.9m.

Place Directorate £0.1m underspend

30. Savings arise from holding staff vacancies. Contributions to the Constellation Partnership are not expected to be made in 2020/21.

Environment & Neighbourhood Services

31. There is a pressure of £5.2m for Covid-19 revenue costs, excluding these the service would achieve an underspend of £0.2m.

32. Over £2m of the Covid-19 pressure is from Ansa for additional staff, cleaning and PPE costs plus the increased costs of household waste recycling centres and higher levels of waste being collected.
33. Additional costs of £1.2m (a risk projection) have been identified for the delivery of services in leisure centres. This relates to the fact that the leisure trust which provides the leisure centres on behalf of the Council was unable to receive income during the government directed closure of leisure centres. This closure formed part of the restrictions introduced to respond to the pandemic between March and July. Furthermore, whilst leisure centres have reopened they are operating with social distancing restrictions which is expected to impact on income for the remainder of 2020/21.
34. During the period of lock down the trust has been able to reduce its costs and secure additional support, for example funding has come from the Government's job retention scheme. Nonetheless the Trust is projecting that it will not be able to make up the total amount of lost income for the 2020/21 financial year.
35. The Council has therefore provided additional funding to make up this lost income for the 2020/21 year. This may need to be funded from the emergency grant support provided to the council in relation to the expenditure associated with the pandemic.
36. The pandemic has also led to a loss of income including fees for Planning, Building Control and Land Charges. Licensing income has also been reduced as has income within the Libraries service.

37. Excluding pressures related to Covid-19, there are also pressures for reduced recycling income and the revenue costs of rolling out food waste recycling. These have been mitigated by staffing vacancies across the majority of services and by reducing the expenditure on books within libraries.

Growth & Enterprise

38. Covid-19 revenue costs and loss of income total £4.2m within Growth & Enterprise. The underlying position excluding these is an underspend of £2.5m.
39. There is a forecast £2.4m loss of income at Tatton Park due to the pandemic. Other Covid-19 income losses are forecast across Assets, Public Rights of Way, Countryside and Visitor Economy. Services facing an increase in costs due to Covid-19 include Housing for increased support to the homeless.
40. Covid-19 pressures have been partly mitigated by staffing savings across a number of services including Tatton, Housing, Economic Development and Facilities Management. Other mitigations include cost controls at Tatton and drawing down eligible grants within Housing. Significant savings are forecast within Facilities Management due to lower costs of electricity and water and reduced costs of reactive maintenance.

Highways & Infrastructure

41. Covid-19 revenue costs total £5.5m within Highways & Infrastructure. The underlying position excluding these is an underspend of £0.2m.
42. £3.7m of the £5.5m Covid-19 pressure is a forecast loss of income within Parking Services. Other Covid-19 pressures are a reduction in income from developers and additional costs of social distancing and support to other services within Highways.

43. In addition there is potentially £4.3m of additional capital expenditure on the major highway infrastructure schemes due to Covid-19.
44. The majority of underspends come from vacancies from Highways and Civil Enforcement Officers within the Parking service.

Corporate Directorate

45. The £34.1m budget for Corporate Services, which includes the Housing Benefits (HB) Payments Centre is currently forecast to outturn at a £1.1m overspend, this excludes £3.6m of pressures as a result of the Covid-19 pandemic. In addition there are £2.8m additional capital costs relating to Covid-19.
46. Pressures elsewhere in the service offset a £2.0m underspend across the controllable service budgets achieved through an in-year budget remediation plan, which has been put in place to address legacy gaps in the base budget for Corporate Services. The reasons for the £1.1m overspend which excludes Covid-19 pressures is as a result of the HB Payments Centre under-recovery (£1.0m), and additional one-off costs relating to implementing the Best4Business System totalling £2.1m split across various Corporate support services (£1.6m) and the Transactional Service Centre (TSC) hosted by Cheshire West and Chester Council (CWaC) (£0.5m).
47. Best4Business pressures reported are mainly one-off additional costs that cannot be charged to the capital project or unachievable in-year savings that rely on the system going live to achieve, which will be mitigated from the revenue budget wherever possible. The £2.1m pressure consists of £0.7m in Finance & Customer Services as a result of additional staffing costs (£0.5m) and unachievable savings

linked to the new system (£0.2m); £0.9m in Transformation relating to additional licences costs in ICT Strategy (£0.3m), additional software costs (£0.3m), and unachievable savings within Human Resources (HR) linked to the new system (£0.3m); and additional staff costs in TSC shared service hosted by CWaC (£0.5m). The Shared Services Joint Committee is looking into the detail of the additional costs.

Directorate

48. The Corporate Services Directorate area includes the cost of the Chief Executive and associated budgets, and the Executive Director of Corporate Services, along with the temporary £0.3m Corporate Services growth (applies to 2020/21 only). The Directorate is forecast to underspend by £0.35m mainly due to assigning the costs of the Director posts against the relevant service budgets, and the remainder is due to budget remediation actions on the Chief Executive budget.

Finance & Customer Services

49. Finance and Customer Services is forecast to overspend by £1.3m, which excludes Covid-19 related pressures of £2.1m arising mainly from an estimated £0.4m loss of overpayment recoveries on the HB Payments Centre, lost court costs income in Revenues (£0.5m) and additional staffing costs through overtime and use of agency staff in Revenues (£0.2m) and Benefits (£0.1m). The majority of the non Covid-19 related service overspend is attributable to a £1.0m under recovery on the HB Payments Centre due to a reduction in HB subsidy from 99% to 97.1% as a result of an increase in supported accommodation costs. These are being investigated as a matter of urgency. The overspend includes the additional costs and unachievable in-year savings within Finance & Procurement linked to implementing the Best4Business System (£0.7m), and the costs of the unbudgeted Director post (£0.1m). These pressures mask

underspending achieved by Finance & Procurement (-£0.2m), and Customer Services (-£0.3m) from implementing the budget remediation plan, through delaying restructures, delaying filling vacancies, and savings on certain non-staff costs.

Transformation

50. Transformation is forecast to overspend by £0.8m, in addition there is £0.6m of additional revenue expenditure and £2.8m of capital expenditure due to Covid-19. Capital expenditure relates to the purchase and set up of equipment to facilitate home working, additional revenue pressures have arisen in ICT Strategy and Service Delivery from a reduction in commissioned project income and additional software.
51. The non Covid-19 related service overspend is attributable to additional costs within ICT relating to implementing the Best4Business System (£0.6m), the shared Transactional Services (TSC) hosted by Cheshire West & Chester (CWaC) overspending by £0.5m mainly due to additional cost relating to implementing the Best4Business System, Business Change loss of income (£0.2m) and unachievable in-year savings within Human Resources (HR) linked to implementing the Best4Business System (£0.3m). The ICT Service Delivery shared service is included in the above figures, an overall pressure of £1.1m is being reported of which the CEC share is £0.6m (related to a reduction in commissioned project income due to unrecoverable time spent on B4B and Covid-19 work and additional software costs).
52. The pressures within Transformation are partially offset by actions in the budget remediation plan, including the HR budget being forecast to underspend by £0.6m due to underspending on Workforce Development (WFD) and Organisational Development due to Covid-19 as well as staff vacancies in addition to ongoing work with the ICT shared

service to mitigate the impacts resulting from the Covid-19 response.

Governance & Compliance

53. Governance & Compliance is forecast to underspend by £0.7m, this is offset by Covid-19 related pressures of £0.9m mainly in the Registrations Service due to lost marriage ceremonies income.
54. The non Covid-19 related service expenditure is forecast to underspend by £0.7m with both Legal Services and Audit & Risk forecasting an underspend of £0.3m due to staff vacancies within Audit and Health & Safety. Changes to the budget combined with reducing the use of locums within Legal Services has resulted in the temporary staffing budget not being required. Governance & Democratic is forecast to underspend by £0.1m due to staffing vacancies and other targeted measures to reduce non-staffing costs.

Central Contingencies and Contributions

55. It is currently forecast that there will be a £0.7m underspend variance to budget on the central budget. This is due to lower past service employer pension contributions following a valuation after the budget was set. Budgeted transfers of £0.7m from earmarked reserves are expected to take 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.
56. Details of grants received and reserves can be found at **Appendix 2** and **Appendix 7** respectively.

Outturn Impact

57. The impact of the projected service outturn position is to maintain balances as reported above (**paragraph 3**).
58. Taken in to account with the central budget items detailed above (**paragraph 55**), the financial impact could result in an increase in balances of £0.5m. However the impact of Covid-19 costs may reduce the balances by up to £25.9m.
59. The Council will continue to manage and review the financial forecasts in response to emerging guidance and the local response to the emergency and how this affects the Council's revenue budget.

Collecting Local Taxes for Local Expenditure

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

Council Tax

61. Council Tax is set locally and retained for spending locally. Council Tax was set for 2020/21 at £1,503.98 for a Band D property. This is applied to the taxbase.
62. 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 2020/21 was agreed at 152,597.84 which, when multiplied by the Band D charge, means that the expected income for the year is £229.5m.
63. 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 3**

shows these amounts separately, giving a total budgeted collectable amount of £282.5m.

64. 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.
65. 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 £281.0m.

Table 3 – Cheshire East Council collects Council Tax on behalf of other precepting authorities

	£m
Cheshire East Council	229.5
Cheshire Police and Crime Commissioner	32.1
Cheshire Fire Authority	12.1
Town and Parish Councils	8.8
Total	282.5

66. **Table 4** shows collection rates within three years, and demonstrates that 99% collection is on target to be achieved within this period.

Table 4 – Over 99% of Council Tax is collected within three years

Financial Year	CEC Cumulative			
	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
After 1 year	98.3	98.2	98.2	97.9
After 2 years	99.1	99.1	99.0	**
After 3 years	99.3	99.4	**	**

**data not yet available

67. The Council Tax in-year collection rate for the period up to July 2019 is 37.1%. This is a decrease of 1.5% on the previous year and is caused by the effect of Covid-19 on taxpayer’s ability to pay. In addition, normal processes to recover unpaid council tax have been postponed during the pandemic. As the situation changes those processes will be recommenced in order to encourage payment where there is ability to pay.
68. Council Tax support payments were budgeted at £16.9m for 2020/21 and at the end of the July the total council tax support awarded was £19.4m.
69. Following consultation changes were made to the Council Tax Support scheme for 2020/21. The scheme was confirmed by full Council in December 2019.
70. Council Tax discounts awarded are £25.1m which is a slight increase on the same period in 2019/20. This is mainly due to

an increase in single person discounts following the postponement of the discount review during Covid-19.

71. Council Tax exemptions awarded is £6.1m which is an increase on the same period in 2019/20. This has been impacted by the postponement of exemption reviews during Covid-19.

Non-Domestic Rates (NDR)

72. 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.
73. The small business multiplier applied to businesses which qualify for the small business relief was set 49.9p in 2020/21. The non-domestic multiplier was set at 51.2p in the pound for 2020/21.
74. Cheshire East Council continues to be in a pooling arrangement with the Greater Manchester (GM) Authorities (also includes Cheshire West and Chester from 2016/17) for the purposes of Business Rates Retention. The purpose of the pool is to maximise the retention of locally generated business rates to further support the economic regeneration of Greater Manchester and Cheshire Councils. As a pool the members will be entitled to retain the levy charge on growth that would normally be paid over to Central Government. Cheshire East will retain 50% of this levy charge locally before paying the remainder over to the pool.
75. **Table 5** 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 5 – Over 99% of Business Rates are collected within three years

Financial Year	CEC Cumulative			
	2016/17	2017/18	2018/19	2019/20
	%	%	%	%
After 1 year	97.7	98.3	98.5	98.2
After 2 years	99.2	99.4	99.4	**
After 3 years	99.8	99.7	**	**

**data not yet available

76. The business rates in-year collection rate for the period up to July 2020 is 36.0%. This is a reduction of 2.7% compared to the same period in 2019/20 and is caused by the effect of Covid-19 on ratepayer’s ability to pay. In addition, normal processes to recover unpaid business rates have been postponed during the pandemic. As the situation changes those processes will be recommenced in order to encourage payment where there is ability to pay.

2. Workforce Development

77. This section sets out the Council's activities and progress in relation to HR, Organisational Development, Health and Safety and Workforce Development plans and changes for during 2020/21.

Culture and Values

78. Following the Local Government Association's independent culture review and acceptance of the report recommendations, overall delivery of the planned phases of the Brighter Future Together (Culture) Programme has been completed. The recommendations have been addressed through the programme and all are complete.

79. The Conversation Toolkit has been further developed to include a Workplace Wellbeing Toolkit. This supports discussions between line managers and their staff focussing on working from home and checking in on welfare and wellbeing. Further conversations will be developed for returning to the office.

80. 'My Conversation' toolkits have been launched to guide staff in conversations in one to one meetings, team meetings and for the performance development meetings. The toolkits are aligned with the Vision for the Council's workplace culture and behaviours, and employee deal. This will allow all staff to embed the behaviours in their day to day work alongside other developments such as utilising the behaviours within a recruitment toolkit, leadership and management skills programme, coaching programme and recognition events.

81. A pulse survey Flexible, Future Workplace was opened to staff during July with a very good response rate of 55%. The initial results are very positive in relation to having the technology to continue working from home, positive support from line managers and communication from the organisation. As expected, some concerns were reported around returning to the workplace whilst the Covid-19 pandemic continues. These matters are being addressed through the Workplace Recovery Workstream.

82. Work has continued to promote the 'Made my Day' scheme that enables staff to be recognised at every level across the Council. Made my Day has continued to be well used to thank colleagues. April saw a record level with 307 nominations being made. 896 nominations were made between April and July 2020. As the usual Making a Difference presentation cannot be held all the nominees received to the end of June have been sent their recognition certificate and a letter direct to their home.

83. Since April there has been a concentrated effort to release wellbeing, resilience and mental health support on a regular basis through the Covid-19 brief. A weekly call, Time to Listen and Chat, was introduced in April to support staff during these very difficult times and continues to run with a relevant themes relating to wellbeing. Similar themed calls have latterly been introduced to support Managers to assist them with managing their teams virtually.

Building Capability and Capacity

84. The Corporate Training Programme and Continuous Professional Development Portfolios seek to ensure that the

Council creates a workforce which is safe, knowledgeable and competent in performing their duties to the highest possible standard, providing the best quality services to the residents and businesses.

85. The Covid-19 pandemic has prevented the continuation of face to face training throughout quarter 1 and quarter 2 of 2020/21, but so far in 2020/21, 3 bespoke virtual courses have been offered to CEC employees with 29 individual sessions taking place. 9 employees successfully secured funding approval via the Continuous Professional Development Panel for role specific development and qualifications in over the year, seeing over £12,609 investment. A suite of workplace and well being e-learning packages are currently being developed to support staff with new ways of working.
86. Developing management capability at all levels has continued with 37 managers being on track to complete the Institute of Learning and Management (ILM) Level 3 and Level 5 Diploma qualifications. 19 Managers have completed their ILM qualifications and a further 4 managers are due to start in August 2020.

Resourcing and Talent

87. The Council continues to support work placements at all levels with 26 social work students undertaking placements within Children's or Adult's social work teams.
88. The apprenticeship scheme continues to grow with 111 apprentices undertaking work-based learning across the

Council. Of this figure, 84 are existing staff taking up the opportunity to develop their skills through the apprenticeship scheme.

Education HR Consultancy

89. The Covid-19 pandemic has led to the postponement of scheduled training in relation to Safer Recruitment in Schools.
90. Guidance and support in responding to Covid-19, subsequent school closures and preparation for their reopening in September 2020 has been provided.

Health and Safety

91. The Council's Health and Safety team have continued to provide advice and guidance, ensuring that colleagues across the Council, ASDVs and Schools are supported to work safely.
92. This includes supporting the reopening of sites and services in line with Covid-19 secure guidance, advising on risk assessments for the work place and the workforce.

Staffing Changes

93. As shown in the table below, both Cheshire East Council's overall headcount and the number of full time equivalent (FTE) employees have increased during the first quarter of 2020/21.

Table 6: Cheshire East Council Employee Headcount and FTE Figures

Executive Directorate & Service	Employee Headcount March 2020	Employee Headcount June 2020	Employee FTE March 2020	Employee FTE June 2020
People	2151	2152	1605.3	1613.6
Adult Social Care & Health	900	899	715.5	714.4
Children's Services	1098	1103	750.4	763.2
Commissioning	142	141	129.7	128.2
Corporate	674	681	623.5	624.6
Audit & Risk	16	16	14.3	14.0
Legal Services	45	47	40.6	42.7
Democratic Services	86	94	71.8	74.1
HR	38	38	34.3	33.7
ICT	179	179	173.1	173.2
Business Change	56	57	54.9	55.9
Customer Services	176	172	157.9	154.2
Financial Support & Procurement	74	74	72.7	72.8
Place	738	766	552.1	583.0
Growth & Enterprise	364	359	251.3	251.8
Highways & Infrastructure	51	53	46.6	48.6
Environment & Neighbourhood Services	316	347	247.2	275.7
Cheshire East Council Total	3565*	3601*	2782.9*	2823.2*

***Note:** The Chief Executive has not been included in any of the Directorate / Service information, but is counted in the overall Cheshire East Council headcount and FTE figures; similarly Executive / Directors and / or "Business Managers" will not appear in the "Service" totals but will appear in the overall "Directorate" figures. Employees with multiple assignments across services will appear in the headcount figures for each service, but will only be counted once in the total CEC headcount figure; where an employee has multiple assignments in the same service they will appear in the overall headcount figure only once for that service.

Agency workers

94. Agency workers are a valuable component of the Council's workforce, providing short term cover, project work and flexible specialist skills to maintain service delivery in areas such as social services, ICT and other professional services. The table below provides a summary of active agency worker assignments at the beginning and end of the first quarter of 2020/21, together with agency worker assignments as a percentage of all Cheshire East assignments.

Table 7: Active agency worker assignments

	Active Assignments on 01.04.20	Active Assignments on 30.06.20	% of all Workforce Assignments on 01.04.20	% of all Workforce Assignments on 30.06.20
People	67	74	3.0%	3.3%
Corporate	82	90	10.8%	11.7%
Place	5	4	0.7%	0.5%
Total	154	168	4.1%	4.4%

95. The overall number of active agency assignments has increased during the first quarter of 2020/21 due to a net increase of 8 assignments in Corporate and 7 in People for a

variety of service needs; particularly, an increase of assignments in ICT and Children's Services.

Absence

96. During the Covid-19 pandemic, absence figures were compiled on a daily basis initially (reducing to weekly) by service areas to give a snapshot of the number of people absent from work due to sickness (Covid-19 related and for other reasons) or they were self-isolating / shielding (because they could not undertake their job role from home). The majority of employees who were self-isolating or shielding continued to work from home during this period. Opportunities for redeployment were considered for those who could not work from home in their substantive role.

Voluntary Redundancies

97. The Council's voluntary redundancy scheme continues to support organisational change and the delivery of the planned programme of change in the Corporate Plan. The effective use of voluntary redundancy in this way enables the Council to achieve its planned savings and efficiencies and also helps to maintain good employee relations within the Authority and minimises the prospect of compulsory redundancy.

Appendices to Mid Year Review (FINANCE) 2020/21

October 2020

Appendix 1

Changes to Revenue Budget 2020/21 since Medium Term Financial Strategy

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Mid Year Net Budget £000
PEOPLE				
Directorate	907	-	(26)	881
Adult Social Care Operations	27,864	43	213	28,120
Children's Social Care	40,217	42	(69)	40,190
Commissioning	89,012	-	(234)	88,778
Education & 14-19 Skills	14,865	201	2	15,068
Prevention & Early Help	8,103	113	135	8,351
Public Health	-	-	-	-
	180,968	399	21	181,388
PLACE				
Directorate	671	-	306	977
Environment & Neighbourhood Service	40,714	100	30	40,844
Growth & Enterprise	20,489	117	(55)	20,551
Highways & Infrastructure	11,934	-	(25)	11,909
	73,808	217	256	74,281
CORPORATE				
Directorate	693	-	-	693
Finance & Customer Services	8,680	-	(2)	8,678
Governance and Compliance Services	9,985	34	(1)	10,018
Transformation	14,749	-	(21)	14,728
	34,107	34	(24)	34,117
TOTAL SERVICE BUDGET	288,883	650	253	289,786

	MTFS Net Budget £000	Additional Grant Funding £000	Restructuring & Realignments £000	Mid Year Net Budget £000
CENTRAL BUDGETS				
Capital Financing	12,000	-	-	12,000
Corporate Contributions	813	-	(96)	717
Contribution to / from Reserves	(694)	-	-	(694)
	12,119	-	(96)	12,023
TOTAL BUDGET	301,002	650	157	301,809
CENTRAL BUDGETS FUNDING				
Business Rates Retention Scheme	(49,786)	-	-	(49,786)
Specific Grants	(21,565)	(650)	(157)	(22,372)
Council Tax	(229,504)	-	-	(229,504)
Sourced from Collection Fund	(147)	-	-	(147)
TOTAL CENTRAL BUDGETS FUNDING	(301,002)	(650)	(157)	(301,809)
FUNDING POSITION	-	-	-	-

Note: £157,000 additional funding was included in the Outturn Report that was approved at Cabinet in June 2020.

Appendix 2

Corporate Grants Register

Government Grant Funding of Local Expenditure

1. Cheshire East Council receives two main types of Government grants; specific use grants and general purpose grants. The overall total of Government grant budgeted for in 2020/21 was £254.8m.
2. In 2020/21 Cheshire East Council's specific use grants held within the services was budgeted to be £233.2m based on Government announcements to February 2020. At mid-year, this figure was revised up to £241.1m.
3. Mid-year has seen an increase in specific use grants of £7.9m. This is due to a £5.3m grant for Covid-19 Infection Control, £1.5m for a Covid-19 Test, Track and Contain grant, £0.8m for Covid-19 Towns Fund, £0.8m Covid-19 Active Travel and a £0.8m increase in the Public Health Grant. This has been off-set by an adjustment for High Needs Deduction in Schools-related grants. Requests for the allocation of the additional grants received are detailed in **Table 1**.
4. There has also been a reduction in Housing Benefit Subsidy of £1.4m. This grant recompenses the authority for monies which have been paid out to housing benefit claimants and therefore there is a corresponding reduction, the net effect of which is nil.
5. Spending in relation to specific use grants must be in line with the purpose for which it is provided.
6. In the Chancellors Budget on 11 March, two business grant schemes were announced to provide support for businesses as a result of the Covid-19 pandemic.
7. The Small Business Grant Fund (SBGF) is payable to small businesses – essentially those who are currently eligible for Small Business Rate Relief (SBRR) and Rural Rate Relief (RRR). The amount was increased from £3,000 in the Budget to £10,000 in the Chancellor's statement on 17 March.
8. The Retail, Hospitality and Leisure Grant (RHLG) is payable to smaller businesses in this sector, with £10,000 for businesses with rateable values of less than £15,000, and £25,000 for those with rateable values between £15,000 and £51,000 (i.e. those on the Small Business Rate Multiplier).
9. At the beginning of April, Cheshire East was paid £95.5m to passport directly to eligible businesses and by the end of July there had been payments made of £84.6m. The scheme will officially close at the end of August 2020 and any unspent grant will be repaid to central government.
10. General purpose grants were budgeted to be £21.6m. Further in-year grant announcements have increased the amount received to £105.6m.
11. The Covid-19 pandemic has seen additional financial support issued by Central Government.
12. The Government announced in the Budget on 29 October 2018 that it would provide a Business Rates Retail Discount,

to apply in the years 2019/20 and 2020/21. 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.

13. The estimated full cost for this additional relief for Cheshire East was £58.8m. 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. At the end of the financial year, following a detailed reconciliation, the share relating to MHCLG (50%) will be repaid to Government.
14. Other, significant in-year Covid-19 general purpose grants received include £13.3m of Emergency Funding, £2.1m of Council Tax Hardship Funding and Emergency Active Travel Funding.
15. Additional general purpose grants of £0.7m have also been received during the year to date. These include an additional

£0.4m in respect of Children and Families related grants, £0.2m for Place related grants and £0.1m of Corporate related grants. Requests for the allocation of the additional grants received are detailed in **Table 1**.

16. During the quarter service budgets have also been increased by a further £66,668 as a result of an officer decision record. This relates to Environmental Service Feasibility Study (NW Local Energy Hub) funding.
17. Business Rates 'Tax Loss Compensation grants' of £9.2m have also been received during 2020/21. This grant reimburses the Council for providing extra discounts to businesses in line with government guidance. £4.2m of the grant is required to fund services and is included as part of the revenue budget approved in February 2020. The remaining amount will be transferred to the Collection Fund Management earmarked reserve at year end in accordance with the Reserves Strategy.
18. **Table 2** below shows a summary of Covid-19 grants that have already received approval. **Table 3** provides a summary of the updated budget position for grants in 2020/21 by type and service. Further details of grants are shown in **Table 4** Corporate Grants Register.

Table 1 – Requests for Allocation of Additional Grant Funding

Service	Type of Grant	£000	Details
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	91,227	Funding provided to local authorities to passport directly to eligible businesses applying for business support grants due to the pandemic. Note a further £4.287m already approved in Table 2.
Central Budgets	Covid-19 Emergency Funding Tranches 2 and 3 (General Purpose)	13,251	The Covid-19 Emergency Funding is additional grant received due to the rising costs caused by the pandemic.
Central Budgets	Covid-19 Business Rate Holiday (Specific Purpose)	58,786	Eligible businesses in the retail, hospitality and leisure sectors in England will not have to pay business rates for the 2020 to 2021 tax year. This grant compensates local authorities for the business rates income not received. The grant has been received based on 100% of the discount value to help local authority cash flow situations. A reconciliation will be undertaken at the end of the year to pay back MHCLGs 50% share of this funding accordingly.
Central Budgets	Covid-19 Council Tax Hardship (Specific Purpose)	2,063	New grant funding to support economically vulnerable people and households in their local area.
Allocation For Council Approval		165,327	
Place	Covid-19 Emergency Active Travel Fund (Specific Purpose)	774	To develop and deliver a borough-wide programme of Active Travel measures to support Covid-19 recovery by improving active travel provision for workplaces, schools and town centres. £155,000 has been received and £619,000 is pending.
Allocation For Cabinet Approval		774	

Service	Type of Grant	£000	Details
Corporate	Covid-19 Emergency Assistance Grant for Food & Essential Supplies (Specific Purpose)	326	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.
Corporate	Covid-19 Local Authority Discretionary Grant (Specific Purpose)	170	This grant is intended to fund costs incurred in the administration of business support grants including staff costs, software updates, print & postage and other 3 rd party support.
Place	Covid-19 Reopening High Streets Safely (Specific Purpose)	340	This additional funding is to support the safe reopening of high streets and other commercial areas. The money will allow local authorities in England to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets, through measures that extend to the end of March 2021.
Place	Covid-19 Bus Support Restart (Specific Purpose)	157	This funding is available to increase capacity on buses in order to help keep passengers safe during the Covid-19 crisis, and also to prepare for a recovering economy.
Place	Covid-19 Local Bus Network (Specific Purpose)	180	Additional support for bus services that have been affected by, or need to be adjusted because of, the impact of Covid-19. Conditions apply and any underspend will need to be returned to DfT.
People – Children & Families	Covid-19 Wellbeing for Education Return (Specific Purpose)	55	This grant seeks to better equip schools and colleges to promote children and young people’s wellbeing, resilience, and recovery in response to Covid-19.
People – Children & Families	Covid-19 Home to School Transport (Specific Purpose)	295	Thousands of students will be supported with new dedicated school and college transport to get them to school or college in the Autumn term. This funding will help them create extra capacity and allow hundreds of

Service	Type of Grant	£000	Details
			thousands more students to use alternatives to public transport, while social distancing measures remain in place.
People – Children & Families	Extended Rights to Free Transport (General Purpose)	201	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).
People – Children & Families	Staying Put Implementation (General Purpose)	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 th birthday. This supported arrangement can continue until the young person's 21 st birthday.
People – Children & Families	Extended Personal Advisor Duty Implementation (General Purpose)	42	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 from the Local Authority after the age of 21 and up to the age of their 25 th 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.
People – Adult Social Care & Health	Independent Living Fund (General Purpose)	43	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. On the 20 th December 2019, the government confirmed that that the former ILF recipient grant will continue to be paid to local authorities in 2020 to 2021.

Service	Type of Grant	£000	Details
			The total value of the grant in 2020 to 2021 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 2020/21 grant, which is £42,776 higher than originally forecast in the Medium Term Financial Strategy.
Place	Neighbourhood Planning Grant for Local Planning Authorities (General Purpose)	100	The conditions of grant mean that this funding could be used across the wider Spatial Planning area.
Place	Homelessness Reduction Act (General Purpose)	116	The Minister for Local Government is providing local authorities with new burdens funding following the introduction of the Homelessness Reduction Act. The Homelessness Reduction Act places new statutory duties on Local Authorities.
Place	Letting Agents Transparency & Redress Schemes (General Purpose)	1	This grant is to fund additional monitoring responsibilities within Strategic Housing in respect of letting agents.
Corporate	Individual Electoral Registration (General Purpose)	34	The funding is to be used on activities associated with Individual Electoral Registration (IER) services within the Electoral Services area. Successful delivery of IER as per statutory requirements. Increased number of registered electors in advance of elections and referendums. Improved accuracy of the information held on our electoral database. Increased public trust in the registration system and encourage people to take responsibility for their own inclusion on the Electoral Register and their participation in elections and referendums.
Total Allocation less than £500,000		2,173	
Total Allocation 2020/21		168,274	

Table 2 - Summary of Covid-19 Grants already Approved

Service	Type of Grant	£000	Details
Public Health	Covid-19 Infection Control (Specific Purpose)	5,320	The primary purpose of this fund is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of Covid-19 transmission in and between care homes and support wider workforce resilience.
Public Health	Covid-19 Test, Track and Contain (Specific Purpose)	1,533	The purpose of the grant is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred in relation to the mitigation against and management of local outbreaks of Covid-19.
Place	Covid-19 Towns Fund (Specific Purpose)	750	The Towns Fund works with places to address growth constraints and to chart a path of recovery from the impact of Covid-19. The overarching aim of the Towns Fund is to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth.
Central Budgets	Covid-19 Business Support Grant (Specific Purpose)	4,287	Funding provided to local authorities to passport directly to eligible businesses applying for business support grants due to the pandemic.

Urgent decisions made following Member consultation

Date	Summary of decision	Decision on behalf of	Members, MO/S151 consulted/ content?	Status
26 05 20	Covid-19 Discretionary Grant Fund: approval of supplementary revenue estimate of funds made available from Government, to make payments to businesses in the sum of £4,287,250. Delegation of the design and implementation of a policy and scheme for the distribution of funds.	Council	Yes	Decision made and Members notified
08 06 20	Approval of supplementary revenue estimate of £5.32m relating to the Covid-19 Infection Prevention Fund for Local Authorities' allocation for Cheshire East Council. Authorisation of the distribution of the first 75% of the Grant to eligible care home providers in the Cheshire East Borough in accordance with the DoHSC Grant conditions. Delegated authority to utilise the 25% balance of the Grant to support the wider care market with Infection Control measures.	Council	Yes	Decision made and Members notified

Urgent decisions made by the Chief Executive relating to Covid-19 funding under general delegation dated 2 July 2020

Date	Summary of decision	MO/S151 consulted	Status
07 07 20	Acceptance of the offer of the £750,000 Town Fund allocation for Crewe; agree a Supplementary Capital Estimate; expenditure delegated to the Executive Director of Place, subject to first consulting the Portfolio Holder for Environment and Regeneration.	Yes	Decision made and all Members notified on 08 07 20
08 07 20	<p>Test and Trace: Acceptance of the Council's allocated grant of £1.53m. Authorisation of a Supplementary Revenue Estimate, for the 2020/21 Financial Year, of £1.53m. Authorisation of the Executive Director-People, in consultation with the Portfolio Holder for Public Health and Corporate Services, to distribute the grant in accordance with the conditions which have been attached to it.</p>	Yes	Decision made and all Members notified on 08 07 20 Further clarification provided to all Members on 10 th July 2020 that the previous reference to the Portfolio Holder for Adult Social Care and Health had been corrected.

Table 3 - Summary of Grants

	Original Budget	Revised Forecast MYR	Change from Original Budget
	2020/21 £m	2020/21 £m	2020/21 £m
SPECIFIC USE			
Held within Services	233.2	241.1	7.9
GENERAL PURPOSE			
Business Support Grant	0.0	95.5	95.5
Service Funding:			
People - Childrens and Families	0.0	0.4	0.4
People - Adult Social Care and Health	8.7	8.8	0.1
Place	0.0	0.3	0.3
Corporate	12.8	28.1	15.3
Central Items	0.0	68.0	68.0
TOTAL GENERAL PURPOSE	21.5	201.1	179.6
TOTAL GRANT FUNDING	254.7	442.2	187.5

Table 3 – Corporate Grants Register

Corporate Grants Register 2020/21		Original Budget	Revised Forecast MYR	Change from Original Budget	Treatment of Grant
	<i>Note</i>	2020/21 £000	2020/21 £000	2020/21 £000	<i>Notes 2 & 3</i>
SPECIFIC USE (Held within Services)					
PEOPLE					
Schools	1	151,887	150,438	(1,449)	
Children and Families		1,759	2,021	262	
Adult Social Care		12,637	17,958	5,321	
Public Health		15,967	18,291	2,324	
Total		182,250	188,708	6,458	
PLACE					
Growth and Enterprise		263	1,572	1,309	
Directorate		787	1,897	1,110	
Total		1,050	3,469	2,419	
CORPORATE					
Finance and Customer Services		49,878	48,945	(933)	
Total		49,878	48,945	(933)	
TOTAL SPECIFIC USE		233,178	241,122	7,944	

Corporate Grants Register 2020/21		Original Budget	Revised Forecast MYR	Change from Original Budget	Treatment of Grant
	<i>Note</i>	2020/21 £000	2020/21 £000	2020/21 £000	<i>Notes 2 & 3</i>
GENERAL PURPOSE (Held Corporately)					
Central Funding					
Business Support Grant		0	95,514	95,514	Balances
People - Children and Families					
Staying Put Implementation Grant		0	113	113	SRE
Extended Rights to Free Transport (Home to School Transport)		0	201	201	SRE
Extended Personal Adviser Duty Implementation		0	42	42	SRE
People - Adult Social Care and Health					
Social Care Support Grant		7,616	7,616	0	
Independent Living Fund		818	861	43	SRE
Local Reform & Community Voices, Social Care in Prisons and War Pension Scheme Disregard		340	340	0	
Place					
Neighbourhood Planning Grant for Local Planning Authorities		0	100	100	SRE
Homelessness Reduction Act		0	116	116	SRE
Letting Agents Transparency & Redress Schemes		0	1	1	SRE
Environmental Service Feasibility Study (NW Local Energy Hub)		0	67	67	ODR

Corporate Grants Register 2020/21	Original Budget	Revised Forecast MYR	Change from Original Budget	Treatment of Grant
<i>Note</i>	2020/21 £000	2020/21 £000	2020/21 £000	<i>Notes 2 & 3</i>
GENERAL PURPOSE (Held Corporately)				
Corporate				
Housing Benefit and Council Tax Administration	1,027	1,022	(5)	Balances
NNDR Administration Allowance	571	571	0	
New Homes Bonus	11,193	11,193	0	
Individual Electoral Registration	0	34	34	SRE
COVID-19 Emergency Funding (Tranche 2)	0	10,539	10,539	Balances
COVID-19 Emergency Funding (Tranche 3)	0	2,712	2,712	Balances
COVID-19 Council Tax Hardship Fund	0	2,063	2,063	Balances
Central Items				
COVID-19 Additional Business Rates Reliefs payments for 2020/21	0	58,786	58,786	Reserves
Business Rates Reliefs Grant 2020/21	0	4,988	4,988	Reserves
Business Rates Reliefs Grant 2020/21	0	4,200	4,200	General Fund
Total Service Funding	21,565	105,565	84,000	
TOTAL GENERAL PURPOSE	21,565	201,079	179,514	
TOTAL GRANT FUNDING	254,743	442,201	187,458	

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.

Appendix 3

Debt Management

1. Sundry debt includes all invoiced income due to the Council except for statutory taxes (Council Tax and Non-Domestic Rates). The balance of outstanding debt has increased by £1.9m since the beginning of the year.
2. Annually, the Council raises invoices with a total value of over £70m. Around a quarter of the Council's overall sundry debt portfolio relates to charges for Adult Social Care, the remainder being spread across a range of functions including Highways, Property Services, Licensing and Building Control.
3. The Council's standard collection terms require payment within 28 days of the invoice date, however, services receive immediate credit in their accounts for income due. The Council uses a combination of methods to ensure prompt payment of invoices. Recovery action against unpaid invoices may result in the use of debt collectors, court action or the securing of debts against property.
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). In 2019/20 the team collected £3m on behalf of services.
5. After allowing for debt still within the payment terms, the amount of outstanding service debt at the end of July 2020 was £10.8m.

6. The total amount of service debt over six months old is £4.9m; provision of £5.7m 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
People		
Adults, Public Health and Communities	7,464	3,482
Children's Social Care (Incl. Directorate)	217	35
Education and 14-19 Skills	71	2
Prevention and Early Help	11	11
Schools	70	21
Place		
Highways and Infrastructure	1,886	974
Growth and Enterprise	605	165
Environment and Neighbourhood Services	373	245
Corporate		
Finance and Customer Services	8	6
Governance and Compliance	16	7
Transformation	91	-
	10,812	4,948

Appendix 4

Capital Strategy

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Annexes:

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- E. Capital Budget Reductions - 45 -
- F. Transfer to and from the Addendum - 46 -
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Table 1: Financial Parameters for 2020/21 to 2023/24

Parameter	Value (£m)			
	2020/21	2021/22	2022/23	2023/24
Repayment of Borrowing				
Minimum Revenue Provision*	11.5	14.0	16.4	17.7
External Loan Interest	5.1	4.8	4.8	4.7
Investment Income	(0.9)	(0.9)	(0.9)	(0.9)
Contributions from Services Revenue Budgets	(1.6)	(1.8)	(1.9)	(2.2)
Total Capital Financing Costs	14.1	16.1	18.4	19.3
Use of Financing EMR	(2.1)	(2.1)	(4.4)	(5.3)
Actual CFB in MTFS	12.0	14.0	14.0	14.0
Capital Receipts targets*	3.0	3.0	3.0	3.0
Flexible use of Capital Receipts	1.0	0	0	0

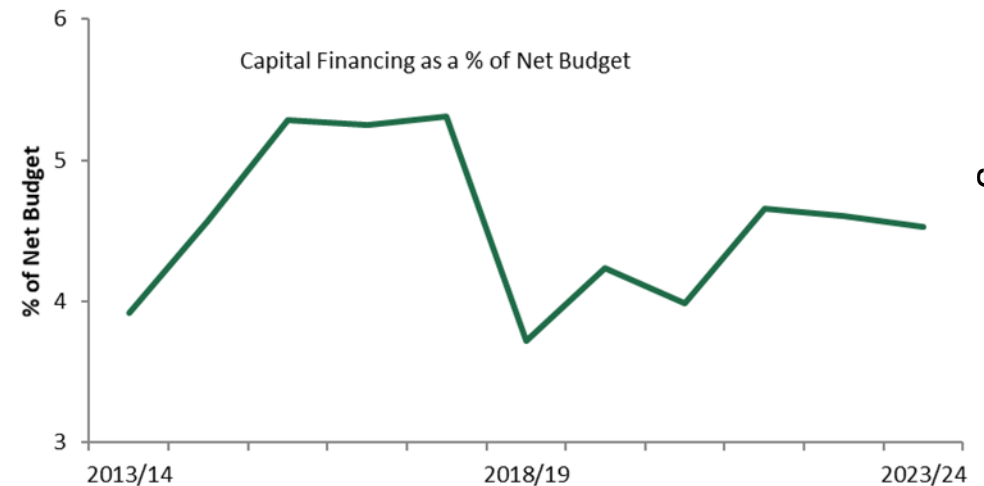
*Anticipated MRP based on achieving capital receipts targets

Repayment of Borrowing

- 1.1 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.

- 1.2 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.



- 1.3 The projection of the Council's Capital Financing Requirement (CFR) and external debt, based on the proposed capital budget and treasury management strategy is shown in Annex G. 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.

- 1.4 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 5** of this report.
- 1.5 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

- 1.6 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).
- 1.7 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.
- 1.8 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.

- 1.9 The Council's strategy is to use revenue contributions of £7.5m over the next four financial years to finance the Capital Programme to reduce the overall Capital Financing Budget. These contributions come from: £2.8m contribution from schools towards the schools transformation programme; £2.8m from the Investment Portfolio; £1.0m from ESAR for the improvements to the Council's leisure facilities; £0.6m from Highways Street Lighting for the upgrade to LED lighting; and £0.3m from Transformation Services for the Azure 365 upgrade.

Use of Financing Earmarked Reserve

- 1.10 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.
- 1.11 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.
- 1.12 The Council's current strategy is to draw-down up to £13.1m from the Financing Earmarked Reserve for the period 2020/21 to 2023/24.

Capital Programme - Mid Year Review Position

- 1.13 Since the Medium Term Financial Strategy was approved in February 2020 the Capital Programme has increased by £20.2m for the next four year period.

1.14 The main changes for the increase are carry forwards (slippage) from the previous year of £8.2m, transfers to and from the addendum of £5.4m and a Supplementary Estimate of £6.8m. **Table 2** below shows a summary of the changes.

Table 2: Summary Capital Programme

	MTFS Budget	C/F from 2019/20	SCEs/ Virements in Quarter	Transfers to/from Addendum	Budget Reductions at MYR	SCEs/ Virements at MYR	Revised MYR Budget
	2020/24	2020/24	2020/24	2020/24	2020/24	2020/24	2020/24
	£m	£m	£m	£m	£m	£m	£m
People Directorate	41.3	0.7	-	3.0	-	-	45.0
Place Directorate	377.7	11.3	0.2	2.4	(0.2)	6.8	398.2
Corporate Directorate	53.3	(3.8)	(0.2)	-	-	-	49.3
	472.3	8.2	-	5.4	(0.2)	6.8	492.5

1.15 Place Directorate had the largest amount of slippage within their programme of £11.3m and this was namely in the Strategic Highways and Strategic Site Development areas.

1.16 The main transfers from the addendum were £2.5m for the A500 Dualling Scheme that has recently gained entry into the Department of Transport's Large Local Majors programme and £3.0m for the Wilmslow High School Basic Need expansion scheme. These changes are shown in **Annex F**.

1.17 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 **Annex A**.

1.18 **Annex B** details requests of Supplementary Capital Estimates (SCE) up to and including £500,000 and Capital Virements up to and including £1,000,000 approved by delegated decision which are included for noting purposes only.

1.19 **Annex C** lists details of a Virement over £1,000,000 that requires Cabinet to approve.

1.20 **Annex D** lists the details of a Supplementary Capital Estimates over £1,000,000 that has been approved under emergency powers.

1.21 **Annex E** lists details of reductions in Approved Budgets where schemes are completed and surpluses can now be removed. These are for noting purposes only.

1.22 **Table 3** shows the revised Addendum programme. There have been two small additions to the Addendum from the main programme since the Medium Term Financial Strategy was approved in February 2020. They are £0.172m for Weston Cemetery and £0.030m for the Election's system these schemes are currently on hold.

1.23 The addendum also now includes the two additional amendments that were approved at the Council meeting in February in respect of new car parking facilities in Crewe (£0.865m) and new facilities for supported living and adult social care (£12.2m). All the other transfers are shown in **Annex F**.

Table 3: Addendum

Table 3 - Addendum 2020/21 - 2023/24					
	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total Budget 2020-24
	£000	£000	£000	£000	£000
Addendum					
People	5,454	17,575	15,775	4,700	43,504
Place	33,109	51,117	36,422	66,463	187,111
Corporate	33,313	34,991	34,724	34,983	138,011
Total Addendum	71,876	103,683	86,921	106,146	368,626

Annex A: Mid Year Review Update

CESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
Committed Schemes - In Progress					
People	19,676	17,725	4,130	1,945	43,476
Place	109,236	110,631	108,620	26,284	354,771
Corporate	16,829	13,306	9,617	8,012	47,764
Total Committed Schemes - In Progress	145,741	141,662	122,367	36,241	446,011

CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
New Schemes					
People	1,500	0	0	0	1,500
Place	6,163	12,627	12,447	12,247	43,484
Corporate	676	300	310	230	1,516
Total New Schemes	8,339	12,927	12,757	12,477	46,500
Total	154,080	154,589	135,124	48,718	492,511

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2020/21 - 2023/24

	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Forecast 2023/24 £000	Total Forecast 2020-24 £000
Funding Requirement					
Indicative Funding Analysis: (See note 1)					
Government Grants	73,161	84,856	61,043	14,092	233,152
External Contributions	12,386	13,711	26,894	22,650	75,641
Revenue Contributions	300	0	0	0	300
Capital Receipts	3,000	3,000	3,000	3,000	12,000
Prudential Borrowing (See note 2)	65,233	53,022	44,187	8,976	171,418
Total	154,080	154,589	135,124	48,718	492,511

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 three years 2020-24 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

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

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

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements		
Supplementary Capital Estimates that have been made up to £500,000		
Highways and Infrastructure		
Hollinswood Road/Redhouse Lane	10,000	Total scheme estimate from Cheshire East Highways is £32,477. This additional sum of £10,000 funded by a developer contribution increases the approved budget to the required value.
Total Supplementary Capital Estimates Requested	10,000	
Capital Budget Virements that have been made up to £1,000,000		
Environment and Neighbourhood Services		
Barony Sports Park Improvements	15,165	Virement from the Nantwich Pool project to Barony Sports Park to ensure that the overall spend for the two Nantwich Schemes are allocated correctly.
Total Capital Budget Virements Approved	15,165	
Total Supplementary Capital Estimates and Virements	25,165	

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

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements above £1,000,000 up to and including £5,000,000		
Highways and Infrastructure		
Highway Pothole and Challenge Fund	1,700,000	A virement from the Strategic Projects allocation to increase the Pothole and Challenge funding so that further improvements can be made to the Council's carriageways including drainage, cycling and walking networks and major maintenance schemes.
Total Capital Virements Requested	1,700,000	
Total Supplementary Capital Estimates and Virements	1,700,000	

Annex D: Approved Supplementary Capital Estimates (SCEs)

Service	Amount Requested £	Reason and Funding Source
Cabinet are asked to note the approved Capital Supplementary Estimate		
Highways and Infrastructure		
Highway Pothole and Challenge Fund	6,855,000	Additional Department of Transport Grant received from the Transport Infrastructure Investment Fund.
Total Supplementary Capital Estimates Requested		6,855,000
Total Supplementary Capital Estimates and Virements		6,855,000

Annex E: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction Reason and Funding Source £
Cabinet are asked to note the reductions in Approved Budgets			
Highways and Infrastructure			
Brook St, Congleton - Bus Stop	24,000	14,033	(9,967) S106 funded project now completed. Budget no longer required
Growth and Enterprise			
Warm Homes Fund	417,000	207,415	(209,585) The Warm Homes Grant allocation to the Council has been reduced so the approved budget has been reduced in line with the revised grant allocation.
Environment and Neighbourhood Services			
Stanley Hall Park Path Improvements	33,600	33,100	(500) S106 funded project now completed. Budget no longer required
Arnold Rhodes Recreation & Sports Improvements Phase 1	23,367	22,886	(481) S106 funded project now completed. Budget no longer required
Chorley Hall Lane Pitch Improvements	2,211	2,140	(71) S106 funded project now completed. Budget no longer required
	500,178	279,574	(220,604)

Annex F: Transfers from and to the Capital Addendum

Service / Capital Scheme	Amount Transferred Mid Year £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme		
Education and 14-19 Skills		
Wilmslow High School Basic Need Project	(3,000,000)	An approved budget of £9m for the Wilmslow High School expansion project is already approved in the main capital programme. This additional budget request will be funded by Basic Need Grant taking the total approved budget to £12m.
Highways and Infrastructure		
A500 Dualling scheme	(2,528,545)	The scheme has entry approval in to the Department of Transport Large Local Majors Programme and the budget to take the project to the next gateway has been transferred in to the main programme.
Growth and Enterprise		
Public Rights of Way: Capital Structures Investments	(99,000)	Approval obtained to transfer from Addendum.
Total Budgets Transferred to Main Capital Programme	(5,627,545)	

Service / Capital Scheme	Amount Transferred Mid Year £	Reason / Comment
Capital Budgets transferred from the Main capital Programme to the Addendum		
Environment Client Commissioning: Weston Cemetery Extension	172,717	Project is currently on hold in line with the recommendations in the Cemeteries Strategy.
Transformation Services		
Elections Replacement System	30,000	Budget removed from the Addendum as recommended by the Service.
Total Capital Budget Transferred to the Addendum	202,717	
Capital Budgets reallocated to any scheme held on the Addendum.		
Highways and Infrastructure		
Congleton Link Road	388,000	Re-distributed from the A500 Dualling Scheme. A virement was approved in 2019/20 from the Congleton Link Road project to fund in year spend on the A500 Dualling project. The agreement was once the A500 Dualling project was fully approved the budget would be re-imbursed. The budget is not currently required but may be needed at a later date.
A500 Dualling Scheme	(388,000)	The amount of £388,000 is a re-imburement to the Congleton Link Road project for a prior virement from the scheme to cover costs on the A500 Dualling project until such time as the scheme had full entry to the Department of Transport programme and was able to draw down the funds from the Addendum.
Total Capital Budget Transferred between Schemes	-	
Net Change to the Addendum	(5,424,828)	

Annex G: Prudential Indicators revisions to: 2019/20 and 2020/21 – 2023/24, and future years

Background

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

Estimates of Capital Expenditure

1.25 In 2020/21, the Council is planning capital expenditure of £154.1m as summarised below.

Capital Expenditure	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	Future years £m
Total	124.0	154.1	154.6	135.1	48.7

Capital Financing

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

Capital Financing	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	Future years £m
Capital receipts	7.0	3.0	3.0	3.0	3.0
Government Grants	52.7	73.2	84.8	61.0	14.1
External Contributions	7.3	12.4	13.7	26.9	22.6
Revenue Contributions	0.6	0.3	0.0	0.0	0.0
Total Financing	67.6	88.9	101.5	90.9	39.7
Prudential Borrowing	56.4	65.2	53.1	44.2	9.0
Total Funding	56.4	65.2	53.1	44.2	9.0
Total Financing and Funding	124.0	154.1	154.6	135.1	48.7

Replacement of debt finance

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

Replacement of debt finance	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Total	9.7	11.5	14.1	16.4	17.7

Estimates of Capital Financing Requirement

1.28 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP repayments and capital receipts used to

replace debt. The CFR is expected to increase by £55m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows.

Capital Financing Requirement	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2022/24 Estimate £m
Total	371	426	479	517	546

Asset disposals

- 1.29 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation project until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £12.8m of capital receipts from asset sales in the coming financial years as follows.

Capital Receipts	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Asset Sales	10.4	3.0	3.0	3.0	3.0
Loans Repaid	0.1	0.2	0.2	0.2	0.2
Total	10.5	3.2	3.2	3.2	3.2

Gross Debt and the Capital Financing Requirement

- 1.30 The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting and the Council therefore seeks to strike a balance between cheap short term loans (currently available at around 0.3%) and long term fixed rate loans where the future cost is known but higher (currently 2 - 3%).

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

Gross Debt and the Capital Financing Requirement	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Borrowing	201	130	78	77	76
Finance Leases	2	1	1	1	0
PFI Liabilities	22	21	20	19	18
Total Debt	225	152	99	97	94
Capital Financing Req.	371	426	479	517	546

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

Liability Benchmark

- 1.33 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £20m at each year end. This benchmark is currently £243m and is forecast to rise to £391m over the next four years.

Borrowing and the Liability Benchmark	2019/20 Actual £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Outstanding Debt	201	130	78	77	76
Liability Benchmark	181	243	307	355	391

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

Affordable borrowing limit

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

	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m
Authorised Limit for Borrowing	359	420	470	510	540
Authorised Limit for Other Long-Term Liabilities	22	22	21	20	18
Authorised Limit for External Debt	381	442	491	530	558
Operational Boundary for Borrowing	349	410	460	500	530
Operational Boundary for Other Long-Term Liabilities	22	22	21	20	18
Operational Boundary for External Debt	371	432	481	520	548

Investment Strategy

- 1.36 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 1.37 The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with money market funds, other local authorities or selected high

quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in shares and property, to balance the risk of loss against the risk of returns below inflation.

Treasury Management Investments	31/03/20 Actual £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
Short term	27	0	0	0	0
Long term	20	20	20	20	20
Total Investments	47	20	20	20	20

- 1.38 Further details on treasury investments are in pages of the Treasury Management Strategy, **Appendix 5**.
- 1.39 Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury activity are reported to Cabinet as part of the Finance Update reports. The Audit and Governance Committee is responsible for scrutinising treasury management decisions.
- 1.40 Further details on investments for service purposes and commercial activities are in the Investment Strategy, **Appendix 6**.
- 1.41 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by an investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, business rates and general government grants.

Ratio of Financing Costs to Net Revenue Stream	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Financing Costs (£m)	12.0	12.0	14.0	14.0	14.0
Proportion of net revenue stream %	4.23	3.99%	4.66%	4.61%	4.53%

1.42 Further details on the revenue implications of capital expenditure are on paragraphs 89-96 of the 2020-24 Medium Term Financial Strategy (**Appendix C**).

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

Appendix 5

Treasury Management Strategy

Treasury Management Report

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1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management
- 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 6**).

2. External Context

- 1.4 **Economic background:** The UK's exit from the European Union took a back seat during the first

quarter of 2020/21 as the global economic impact from coronavirus took centre stage. Part of the measures taken to stop the spread of the pandemic included the government implementing a nationwide lockdown in late March which effectively shut down almost the entire UK economy. These measures continued throughout most of the quarter with only some easing of restrictions at the end of May and into June.

- 1.5 Bank rate was maintained at 0.1% despite some speculation that the Bank of England's Monetary Policy Committee (MPC) might cut further and some MPC members also suggesting that negative rates are part of the Bank's policy tools. In June the Bank increased the asset purchase scheme by £100 billion, taking the recent round of Quantitative Easing (QE) to £300 billion and total QE to £745 billion.
- 1.6 At the same time, the government also implemented a range of fiscal stimulus measures totalling over £300 billion which had been announced in March and designed to dampen the effect of the pandemic on the labour market.
- 1.7 GDP Growth contracted by 2.2% in quarter 1 (Jan-Mar) 2020 pushing the annual growth rate down to -1.6%. The lockdown only came into force on 23 March, and the markets are braced for a dire set of growth data for quarter 2. In April UK GDP fell 20.4% month-on-month. On the back of the 5.8% month-on-month fall in March, this means economic output fell by 25% compared to its pre-coronavirus peak in February 2020.

- 1.8 The headline rate of UK Consumer Price Inflation fell to 1.2% year on year in May, further below the Bank of England's 2% target.
- 1.9 In the three months to June, labour market data remained largely unchanged on the previous quarter. This is likely due to the government's furlough scheme as more than a quarter of the UK workforce was estimated to be supported by it. The ILO unemployment rate remained unchanged at 3.9% while the employment rate fell to 76.4%. However, employers will have to contribute towards furlough payments from August and the scheme is due to stop at the end of October; unemployment is expected to rise as a result.
- 1.10 The US economy contracted at an annualised rate of 5.0% in quarter 1 2020. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% while the US government announced a \$2 trillion fiscal stimulus package. Relations between the US and China, which had briefly improved when Phase 1 of the trade agreement was signed in January, deteriorated over the quarter.
- 1.11 With little room to move on interest rates, the European Central Bank maintained interest rates at 0% and the rate on the deposit facility (which banks may use to make overnight deposits with the Eurosystem) at -0.5% and announced a further huge, open-ended commitment to buy €600bn of bonds under its Pandemic Emergency Purchase Programme (PEPP)

which can be reinvested out to 2022. This lifted the ECB's total bond buying support package to £1.35 trillion.

- 1.12 **Financial Markets:** After selling off sharply in March, equity markets started recovering in April and while still down on their pre-crisis levels, the Dow Jones and FTSE 100 and 250 have made up around half of the losses. Measures implemented by central banks and governments continue to maintain some degree of general investor confidence, however volatility remains.
- 1.13 Ultra-low interest rates and the flight to quality continued to keep gilts yields low over the period with the yield on some short-dated government bonds turning negative. The 5-year UK benchmark gilt yield dropped from 0.18% at the beginning of April 2020 to -0.06% on 30 June. The 10-year benchmark gilt yield fell from 0.31% to 0.14% over the same period, and the 20-year from 0.69% to 0.52%. 1-month, 3-month and 12-month bid rates averaged 0.04%, 0.28% and 0.44% respectively over the quarter.
- 1.14 **Credit Review:** Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and also non-UK banks from early April onwards. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as downgrading Close Brothers' long term rating to A-. Network Rail

Infrastructure and LCR Finance's long term ratings were downgraded from AA to AA-. HSBC Bank and HSBC UK Bank were the exceptions however, with Fitch upgrading their long term ratings to AA-.

- 1.15 Fitch affirmed the ratings of Canadian banks but revised their outlook to negative. The agency also downgraded the long and short term ratings of Australia's four largest banking groups. It upgraded the long term deposit rating of both Bayerische Landesbank and Landesbank Baden-Wuerttemberg (LBBW) but downgraded the viability ratings, and revised outlooks to negative. Fitch later placed three Singapore banks on Rating Watch negative.
- 1.16 Standard & Poor's (S&P) also took action on a range of UK and European banks, affirming their ratings but revising their outlook downwards due to the economic consequences of Covid-19. Moody's downgraded the long term rating of Nationwide BS from Aa3 to A1 and S&P downgraded the long and short term ratings of HSBC Bank PLC and HSBC UK Bank PLC to A+ and A-1 respectively.
- 1.17 In May, Fitch and S&P downgraded TfL's long term rating to A+ from AA- after the 95% reduction in tube and train fares which make up 47% of TfL's revenue. However, the UK government agreed to a £1.6 billion

support package which will help ease some of the stress TfL faces.

- 1.18 As the extent of the losses that banks and building societies will suffer due to the impact from the coronavirus pandemic remains uncertain but is expected to be substantial, in early June following Arlingclose's stress testing of the institutions on the counterparty list using bail-in analysis, a number of UK banks and building societies were suspended from the counterparty list for unsecured deposits. Although much better capitalised than before the 2007-09 financial crisis, under the current economic circumstances these entities were suspended for reasons of prudence. For those remaining on the list, the duration advice remains up to 35 days.
- 1.19 An outlook for the remainder of 2020/21 and interest rate forecast provided by Arlingclose is attached at **Annex A**.

3. Local Context

- 1.20 As at 31 July 2020 the Authority has borrowings of £133m and investments of £51m. 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

	31/03/20 Actual £m	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
General Fund CFR	371	426	479	517	546
Less: Other long term liabilities *	(24)	(22)	(21)	(20)	(18)
Loans CFR	347	404	458	497	528
Less: External borrowing **	(201)	(130)	(78)	(77)	(76)
Internal (over) borrowing	146	274	380	420	452
Less: Usable reserves	(106)	(102)	(96)	(90)	(87)
Less: Working capital	(80)	(80)	(75)	(73)	(71)
Investments (or New borrowing)	40	(92)	(209)	(257)	(294)

* 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

1.21 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.

1.22 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £181m over the forecast period.

1.23 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 2021/21.

1.24 **Liability Benchmark:** To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest

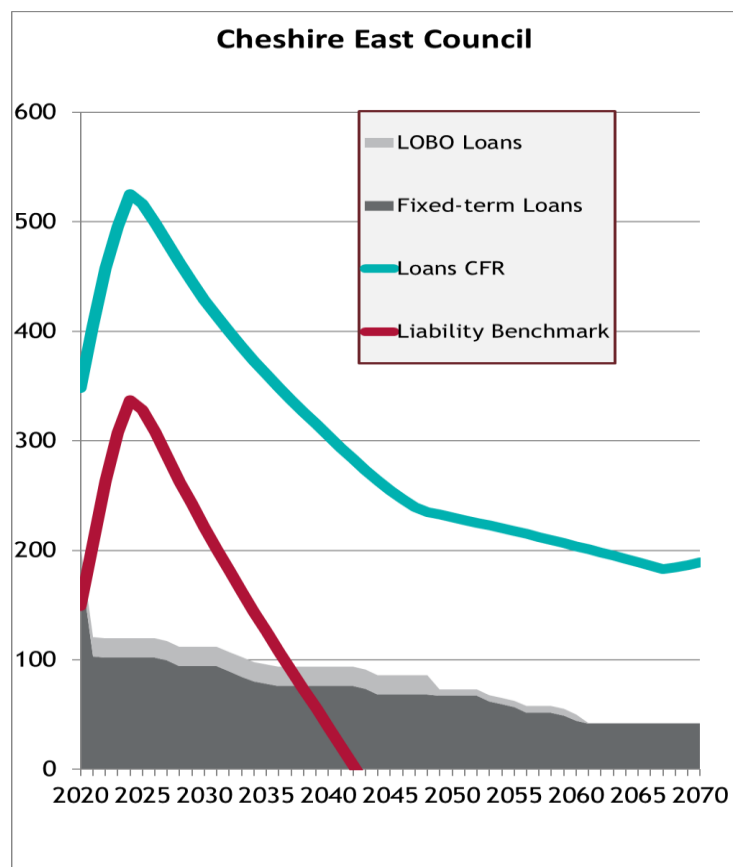
risk level of borrowing. This assumes the same forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/18 Actual £m	31/03/19 Actual £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
Loans CFR	278	304	396	443	497
Less: Usable reserves	(97)	(112)	(90)	(80)	(75)
Less: Working capital	(67)	(86)	(86)	(86)	(63)
Plus: Minimum investments	10	10	10	10	10
Liability Benchmark	124	116	230	287	369

1.25 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

1.26 The Authority currently holds loans of £133m, a decrease of £68m since 31 March 2020. This will increase to a higher level, currently forecast as £256m at 31 March 2021. PWLB debt is reducing by £3.5m this year whilst cash flow shortfalls caused by internal borrowing and the forecast effects of Covid-19 are being funded through cheaper short term borrowing.

1.27 At the moment this is being met by temporary borrowing from other Local Authorities which is considerably cheaper than other sources of borrowing. As rates are currently low and the liquidity of short term markets at year end is very much unknown due to the financial effects of Covid-19 on local authority cashflows, new borrowings are for maturity dates extending into 2021/22. The cost (including fees) to 31 July 2020 is around 0.98% although new borrowings are now considerably less. 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
Brentwood	05/05/20	03/08/20	0.62	2.0
Chichester	15/05/20	17/08/20	0.25	4.0
North & Tyne CA	19/06/20	19/08/20	0.28	5.0
Warwickshire	19/03/20	21/09/20	1.60	10.0
Trafford	20/03/20	21/09/20	1.50	2.0
Vale of Glamorgan	11/05/20	22/09/20	0.40	2.5
North Yorkshire	27/03/20	28/09/20	1.45	5.0
Tewkesbury	01/04/20	01/10/20	1.00	2.0
Western Isles	23/04/20	23/10/20	1.17	5.0
South Ayrshire	07/07/20	07/01/21	0.45	5.0
West of England CA	22/06/20	22/01/21	0.45	5.0
Wokingham	11/09/19	10/09/21	0.90	5.0
TOTAL				52.5

- 1.28 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 increasing by inflation of 2.5% a year. This is shown in **Chart 1**.
- 1.29 **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 2020/21, 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

- 1.30 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 led to higher balances than expected. The level is currently around £50m and is forecast to reduce through the remainder of 2020/21.
- 1.31 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.

1.32 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 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 with a limit of 50% of total investments per fund. There is also a maximum that can be invested in all Money Market Funds at any one time of £50m. Due to their smaller size, unrated Building Societies have a limit of £1m each although none are currently being used.

1.33 Treasury Management income to 31 July 2020 is £390,000 which is higher than the budgeted £330,000. Offsetting this are increased borrowing costs (currently £83,000 higher than budget). The level of cash balances is expected to remain at around £50m until December 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 July 2020 is £52.0m

- The average annualized interest rate received on in-house investments during 2020/21 is 0.31%
- The average annualized interest rate received on the externally managed funds during 2020/21 is 5.09%

1.34 The Authority's total average interest rate on all investments in 2020/21 is 1.64%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.06%, and our own performance target of 0.60% (Base Rate + 0.50%).

Table 4 – Interest Rate Comparison

Comparator	Average Rate to 31/07/2020
Cheshire East	1.64%
LIBID 7 Day Rate	0.06%
LIBID 3 Month Rate	0.23%
Base Rate	0.10%
Target Rate	0.60%

1.35 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.

1.36 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	7.4
Kames	Multi Asset	5.0	4.7
Fidelity	Equity - Global	4.0	3.8
Schroders	Equity - UK	2.5	1.8
M & G	Bonds	1.0	0.9
TOTAL		20.0	18.6

1.37 The value of these investments does vary. The effects of Covid-19 on financial markets and values of underlying assets has been considerable. Fund values at 31 July 2020 are significantly lower than the amounts invested although they have improved slightly since 31 March 2020. However, they all continue to deliver high levels of income return.

Chart 2 – Current Investments by Counterparty Type

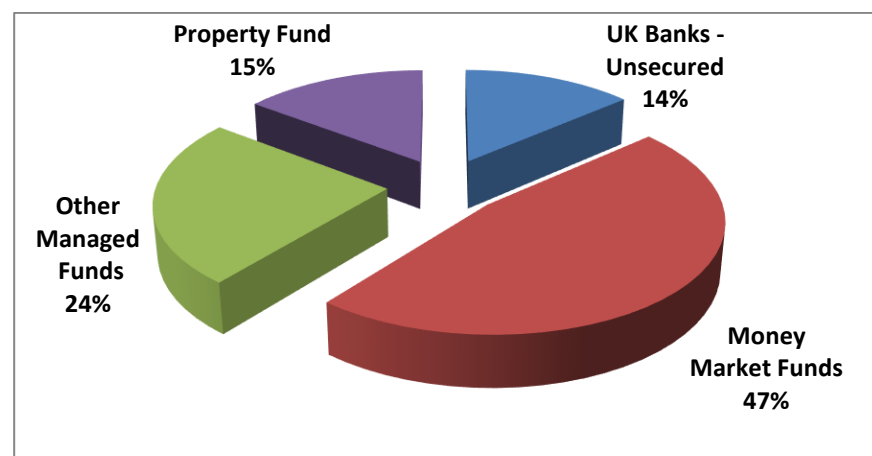


Table 6 – Types of Investments and Current Interest Rates

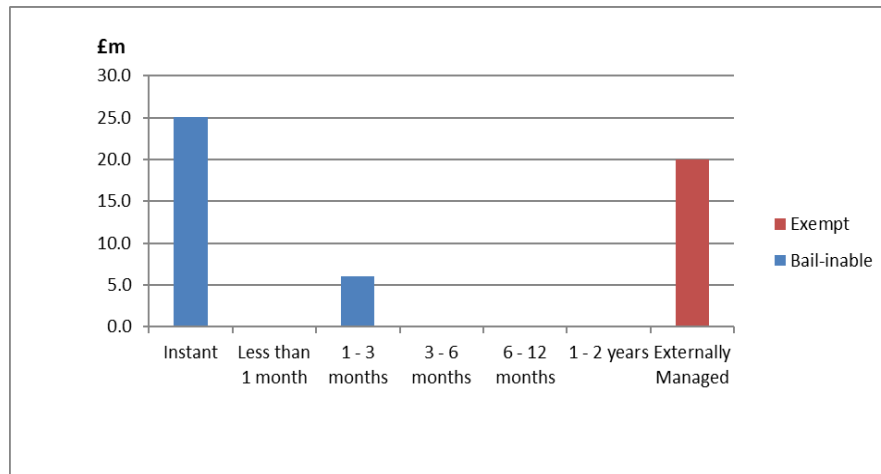
Instant Access Accounts	Average Rate %	£m
Money Market Funds	0.13	24.1
Barclays Bank	0.01	1.0

Call Accounts	Earliest Maturity	Rate %	£m
Santander – 95 day	06/09/20	0.57	6.0

Externally Managed Funds	£m
Total – see table 5	20.0

Summary of Current Investments	£m
TOTAL	51.1

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

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

1.39 **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% <u>rise</u> in interest rates	£545,000
Likely revenue impact in 2020/21 of a 1% <u>rise</u> in interest rates after 31 July 2020	£455,000

1.40 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 2020/21 so a fall in rates would lead to savings rather than incurring additional cost so a limit of £0 was set.

1.41 **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 July 2020 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	49%
12 months and within 24 months	35%	5%
24 months and within 5 years	35%	1%
5 years and within 10 years	75%	9%
10 years and within 20 years	100%	12%
20 years and above	100%	24%

1.42 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. This will be kept under

review as it does increase the risk of higher financing costs in the future but may currently be limiting ability to take advantage of lower short term rates.

1.43 **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	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£25m	£15m	£10m
Actual amounts committed beyond year end	£0m	£0m	£0m

Annex A: Economic & Interest Rate Forecast – Outlook for 2020/21

The medium term global economic outlook is very weak. While containment measures taken by national governments in response to coronavirus are being eased, it is likely to be some time before demand recovers to pre-crisis levels due to rises in unemployment, the on-going need for virus control measures and the impact on consumer/business confidence.

The response from the Bank of England, HM Treasury as well as other central banks and governments have been significant and will act to support the recovery when it occurs, by keeping financial conditions stable and many businesses solvent/employees employed than would otherwise have been the case. There will be an economic bounce in the second half of the year, as businesses currently dormant begin production/supply services once more.

However, the scale of the economic shock to demand and the probable on-going social distancing measures necessary

before a vaccine is produced will mean that the subsequent pace of recovery is limited.

Arlingclose expects Bank Rate to remain at the current 0.10% level and additional monetary loosening in the near future through further financial asset purchases (QE). While the Arlingclose central case for Bank Rate is no change, further cuts to Bank Rate to zero or even into negative territory cannot be ruled out.

Downside risks remain in the near term as households and businesses react to an unprecedented set of economic circumstances.

Gilt yields are expected to remain very low in the medium term. Some shorter-term gilt yields will remain around zero until either the Bank expressly rules out negative Bank Rate or growth prospects improve.

	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
Official Bank Rate												
Upside Risk	0.00	0.00	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside Risk	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35

Annex B: Existing Investment & Debt Portfolio Position

	31/07/20 Actual Portfolio £m	31/07/20 Average Rate for the year %
External Borrowing:		
PWLB – Fixed Rate	62	4.44%
Local Authorities	52	0.88%
LOBO Loans	17	4.63%
Other	2	-
Total External Borrowing	133	3.22%
Other Long Term Liabilities:		
PFI	21	-
Finance Leases	1	-
Total Gross External Debt	155	-
Investments:		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	24	0.13%
Call Accounts	1	0.01%
Notice Accounts	6	0.57%
<i>Managed externally</i>		
Property Fund	7.5	3.80%
Multi Asset Fund	5	4.85%
Equity - Global	4	5.38%
Equity - UK	2.5	9.06%
Bonds	1	4.77%
Total Investments	51	2.12%
Net Debt	104	-

Appendix 6

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 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

- 1.4 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 £148m during the 2020/21 financial year.
- 1.5 Full details of the Authority's policies and plans for 2020/21 for treasury management investments are covered the Treasury Management Strategy (**Appendix 5**).

3. Service Investments: Loans

- 1.6 Loans have been provided to Everybody Sport & Recreation for the purpose of investing in new equipment, with the aim of increasing the usage of leisure centres and improving the health of residents.
- 1.7 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.

- 1.8 In addition, the Council has committed to investing £5m (and lent £3.9m as at 31 July 2020) 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 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.
- 1.9 Upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £'000

Category of borrower	31/03/20	As at 31/08/20			2020/21
	Actual	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	5,087	5,412	61	5,351	30,000
Local charities	601	601	44	557	2,500
TOTAL	5,712	6,037	106	5,931	35,000

- 1.10 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority’s statement of accounts are shown net of this loss allowance. 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

- 1.11 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 (MSP; 39% shareholder). As part of the arrangement, the Council also invested in MSP but sold those shares in September 2019 at a profit of £1.7m.
- 1.12 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.
- 1.13 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. 2020 actual	As at 31/08/2020			2020/21
		Amounts invested	Gains or losses	Value in accounts	Approved Limit (cost of investment)
Local Businesses	3,110	1,070	2,040	3,110	10,000
TOTAL	3,110	1,070	2,040	3,110	10,000

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

Property	Actual Purchase cost	31/03/20 actual		31/03/21 expected		2020/21 Approval Limit
		Gains or (losses) in-year	Value in accounts (includes gains/ (losses) to date)	Gains or (losses)	Value in accounts	
Industrial Units	907	522	1,965	0	1,965	
Enterprise Centres	770	(947)	350	0	350	
Retail	23,350	(500)	24,870	0	24,870	
Residential	600	(435)	240	0	240	
Total	25,627	(1,360)	27,425	0	27,425	100,000

5. Commercial Investments: Property

- 1.14 Note that MHCLG defines property to be an investment if it is held primarily or partially to generate a profit.
- 1.15 The most significant investment is that in land and buildings on the North and East side of Weston road in Crewe purchased in April 2019.

6. Commercial Investments: Loans

- 1.16 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
 - The Council is entering 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.

Category of borrower	2020/21
	Approved Limit £000
Partner Organisations	20,000

7. Loan Commitments and Financial Guarantees

- 1.17 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.
- 1.18 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 will be managed by a firm of experienced fund managers with a strong track record of providing loans that minimise the risk of default. The Council, as contracting party, will provide guarantees in respect of the amounts provided through ERDF though this will be offset by the professional indemnity insurance held by the fund manager.

8. Proportionality

- 1.19 The Authority is only partially dependent on profit generating investment activity to achieve a balanced revenue budget, in

respect of Place services. **Table 4** below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, with the Authority's contingency plans for continuing to provide these services include effective budget management and tight cost control.

Table 4: Proportionality of Investments in £'000

	2018/19 Actual	2019/20 Actual	2020/21 Budget	2021/22 Budget	2022/23 Budget
Gross service expenditure - Directorate Level	77,367	73,137	74,082	73,809	75,542
Investment income	(2,298)	(1,785)	(1,698)	(1,698)	(1,698)
Proportion	3%	2.5%	2%	2%	2%

NB: The proportion is the investment income divided by the gross service expenditure

9. Borrowing in Advance of Need

- 1.20 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.

10. Capacity, Skills and Culture

1.21 The Authority has established an Investment Strategy Board comprised of members, supported by officers and where necessary, external advisors, 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.

1.22 The Board is made up of the following individuals:

- The Leader of the Council (Chair)
- Portfolio Holder for Finance, ICT & Communication
- Portfolio Holder for Environment & Regeneration

1.23 Support is provided by:

- Executive Director Corporate Services
- S151 Officer
- Executive Director Place
- Monitoring Officer
- Director of Growth & Enterprise

11. Investment Indicators

1.24 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.

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

Table 5: Total investment exposure in £'000

Total investment exposure	31/07/20 Actual	31/03/21 Forecast	31/03/22 Forecast
Treasury management investments	51,100	20,000	20,000
Service investments: Loans	6,037	5,936	5,802
Service investments: Shares	3,110	3,110	3,110
Commercial investments: Property	27,425	27,425	57,425
Commercial Investments : Loans	0	10,000	20,000
TOTAL INVESTMENTS	87,672	66,471	106,337
Commitments to lend	1,159	1,159	1,159
TOTAL EXPOSURE	88,831	67,630	107,496

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

1.27 However in 2020/21 there is a possibility if the Authority decides to increase its investments in commercial properties and loans that they may require funding from borrowing.

Table 6: Investments funded by borrowing in £'000

Investments funded by borrowing	31/03/19 Actual	31/03/20 Actual	31/03/21 Forecast
Treasury management investments	0	0	0
Service investments: Loans	0	0	10,000
Service investments: Shares	0	0	0
Commercial investments: Property	28,785	27,425	100,000
Commercial Investments : Loans	0	0	20,000
TOTAL FUNDED BY BORROWING	28,785	27,425	130,000

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.

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

Investments net rate of return	2019/20 Actual	2020/21 Actual	2021/22 Forecast
Treasury management investments	2.12%	1.64%	2.00%
Service investments: Loans	-12.59%	0.13%	0.35%
Service investments: Shares	-26.25%	0.00%	0.00%
Commercial investments: Property	6.66%	6.66%	6.66%

1.28 **Rate of return received:** This indicator shows the investment income received less the associated costs,

Appendix 7

Reserves Strategy

Management of Council Reserves

1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
2. The opening balance at 1 April 2020 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2019/20.
3. The updated Risk Assessment for 2020/21 provides for the Minimum Level to be set at £10.3m. This is considered a relatively prudent overall target for reserves at 3.4% of the net budget.
4. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31 March 2020 balances on these reserves stood at £40.9m, excluding balances held by Schools.
5. During 2020/21, an estimated £5.3m will be drawn down and applied to fund service expenditure specifically provided for. Service outturn forecasts take account of this expenditure and funding.

6. **Table 1** shows the forecast total reserves at the end of March 2020/21. Overall the Council remains in a strong financial position given the major challenges across the public sector.

Table 1 – Reserves Position

	£m
General Reserve	10.3
Earmarked Reserves (excluding Schools)	35.6
Total Reserves Balance at 31 March 2020	45.9

7. Details of individual reserves are shown in **Table 2** below.

Table 2 – Earmarked Reserves Position

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	2,504	114	2,618	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Public Health	978	422	1,400	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.
NHB Community Fund	132	(132)	0	To support administrative staffing costs in relation to Central Government's New Homes Bonus guidance for community projects
Children's Services				
Domestic Abuse Partnership	70	(55)	15	To sustain preventative services to vulnerable people as a result of partnership funding.
SALT and OT	63	(63)	0	To support the additional investment into Speech and Language Therapy (SALT) and Occupational Therapy (OT).

Name of Reserve	Opening Balance 1st April 2019 £000	Forecast Movement in 2019/20 £000	Forecast Closing Balance 31st March 2020 £000	Notes
Place				
Investment (Sustainability)	682	(561)	121	To support investment that can increase longer term financial independence and stability of the Council.
Planning and Sustainable Development				
Trading Standards and Regulations	36	(36)	(0)	Ongoing Trading Standards prosecution case on product safety.
Air Quality	39	(39)	(0)	Air Quality Management - DEFRA Action Plan.
Strategic Planning	638	(160)	478	To meet costs associated with the Local Plan.
Licensing Enforcement	15	(15)	0	Three year reserve to fund a third party review and update of the Cheshire East Council Taxi Licensing Enforcement Policies.
Infrastructure and Highways				
Parking - Pay and Display Machines & Parking Studies	178	(178)	0	Purchase of Pay and Display Machines.
Highways Procurement	193	(193)	0	To finance the development of the next Highway Service Contract.
Well Managed Highway Infrastructure Delay	230	(230)	0	Due to the call in of WMHI, the savings proposed relating to winter service cannot be realised and the forecast service costs have increased by £230,000.
Flood Recovery Works	400	(400)	0	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.
HS2	303	(303)	0	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.
Growth and Regeneration				
Royal Arcade Crewe	99	(99)	0	To provide for future costs relating to the Royal Arcade including repairs and maintenance.
Legal Proceedings on land and property matters	72	(72)	0	To enable legal proceedings on land and property matters.
Housing - Choice Based lettings	71	(71)	0	Housing partner contributions to support the administration of the choice based lettings scheme .
Homelessness & Housing Options	54	(54)	0	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Investment Portfolio	558	(340)	218	To support the Council's Investment Acquisition Strategy.

Name of Reserve	Opening Balance 1st April 2020 £000	Forecast Movement in 2020/21 £000	Forecast Closing Balance 31st March 2021 £000	Notes
Corporate				
Governance and Compliance Services				
Elections	27	112	139	To provide funds for Election costs every 4 years.
Finance and Customer Services				
Insurance (Cheshire East & Cheshire County Funds)	3,889	0	3,889	To settle insurance claims and manage excess costs.
Collection Fund Management	6,828	3,456	10,284	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	9,080	(1,468)	7,612	To provide for financing of capital schemes, other projects and initiatives.
New Homes Bonus Community Fund	140	0	140	To support Central Government's New Homes Bonus guidance for community projects, to be allocated in accordance with local priorities.
MTFS Reserve	3,439	(346)	3,093	To support the financial strategy and risk management.
Transformation				
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	450	(27)	423	To fund HR expenditure in relation to the Care4CE review, culture change programme, pay realignment and the Learning Management System.
Brighter Future Transformation Programme	910	(910)	0	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.
Cross Service				
Revenue Grants - Dedicated Schools Grant	(2,560)	(2,562)	(5,122)	Overspend on reserve
Revenue Grants - Other	11,360	(1,070)	10,290	Unspent specific use grant carried forward into 2020/21.
TOTAL	40,878	(5,280)	35,598	

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Working for a brighter future together

Key Decision: No

Date First
Published: >

Corporate Overview and Scrutiny

Date of Meeting: 1st October 2020

Report Title: Crowd Funding

Portfolio Holder: Cllr Nick Mannion, Portfolio Holder for Environment and Regeneration and Cllr Mick Warren Portfolio Holder for Communities

Senior Officer: Mark Palethorpe – Executive Director People
Frank Jordan –Executive Director Place

1. Report Summary

- 1.1. Crowd funding has the potential to allow the Council to target and deliver social value in public sector contracts towards local need, influencing local corporate social responsibility to have the greatest impact on the needs of the borough and give a unified approach to grant funding across the Council by providing a centralised platform for locally generated project ideas.
- 1.2. Crowd funding is the process of allowing projects to advertise for funding, usually through an online platform. This allows large groups of people to make small individual financial contributions to the project and also is a platform that potential investors and grant providers can access to review proposed projects for suitability for larger funding contributions.
- 1.3. A new policy will be required to provide a transparent basis for the use of crowd funding in accordance with the requirements of the Corporate Grants Policy and there it is proposed that this would be amended accordingly as outlined in Appendix A
- 1.4. It will be necessary to procure a partner to work with Cheshire East Council to set up and manage a facility. The partner will bring both the technical expertise and the experience of crowd funding in a local authority context. From research it will estimate for every £1 the council invests in to

community projects through Crowdfunding it will result in an additional £3 providing a 300% expected return on investment.

2. Recommendations

2.1. That Cabinet

1. Approves the draft Crowd Funding Policy as a sub-policy document to the Grant Policy as set out in appendix A.
2. Delegates authority to the Executive Director People to procure a platform provider to enable the authority to implement a crowd funding solution.

3. Reasons for Recommendations

- 3.1. The Council wants to support the local community as it recovers from the effects of the COVID pandemic and provide opportunities for locally conceived projects to benefit local priorities.
- 3.2. The Council needs to remain current with the technologies it makes use of in order to carry out its varied functions in the best way for the people of Cheshire East.
- 3.3. The Council is responsible for disseminating grants from various sources to assist with community projects. Having a central platform for these projects to be registered will provide a more streamlined process to assist with this.
- 3.4. The Council will need to work with a provider with experience in order to ensure a smooth and usable process with built in safeguards and experience within the field. The provider will be contractually obliged to provide a robust due diligence process and will be an intermediary independent of the local authority and the project owners.
- 3.5. The Council is required by its existing policies to create clear processes and parameters for the distribution of discretionary schemes. A Crowd Funding Policy has been created and is attached to this report in Appendix A.

4. Other Options Considered

- 4.1. The option to create and manage the platform directly within the council has been considered. This option is not considered to be preferable as a procured partner would bring expertise, experience and tested software saving time and money for the authority.
- 4.2. The option to do nothing has been considered. This would deny the authority the benefits of a crowd funding platform and so is not considered to be preferable.

5. Background

- 5.1. Many local authorities, including those in the Liverpool City Region and West Sussex County Council are using crowd funding as a mechanism for funding their own local projects and also for giving a platform to other local projects that are seeking funding solutions.
- 5.2. While the Council must give financial priority to core services there are many other aspects of local life that the Council needs to concern itself with. Accessing crowd funding allows the authority to initiate projects which the community can be invited to participate in.
- 5.3. Examples of Council led projects that could benefit from crowd funding as an enabling income source are those referenced within the Carbon Neutral Action Plan and the Environment Strategy including green infrastructure and sequestration projects to reduce carbon and improve local amenity. Crowdfunding will also attract and enable conversations in communities to be had and to think how residents individually and collectively can contribute towards Carbon Neutrality.
- 5.4. The local authority is charged with disseminating various grants for specific purposes within the Borough. Having a centralised platform for the projects able to use these grants would provide added efficiency to the authority.
- 5.5. Enabling community groups to add their projects to a central platform provides those projects with exposure and the ability to raise funds and other assistance that they would not otherwise have had.
- 5.6. A council led platform provides a level of security and assurance to residents who are considering providing contributions to these projects. The need therefore for all projects to go through a robust system of due diligence is required and will form a central part of the procurement of a partner provider. Additionally, the partner will need to demonstrate their commitment to IT security as part of the procurement process.
- 5.7. As noted within our Social Value Procurement Policy (Approved 2016) we are requiring recipients of public contracts to make a contribution to social value within the area. A single platform of local projects provides an outlet for this social value funding. This has not had the impact locally across the public sector that it was intended too, to date. Recent training delivered to public sector staff across Cheshire and Merseyside highlighted issues that providers of public sector contracts did not understand how they could contribute resource or inward invest in to projects that would demonstrate social value. This policy and platform will allow this take place across Cheshire East.
- 5.8. It is not anticipated that all of the projects on the platform will be in receipt of funding from Cheshire East. However, the platform will provide good exposure and strong income potential for projects.

- 5.9. The selected provider will have a contractual relationship with Cheshire East Council and will therefore be held to appropriate standards of performance and practice throughout the life of the contract.
- 5.10. The Cheshire East Council Corporate Grants Policy requires that a Policy must be created for each discretionary scheme. A Crowd Funding policy has therefore been created and is included in Appendix A to this paper.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. If the recommendations are approved there are risks that need to be managed. In addressing these it is recommended that:
- 6.1.1.1. the policy identifies which projects are not to be considered suitable for Council support.
 - 6.1.1.2. the role of the platform provider be carefully considered in terms of the responsibilities of the provider to vet projects and the due diligence that is to be undertaken for any given project.
 - 6.1.1.3. a suitably robust contract is put in place with the platform provider identifying the obligations of the platform provider.
 - 6.1.1.4. the policy ensures that project promoters are aware that if funding targets are not achieved the Council is not in any way obliged to make up the difference.
 - 6.1.1.5. that projects in receipt of Crowd Funding are appropriately monitored to ensure that funds paid over are expended in support of the projects goals and not otherwise dissipated.

6.2. Finance Implications

- 6.2.1. The expenditure required for this project will be £100,000 and this will be a revenue spend across three years; the spend for year 1 will be £40,000 and years 2 and 3 will be £30,000 in each year. The financial benefits of the project will come in the form of efficiency savings, leverage against projects and social value payments from public sector contracts.
- 6.2.2. No payment will be committed until such time as contracts are completed therefore the only sum to be spent at risk is the cost of carrying out the procurement.
- 6.2.3. The revenue funds will come from existing budgets and no additional approval is required within this financial year. The budgets to be used

are the Carbon revenue budget, the Communities revenue budget and the Brighter Futures Transformation Programme Commercial Workstream budget. The breakdown from each budget is shown below.

	Year 1 – (2020-21)	Year 2 – (2021-22)	Year 3 – (2022-23)
BFTP	£20,000	£10,000	£10,000
Carbon	£10,000	£10,000	£10,000
Communities	£10,000	£10,000	£10,000

6.3. Policy Implications

6.3.1. The Crowd Funding policy will be implemented if agreed by Cabinet.

6.4. Equality Implications

6.4.1. An Equality Impact assessment is in the process of being completed.

6.5. Human Resources Implications

6.5.1. A new policy is being introduced which will have a minor impact on human resources.

6.6. Risk Management Implications

6.6.1. There will be some additional risks to manage due to the council having a new platform as noted in 6.1.

6.6.2. The policy in Appendix A provides detailed parameters for projects that will and will not be suitable for crowd funding on our platform and this will reduce risks.

6.6.3. The Crowdfunding platform will be procured, any associated risks will be mitigated through a robust procurement process.

6.7. Rural Communities Implications

6.7.1. Rural communities will be able to access the platform for their projects and rural grants will be able to be disseminated through the platform.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. Projects associated with these groups will be able to access the platform and grants will be able to be disseminated through the platform.

6.9. Public Health Implications

6.9.1. There will be various projects that will be expected to be proposed that will have a positive impact on Public Health. We will take a targeted approach to ensure we are receiving community applications that have the greatest impact on our areas most prevalent to health inequalities

6.10. Climate Change Implications

6.10.1. It is anticipated that a significant number of low carbon projects will use this platform to access funding.

7. Ward Members Affected

7.1. The implications of this decision will apply across the borough.

8. Access to Information

8.1. The draft Crowd Funding Policy is appended to this report in appendix A

9. Contact Information

9.1. Any questions relating to this report should be directed to the following officer:

Name: Dan Coyne

Job Title: Community Development Manager

Email: Daniel.coyne@cheshireeast.gov.uk

Name: Nichola Thompson

Job Title: Director of Commissioning

Email: Nichola.Thompson@cheshireeast.gov.uk



CROWDFUNDING POLICY

SCOPE

Cheshire East Council is committed to working for a brighter future together to build strong and resilient communities within the Borough and to maximise social wellbeing for all residents. One way of achieving these goals is to promote projects that have at their heart community well-being through the use and promotion of crowdfunding.

POLICY STATEMENT

The purpose of this policy is to provide guidance on the basis on which the Council may choose to crowdfund any given project and the procedures and safeguards that are to be applied. This policy also applies to any crowdfunding undertaken or endorsed/facilitated by Cheshire East Council.

This policy aims to:

- Confirm the purposes for which crowdfunding will be an acceptable means of finance;
- Clarify the rules that the council has adopted to regulate its use of crowdfunding;
- Detail the due diligence required for external projects promoted and assisted through the Council's crowdfunding platform.

PURPOSE OF CROWDFUNDING

Cheshire East Council **will** support the use crowdfunding for the following general purposes:

1. To encourage community participation and ownership of non-statutory service Council projects (i.e. community orchards, local small energy generation projects).
2. To provide Council support and potentially Council part funding for selected community initiatives and projects.
3. To facilitate community funding for community initiatives and investment in non-profit making community enterprises.
4. To provide a platform for the community to suggest projects or initiatives they would like to take forward and source the funding from within the community.

APPENDIX 1

Cheshire East Council **will not** directly or indirectly support the use of crowdfunding for the following non-exhaustive purposes:

1. To fund or part fund statutory Council services.
2. To support raising of investment for private, profit making businesses unless the businesses are properly structured Community interest partnerships or co-operatives (these exceptions to be considered on their individual circumstances).
3. Initiatives intended to destabilise markets or distort competition.

RULES TO BE OBSERVED

Cheshire East Council commits itself to observing the following rules in respect of crowdfunding:

1. All directly and indirectly supported projects will need to have had due diligence before being added to the approved Crowdfunding site
2. All supported projects must be assessed in respect of value for money, social value and risks to investment, which should be clearly stated in project information.
3. Dividend returning community funded schemes will be considered where there is demonstrable public benefit coupled with proven market failure and not-for-profit structure, i.e. CiC or cooperative.
4. The Council will use the most economically advantageous platform to ensure value for public money
5. The Council will publish a full list of live crowdfunding initiatives on its website
6. The Council will publish an annual report detailing the projects crowdfunded through the platform, their costs and performance – including projects that did not directly receive Council funding.
7. The project sponsor will detail at the outset the target for the crowdfunding and the Council will confirm where applicable the maximum total of part funding the authority is able to commit.
8. Projects supported by way of crowdfunding will be monitored to ensure that they achieve their aims and that all funds are properly applied towards achieving the stated goals of any project..

DUE DILIGENCE REQUIREMENTS

Cheshire East Council will confirm that appropriate due diligence has taken place before endorsing or promoting or match/part funding any projects initiated by outside organisations and before creating, promoting and utilising crowdfunding for its own projects.

This due diligence does not in any way absolve any outside organisation from their own liabilities in respect of promises or assurances made to members of the public.

APPENDIX 1

All projects will require documentation to be provided to the authority to include commentary from finance and legal advisors in addition to communities advisors.

The approval will consider whether projects are legally and financially appropriate for Council endorsement and whether the social and community aims of the project are aligned to the priorities and values of Cheshire East Council.

If the project involves community ownership of a venture or business Cheshire East Council will require full details of projected costs, secured customers/offtakers and predicted cashflows for independent verification. A full risk analysis will also be required and must be publically available.

Cheshire East Council will reserve the right to withdraw financial support and endorsement if factors that should have been disclosed at the outset are brought to light at a later stage.

MONITORING AND REVIEW

The Council will monitor this policy to ensure that it is operating fairly, consistently and effectively. The policy will also be reviewed in the light of operating experience and/or changes in legislation.

Prepared by:

Date:

Review date:

Other considerations – does the policy need to reference the type of site it needs to procure and broad specification

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Working for a brighter future together

Key Decision Y

Date First Published:
27/07/2020

Cabinet Report

Date of Meeting: 06/10/2020

Report Title: Re-procurement of a Case Management Systems: Adult's and Children's Social Care

Portfolio Holder: Councillor Amanda Stott (Portfolio for Finance, IT and Communications) Councillor Laura Jeuda (Portfolio Holder for Adult Social Care and Health); Councillor Kathryn Flavell (Portfolio for Children and Families);

Senior Officer: Mark Palethorpe, Executive Director People and Jane Burns, Executive Director Corporate Services

1. Report Summary

1.1. There is a service requirement to review the existing case management, financial systems, directory of services and eBrokerage for Adults and Children's services as the corresponding systems contracts expire on the 31st of March 2021. An exercise has begun to review potential systems, the current market and the route to procurement that is available.

1.2. The estimated value of the procurement will be £1.287m over a 4 year period.

1.3. The systems options and routes to procurement are explained within this report for the service to consider in relation to system direction and strategy.

2. Recommendations

2.1. That Cabinet authorises the Executive Director of Corporate Services in consultation with the Portfolio Holder for Finance, ICT and Communication to award and enter into a contract to deliver Case Management Systems: Adult's and Children's Social Care for Cheshire East Council, via GCloud11 framework; with an estimated value of the procurement will be £1.287m over a 4 year period.

3. Reasons for Recommendations

- 3.1. The requirements of Adult and Children services do not materially vary from the existing system functionality provided by Liquidlogic and Oxford Computer Consultants. These supplier solutions are available via the GCloud11 framework.
- 3.2. The recommended option is to re-procure systems via new framework contract.
- 3.3. The recommendation allows the council to use a compliant procurement framework solution, using Crown Commercial Services – G-Cloud 11 (2years +1 year + 1 year) 2021-2025.

4. Other Options Considered

- 4.1. **Option 2** – Re-procure via open competitive tender process for all the functionality provided by the incumbent suppliers. If this option is considered there would be the potential for large scale operational change and other implementational costs which would need to be factored into the decision.
- 4.2. **Option 3** – Seek to extend existing LASA framework contract for its final 2 years extension that is available (requires supplier agreement on terms). This option would enable the supplier to set contractual terms at a potential disadvantage to the Council.
- 4.3. **Option 4** – Do nothing - Cheshire East needs a robust case management solution to meet statutory function and support the most vulnerable residents across our borough.

5. Background

- 5.1. The current systems that are used by the Social Care Service across Adults and Children's are provided by Liquidlogic and Oxford Computer Consultants (OCC). The systems covered by these suppliers have been in place since 2014 and the supplier performance throughout the contract lifespan has been very positive for the Local Authority.
- 5.2. A series of feedback gathering sessions have taken place with key service leads and stakeholders to help identify the following: Functionality Gaps, Data Storage, System Bugbears, Future Enhancements.
 - 5.2.1. Adults key themes were that existing systems were well embedded and working well for the service. Adults key service managers felt that the solutions provided by the incumbent supplier have brought about positive changes to the operational function of Adult Social Care, in Cheshire East.
 - 5.2.2. Children's key themes were similar to the adult's feedback. There was a greater focus on the timeliness in which system enhancements are introduced as a result of emerging legislative changes. There were some

suggestions of how the system could help support closer case recording with other disparate systems.

5.3. Large amounts of the feedback exposed the need for further council internal effort on reporting and changes to the systems solutions that are within Cheshire East's control. The emphasizes the internal investment needed to ensure that ICT systems are best utilised and that Cheshire East achieve a positive return on Investment.

5.3.1. Further detailed feedback can be requested from the Programme if required.

5.4. There are several other suppliers in the social care systems marketplace covered below:

5.4.1. OLM – This supplier has been offering case management products for several years but the functionality compared to the incumbent supplier would be less.

5.4.2. Liquidlogic – The incumbent supplier of the Liquidlogic Adults System and Children's Case Management System. One of the industry leaders and increasing market share.

5.4.3. Servelec – Currently provides Education Case Management to Cheshire East for several years (pre LGR). This supplier was recently purchased by another company enabling it to branch into social care case management by having Core Logic, to its suite of products. This supplier is slowly increasing its market share in the social care systems space.

5.4.4. Oxford Computer Consultants – Provide the Cheshire East online directory 'Live Well' and financial provisioning for adults and Children's social care. This supplier is one of the only financial system suppliers that has proven interfacing with Liquidlogic Case Management products.

6. Implications of the Recommendation

This decision will have little impact on the Council's operational function if the decision is to continue with the existing system's requirements and look to replace like for like.

6.1. Legal Implications

6.1.1. The proposed procurement via a Crown Commercial Service's G-Cloud Framework is a compliant route to procure the proposed system. The systems were originally procured under the Crown Commercial Service's G-Cloud iii Framework in 2014 which permitted a maximum contract term of 2 years. When the systems were subsequently re-procured it was felt that a longer term for the contract would be more appropriate and so the Crown Commercial Service's RM1059 Local Authority Software Applications Framework was used as this permitted a maximum contract

term of 7 years, the contract being procured for a term of 5 years. The Crown Commercial Service has now changed the maximum term permitted for call-off contracts under the G-Cloud Framework and contracts may be up to 4 years in length, the proposed procurement is therefore a compliant route.

6.2. Finance Implications

- 6.2.1. Within the terms of the current contractual arrangement there is provision for an annual price increase of no more than the rate of RPI at a given census date. An arrangement on the same basis would be usual and expected under each of the options identified within this report.
- 6.2.2. The anticipated 4 year value of a new contract is approximately £1.175m has this is included within the current MediumTerm Financial Strategy.
- 6.2.3. ICT contracts frequently apply annual contractual inflation linked to RPI. Any uplift in excess of the current MTFS forecast would require growth within the base budget of ICT. If for an illustrative example inflation of 1.5% was applied over the 4 year period this would amount to approximately £112,000.
- 6.2.4. Anticipated annual growth will need to be reviewed yearly to ensure that it links to current RPI.
- 6.2.5. Investment in current contracted systems (expiry 31st March 2021)

Supplier	One-off capital imp and licence	Annual support/maint. In final year of contract	Existing contract end date
Liquidlogic	£672,579	£229,630	31 st March 2021
Oxford Computer Consultants	£234,969	£80,335	31 st March 2021

6.3. Policy Implications

- 6.3.1. No Policy implications based on current recommended approach. Links to current service policies and practices.

6.4. Equality Implications

- 6.4.1. Not applicable.

6.5. Human Resources Implications

6.5.1. No Human Resources implications based on current recommended approach.

6.6. Risk Management Implications

6.6.1. Financial risk to Council if the decision is to proceed with Option 2 due to unknown supplier potential.

6.6.2. Compliance risk if the Council does not sign a new contract with a supplier by the 31st of March 2021.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. This decision has a direct link to the support and case management that the Council provides for children and young people. An efficient system across Adults and Children's Social Care is critical in supporting a positive journey with the council to residents in receipt of services.

6.8.2. An industry leading system solution ensures that workers have the most appropriate case management support to do their job, at their best.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. The system would help support reduction in carbon footprint as workers are able to access the system remotely.

7. Ward Members Affected

7.1. Not applicable.

8. Consultation & Engagement

8.1. All social care Senior and Junior operational managers have been consulted and engaged with throughout the project, gathering views and opinions on the current systems in place.

9. Access to Information

9.1. Supporting links:

<https://www.liquidlogic.co.uk/news-events/news/one-platform-rochdale-metropolitan-borough-council/>

<https://www.servelec.co.uk/about-digital-care/case-studies/mosaic-helps-richmond-and-wandsworth-councils-to-unify-fa-processes-helping-workforces-to-fully-integrate-across-the-boroughs/>

<https://www.olmsystems.com/eclipse/>

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Jon Sayer

Job Title: Project Manager

Email: jonathan.sayer@cheshireeast.gov.uk



FORWARD PLAN FOR THE PERIOD ENDING 31ST DECEMBER 2020

This Plan sets out the key decisions which the Executive expects to take over the period indicated above. The Plan is rolled forward every month. A key decision is defined in the Council's Constitution as:

“an executive decision which is likely –

- (a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
- (b) to be significant in terms of its effects on communities living or working in an area comprising one or more wards or electoral divisions in the area of the local authority.

For the purpose of the above, savings or expenditure are “significant” if they are equal to or greater than £1M.”

Reports relevant to key decisions, and any listed background documents, may be viewed at any of the Council's Offices/Information Centres 5 days before the decision is to be made. Copies of, or extracts from, these documents may be obtained on the payment of a reasonable fee from the following address:

Democratic Services Team
Cheshire East Council
c/o Westfields, Middlewich Road, Sandbach Cheshire CW11 1HZ
Telephone: 01270 686472

However, it is not possible to make available for viewing or to supply copies of reports or documents the publication of which is restricted due to confidentiality of the information contained.

A record of each key decision is published within 6 days of it having been made. This is open for public inspection on the Council's Website, at Council Information Centres and at Council Offices.

This Forward Plan also provides notice that the Cabinet, or a Portfolio Holder, may decide to take a decision in private, that is, with the public and press excluded from the meeting. In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, 28 clear days' notice must be given of any decision to be taken in private by the Cabinet or a Portfolio Holder, with provision for the public to make representations as to why the decision should be taken in public. In such cases, Members of the Council and the public may make representations in writing to the Democratic Services Team Manager using the contact details below. A further notice of intention to hold the meeting in private must then be published 5 clear days before the

meeting, setting out any representations received about why the meeting should be held in public, together with a response from the Leader and the Cabinet.

The list of decisions in this Forward Plan indicates whether a decision is to be taken in private, with the reason category for the decision being taken in private being drawn from the list overleaf:

1. Information relating to an individual
2. Information which is likely to reveal the identity of an individual
3. Information relating to the financial or business affairs of any particular person (including to authority holding that information)
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under the authority
5. Information in respect of which a claim to legal and professional privilege could be maintained in legal proceedings
6. Information which reveals that the authority proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

If you would like to make representations about any decision to be conducted in private at a meeting, please email:

Paul Mountford, Executive Democratic Services Officer
paul.mountford@cheshireeast.gov.uk

Such representations must be received at least 10 clear working days before the date of the Cabinet or Portfolio Holder meeting concerned.

Where it has not been possible to meet the 28 clear day rule for publication of notice of a key decision or intention to meet in private, the relevant notices will be published as soon as possible in accordance with the requirements of the Constitution.

The law and the Council's Constitution provide for urgent key decisions to be made. Any decision made in this way will be published in the same way.

Forward Plan

Key Decision and Private Non-Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 18/19-60 The Minerals and Waste Development Plan	To seek approval to consult on the first draft of the Minerals and Waste Development Plan.	Portfolio Holder for Planning	September 2020		David Malcolm	N/A
CE 19/20-55 Houses in Multiple Occupation Supplementary Planning Document	To seek approval to consult on the first draft supplementary planning document for houses in multiple occupation.	Portfolio Holder for Planning	September 2020		Jeremy Owens	

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 19/20-31 Proposed Expansion of Wilmslow High School	Subject to the School Organisation Sub-Committee approving the proposed expansion of Wilmslow High School at a meeting to be held on 6 th April 2020, Cabinet will be asked to authorise the Executive Director People to enter into a construction contract to facilitate the provision of additional places at Wilmslow High School.	Cabinet	8 Sep 2020		Val Simons	N/A
CE 19/20-52 Regional Adoption Agency Integrated Services Agreement	To approve that the Council enter into an integrated service agreement and associated support agreement with its partners.	Cabinet	8 Sep 2020			N/A
CE 19/20-57 Draft Brooks Lane (Middlewich) Masterplan SPD	To seek approval to adopt the Brooks Lane (Middlewich) Masterplan SPD following consultation in January to March 2020.	Cabinet	8 Sep 2020		Jeremy Owens	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-1 Digital Cheshire	To continue and extend the Connecting Cheshire rollout of broadband technologies and digital business support via Digital 2020 and a £6.3m programme (to be known as 'Digital Cheshire'), by approving that the Council enter into an ERDF grant agreement with MHCLG to accept approximately £3m of grant funding; delegating authority to enter into a contract with a supplier for main delivery (over £1m); and authorising officers to take all necessary actions to implement the new programme.	Cabinet	8 Sep 2020		Peter Skates	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21- 4 Microsoft Licence Agreements	Authorise officers to take all necessary actions to implement the proposal to consolidate all current Microsoft licenses into one overarching agreement to secure license discounts for the organisation.	Cabinet	8 Sep 2020		Gareth Pawlett, ICT Manager	
CE 20/21-7 Covid-19 - Update on Response and Recovery	<p>To receive an update report on the Council's response to Covid-19 and the Recovery Plan.</p> <p>To note the financial effects of Covid-19 on the Council, as regards additional expenditure and loss of income, and to consider the potential options for managing residual financial implications within the Council's Medium-Term Financial Strategy.</p> <p>An update report will be presented to each successive Cabinet meeting up to and including 4th May 2021.</p>	Cabinet	6 Oct 2020		Jane Burns, Executive Director of Corporate Services	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 19/20-21 Site Allocations and Development Policies Document	To decide the next steps in progressing the Site Allocations and Development Policies Document to public examination.	Cabinet	6 Oct 2020		Jeremy Owens	N/A
CE 19/20-58 Flood and Water Management Act 2010 Section 19 Flood Investigation - Poynton 2019	To authorise officers to take all necessary actions to implement the findings, actions and recommendations of the formal Flood Investigation Report.	Cabinet	6 Oct 2020			N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 19/20-59 Youth Zone Partnership for Crewe	To authorise officers, in consultation with the Cabinet Member for Children and Families, to take forward the establishment of a formal Partnership with the National Charity Onside to develop a Youth Zone for young people based in Crewe. The Council will make an agreed capital contribution to the Partnership and Council land /buildings will be earmarked, developed and leased to the Partnership to provide the Youth Zone facilities.	Cabinet	6 Oct 2020		Alison Stathers-Tracey, Director of Early Help and Prevention	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-5 Tenancy Strategy 2020	To seek approval to consult on the draft Tenancy Strategy for a period of 12 weeks; and to delegate authority to the Director of Growth and Enterprise in consultation with the Portfolio Holder for Environment and Regeneration to consider the results of the consultation and to approve the final version of the strategy.	Cabinet	6 Oct 2020		Karen Carsberg, Strategic Housing and Intelligence Manager	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-10 Social Value Policy	The review and refresh of the Council's Social Value Policy. The new policy will be underpinned by a new set of supportive resources to facilitate the implementation of the policy and the delivery of effective social value and corporate social responsibility.	Cabinet	6 Oct 2020		Shelley Brough	N/A
CE 20/21-12 Case Management Procurement	To seek approval to enter into a contract for an Adults and Children's Case Management ICT System at an estimated cost of £1.2m over a 4-year contract.	Cabinet	6 Oct 2020			N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-13 Public Space Protection Order Consultation	To approve the extension of Public Space Protection Orders for a further 3-year period relating to Dog Fouling and Dog Control and Gating Orders following consultation with Cheshire East residents.	Cabinet	6 Oct 2020		Jill Broomhall, Director of Adult Social Care	N/A
CE 19/20-42 Congleton Leisure Centre Redevelopment Project	To seek authority to enter into the construction contract with Rock Merchating (T/A Pulse Fitness) for the redevelopment of Congleton Leisure Centre.	Portfolio Holder for Communities	October 2020		Paul Bayley	Fully exempt - para 3

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 19/20-53 - Crewe Regeneration and Investment Programme	<ol style="list-style-type: none"> <li data-bbox="360 395 680 858">1. <u>Towns Fund / Town Investment Plan / Crewe Town Board</u> To authorise officers in consultation with relevant Portfolio Holders to facilitate arrangements for the Council to act as Accountable Body for the Crewe Town Board; to delegate authority on economic development and regeneration matters to the Portfolio Holder for Environment and Regeneration; and to authorise the development and submission of a Crewe Town Investment Plan. <li data-bbox="360 887 680 1082">2. <u>Future High Streets Fund</u> To authorise officers in consultation with relevant Portfolio Holders to accept a government grant to support the regeneration of Crewe town centre, with associated financial approvals. <li data-bbox="360 1110 680 1347">3. <u>Crewe HS2 Hub</u> To consider an update on the HS2 programme including the Covid Impact Assessment for the Crewe hub station scheme and business case; and to approve the further development of the revised (post-Covid) scheme. 	Cabinet	10 Nov 2020		Jez Goodman	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-6 Development of a Gypsy and Traveller Transit Site	To approve the progression of the project, subject to planning approval, to enable the scheme to be developed in line with the capital budget outlined within the report; and to authorise the Executive Director of Place, in consultation with the Portfolio Holder for Environment and Regeneration and the Portfolio Holder for Communities, to enter into a construction contract with the preferred bidder and make related decisions to deliver the Cledford Hall project.	Cabinet	10 Nov 2020		Karen Carsberg, Strategic Housing and Intelligence Manager	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-9 Household Waste Recycling Centre New Contract Service Provision	The household waste recycling centre contract is due for renewal in 2023 and the open procurement process will start in 2021. The report will present a review of the current contract and options available for how the service could be run in the future.	Cabinet	10 Nov 2020		Ralph Kemp, Corporate Manager for Commissioning	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-3 Flowerpot Junction Improvement Scheme	To approve procurement of works to improve Flowerpot Junction, utilising the NPIF allocation from DfT and local funding contributions from s106 contributions and council match funding. Authorise the preparation and making of a CPO relating to land required for the junction improvements where this cannot be acquired through negotiation, and delegate authority to the Director of Infrastructure and Highways, in consultation with the Portfolio Holder for Strategic Transport to finalise the scheme details and enter into an agreement with the Council's appointed Highways Term Services to deliver the scheme.	Cabinet	1 Dec 2020			N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 20/21-11 Procurement of Facilities Management Service and the Council's Energy Supply	To approve the re-procurement of facilities management services, to include maintenance, statutory compliance and energy supply management and to authorise officers to take all necessary actions to implement the proposal.	Cabinet	1 Dec 2020		Denise Griffiths	N/A
CE 19/20-49 Council Tax Base 2021-22	For Cabinet to consider the Council Tax Base for Cheshire East and identify any changes to the calculation of the tax base for 2021-22 with a view to recommending the amount calculated to Council.	Council	16 Dec 2020		Paul Manning	N/A
CE 20/21-8 Carbon Action Plan Key Decisions	To authorise Officers to take all necessary actions relating to land allocation and procurements for initial projects contributing to sustainable energy generation and green sequestration.	Cabinet	2 Feb 2021		Ralph Kemp, Corporate Manager for Commissioning	N/A

Key Decision	Decisions to be Taken	Decision Maker	Expected Date of Decision	Proposed Consultation	How to make representation to the decision made	Private/ Confidential and paragraph number
CE 19/20-50 Medium Term Financial Strategy 2021-25	To approve the Medium Term Financial Strategy 2021-25 incorporating the Council's priorities, budget, policy proposals and capital programme. The report will include the capital, treasury management, investment and reserves strategies.	Council	17 Feb 2021			N/A

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Working for a brighter future together

Corporate Overview and Scrutiny Committee

Date of Meeting: 01 October 2020

Report Title: Work Programme

Senior Officer: Jane Burns, Executive Director of Corporate Services

1. Report Summary

- 1.1. To review items in the work programme listed in the schedule attached, together with any other items suggested by committee members.

2. Recommendation

- 2.1. That the work programme be reviewed and amended as required.

3. Reason for Recommendation

- 3.1. It is good practice to regularly review the work programme and update it as required.

4. Background

- 4.1. The committee has responsibility for updating and approving its own work programme. Scrutiny liaison meetings – held between the Chairman and Vice-Chairman of the committee, alongside the portfolio holders and key senior officers – ensure that there is continued awareness and discussion of upcoming policies, strategies and decisions within the committee's remit area.

5. Determining Which Items Should be Added to the Work Programme

- 5.1. When selecting potential topics, members should have regard to the Council's three year plan and to the criteria listed below, which should be considered to determine whether scrutiny activity is appropriate.
- 5.2. The following questions should be considered by the committee when determining whether to add new work programme items, or delete existing items:

- Does the issue fall within a corporate priority?
- Is the issue of key interest to the public?
- Does the matter relate to a poor or declining performing service for which there is no obvious explanation?
- Is there a pattern of budgetary overspends or underspends?
- Is it a matter raised by external audit management letters and or audit reports?
- Is there a high level of dissatisfaction with the service?

5.3. The committee should not add any items to its work programme (and should delete any existing items) that fall under any one of the following:

- The topic is already being addressed elsewhere by another body (i.e. this committee would be duplicating work)
- The matter is sub-judice
- Scrutiny would not add value to the matter
- The committee is unlikely to be able to conclude an investigation within a specified or required timescale

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. There are no direct legal implications.

6.2. Finance Implications

6.2.1. There are no direct financial implications.

6.3. Policy Implications

6.3.1. There are no direct policy implications.

6.4. Equality Implications

6.4.1. There are no direct equalities implications.

6.5. Human Resources Implications

6.5.1. There are no direct human resources implications.

6.6. Risk Management Implications

6.6.1. There are no direct risk management implications..

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

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

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for the environment and climate change.

7. Ward Members Affected

7.1. All members are potentially affected.

8. Access to Information

8.1. The background papers can be inspected by contacting the report author.

9. Contact Information

9.1. Any questions relating to this report should be directed to the following officer:

Name: Joel Hammond-Gant

Job Title: Scrutiny Officer

Email: joel.hammond-gant@cheshireeast.go.uk

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01.10.20	29.10.20	07.01.21	01.02.21	08.04.21
2.00pm	2.00pm	2.00pm	2.00pm	2.00pm
Virtual Meeting	Committee suite, Westfields	Committee suite, Westfields	Committee suite, Westfields	Committee suite, Westfields

<u>Item</u>	<u>Purpose</u>	<u>Lead Officer</u>	<u>Portfolios</u>	<u>Suggested by</u>	<u>Scrutiny role</u>	<u>Corporate priorities</u>	<u>Date</u>
Update on ASDVs from the Shareholder Committee	To receive an update on the council's ASDVs from the Shareholder Committee.	Executive Director of Place and Deputy Chief Executive	Deputy Leader	Chairman	To monitor activity and progress in relation to ASDVs	A responsible effective and efficient organisation.	Standing item to be received when updates are available
Update on ORACLE (Best4Business) from the Joint Scrutiny Working Group	To receive an update on the Best4Business Programme from the Joint Scrutiny Working Group	Executive Director of Place and Deputy Chief Executive	Finance, IT and Communications	Portfolio Holder	Monitor the development and progress of the project	Cheshire East has a strong and resilient economy	Standing item to be received when updates are available

<u>Item</u>	<u>Purpose</u>	<u>Lead Officer</u>	<u>Portfolios</u>	<u>Suggested by</u>	<u>Scrutiny role</u>	<u>Corporate priorities</u>	<u>Date</u>
Review of the Council's Political Management Structure	To consider an update on the council's political management structure	Executive Director of Corporate Services	Public Health and Corporate Services	Committee	To contribute to matters of strategy, finance and governance, in respect of the committee system.	A responsible, effective and efficient organisation	Standing item to be received when updates are available
2020/21 Mid-Year Performance Review	To consider a review of the council's performance at the mid-point of the 2020/21 council year.	Executive Director of Corporate Services	Finance, IT and Communications	Committee	Performance Monitoring	Cheshire East has a strong and resilient economy A responsible effective and efficient organisation	01.10.20
Case Management Procurement	To consider the proposed re-procurement of the Case Management system used in adult's and children's services.	Executive Director of People	Finance, IT and Communications	Committee	Pre-decision scrutiny	A responsible, effective and efficient organisation	01.10.20

<u>Item</u>	<u>Purpose</u>	<u>Lead Officer</u>	<u>Portfolios</u>	<u>Suggested by</u>	<u>Scrutiny role</u>	<u>Corporate priorities</u>	<u>Date</u>
Crowd Funding	The consider the report relating to Crowd Funding, going to Cabinet for a decision to taken on 10 November 2020.	Executive Director of People	Communities	CLT	Pre-decision scrutiny	A responsible, effective and efficient organisation	01.10.20
Pre-Budget 2021/22 Consultation	To consider the 2021/22 budget proposals.	Director of Finance and Customer Services	Finance, IT and Communications	Committee	Budget scrutiny	Cheshire East has a strong and resilient economy	29.10.20
Corporate Peer Challenge	To receive an update on progress of the Corporate Peer Challenge that took place in January 2020 and link this item with the item above on the Councils Political Management Structure.	Executive Director of Corporate Services		Chairman	Pre-Cabinet report consideration	A responsible effective and efficient organisation	07.01.21
Budget 2021/22 Consultation	To consider the proposed budget for 2021/22 prior to Cabinet consideration; provide any final feedback, comments and scrutiny to Cabinet.	Director of Finance and Customer Services	Finance, IT and Communications	Committee	Budget scrutiny Pre-decision scrutiny	Cheshire East has a strong and resilient economy A responsible effective and	01.02.21

<u>Item</u>	<u>Purpose</u>	<u>Lead Officer</u>	<u>Portfolios</u>	<u>Suggested by</u>	<u>Scrutiny role</u>	<u>Corporate priorities</u>	<u>Date</u>
						efficient organisation	
Medium Term Financial Strategy 2021-25	To consider the proposed Medium Term Financial Strategy 2021-25 prior to Cabinet (2 nd February) and full Council (17 th February).	Director of Finance and Customer Services	Finance, IT and Communications	Committee	Budget scrutiny Pre-decision scrutiny	Cheshire East has a strong and resilient economy A responsible effective and efficient organisation	01.02.21
Update on Activity of Member Working Groups in 2019/20	The Head of Democratic Services and Governance to advise as to how a report on the activity and performance of the Members' Enquiry Service, Member Technology and Development Panel and Members' Brighter Future Group will be disseminated to Members.	Head of Democratic Services and Governance	Public Health and Corporate Services	Chairman	Performance monitoring	A responsible effective and efficient organisation	TBD
Draft Cheshire East Corporate Plan	To consider an update on the production of the council's forthcoming Corporate Plan.	Executive Director of Corporate Services	Finance, IT and Communications	Chairman	Performance monitoring / plan development	A responsible, effective and efficient organisation	TBD

<u>Item</u>	<u>Purpose</u>	<u>Lead Officer</u>	<u>Portfolios</u>	<u>Suggested by</u>	<u>Scrutiny role</u>	<u>Corporate priorities</u>	<u>Date</u>
Procurement Framework	To consider a report on the council’s procurement framework and processes; how it has worked, what difficulties have been encountered, and what areas have progressed well.	Director of Finance and Customer Services	Finance, IT and Communications	Chairman	Performance monitoring	A responsible, effective and efficient organisation Cheshire East has a strong and resilient economy	TBD – potentially a workshop item
Briefing on Consultation Processes	To consider the consultation process undertaken by the council for the budget-setting process, and other consultations, and investigate whether any improvements could be made to ensure it is as user friendly and engaging as possible, to encourage as many members of the public and stakeholders to respond.	Director of Finance and Customer Services	Finance, IT and Communications	Chairman	Strategy review/ development	A responsible, effective and efficient organisation	TBD
Task and Finish Group – Members’ Facilities, Accommodation and Culture	To consider the final report of the task and finish group for approval.		Finance, IT and Communications	Committee	Adoption of scrutiny report	A responsible, effective and efficient organisation	TBD

<u>Item</u>	<u>Purpose</u>	<u>Lead Officer</u>	<u>Portfolios</u>	<u>Suggested by</u>	<u>Scrutiny role</u>	<u>Corporate priorities</u>	<u>Date</u>
Member Survey Results	To consider the results of the members' survey on the Members' Enquiry Service, Member Technology and Development Panel and Member Brighter Futures Group	Executive Director of Corporate Services	Public Health and Corporate Services	Chairman		A responsible effective and efficient organisation	TBD