Appendix D- Reserves Strategy & Policy 2023/24

Peterborough City Council

1. Background and Context

1.1. The council is required to maintain adequate financial reserves. Reserves are an integral part of sound financial management, they help the council plan for future spending commitments, balance the budget and manage unpredictable financial pressures.

1.2. Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. This is completed at the Council through the Robustness Statement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.

1.3. CIPFA issued Local Authority Accounting Panel (LAAP) Bulletin No.99, Guidance Note on Local Authority Reserves and Balances in July 2014. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this strategy sets-out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.

1.4. All reserves will be categorised as per the Local Authority Accounting Practice guidance, into q groupings.

1.5. Within the Statement of Accounts for General Fund Earmarked Reserves, all individual reserves are reported and will include a description of the purpose of the reserve.

1.6. Earmarked reserves will be reviewed regularly as part of the in year monitoring process and annually as part of the budget setting process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them. Particular attention will be paid in the annual review to those reserves whose balances have not moved over a two-year period, other than the General Fund, for further detail see Section 4 Management and governance.

2. Overview

2.1. The Council will maintain:

- a general fund reserve – a working balance to help cushion the impact of uneven cash flows, avoid unnecessary temporary borrowing manage the impact of unexpected events or emergencies.
- a number of earmarked reserves - to meet known or predicted requirements or established by statute. The purpose of these reserves is to enable sums to be set aside for specific purposes or in respect of potential or contingent liabilities where the creation of a provision is not required or permitted.
- Unusable reserves - these arise out of a requirement under legislation and proper accounting practice either to accumulate revaluation gains or as adjustment accounts to comply with statutory accounting requirements. These reserves are not backed by resources and therefore cannot be used for any other purpose. Hence, these reserves are not available to fund expenditure. These will generally be excluded from any discussion where the council talks about its level of reserves.

2.2. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. A general assumption over many years has been to allow for 5% of Net Revenue Expenditure. Due to the current position of the Councils finances, the S151 Officer is recommending an increase in the General Reserve over the next three years. To reach this target, with a risk assessment completed alongside this to ensure the reserves balances are at an appropriate level to mitigate the financial impact of any future risks coming to fruition. This assessment is outlined in Appendix Three- Risk Based Assessment of Risk Reserve Balances.

2.3. The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that the following factors should be taken into account when considering the level of reserves and balances:

- Assumptions regarding inflation and interest rates
- Estimates of the level and timing of capital receipts
- The capacity to manage in-year demand led pressures
- Ability to activate contingency plans if planned savings cannot be delivered
- Risks inherent in any new partnerships
- Financial standing of the authority (level of borrowing, debt outstanding etc.)
- The authority's record of budget management and ability to manage in year budget pressures
- Virement and year-end procedures in relation to under and overspends
- The general financial climate
- The adequacy of insurance arrangements

2.4. Each Council must make their own decisions about the level of reserves they hold, taking into account all of the issues referred to above. The level of the general fund reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. A risk assessment of the General Fund will be made each year and will consider the budget assumptions outlined in point 2.2 This assessment is outlined in Appendix Three- Risk Based Assessment of Risk Reserve Balances

2.5. The level will be expressed as a cash sum over the period of the medium-term financial strategy (MTFS). The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context). The Council's aim is to hold, as a minimum general reserve equivalent to 5% of the Councils Net Revenue Expenditure, by no later than 1 April 2026.

2.6. On 1 April 2022, the Council holds £7.3m in General Fund. The forecast profile of achieving the target balance is set out in the following points:

Year	Forecast Contribution	Forecast balance	Forecast NRE	Reserve to NRE %
2022/23	£0.7m	£7.9m	£186m	4.2%
2023/24	£1.0m	£8.9m	£202m	4.4%
2024/25	£1.0m*	£9.9m	£216m	4.6%
2025/26	£1.2m*	£11.1m	£222m	5.0%

**Contributions are to be determined via the identification of savings*

2.7. This will be reviewed annually in February as part of the budget setting process.

3. Strategic context

3.1. The Council continues to face a shortfall in funding compared to expenditure demands and must annually review its priorities in order to address the shortfall. The MTFS now has some highly challenging transformational work to do to achieve saving targets to be able to become financially sustainability over the medium to long term.

3.2. In order to achieve Financial Sustainability, the Council will need to invest in a range of innovative and transformational activities in order to reduce future costs of service delivery. An Innovation Delivery Fund was created as part of the 2021/22 Outturn process to fund such activity. In the 2023/24 budget and beyond the balance on the innovation delivery fund will be maintained in the region of £10-£15m, which will be drawn-down on the basis of business cases that either pay back the contribution, result in significant service improvements or significantly reduced costs compared to the 'do-nothing' option. The process for drawing down against this reserve has been developed and is outlined in Appendix Four- Innovation Fund (invest to Save process).

3.3. Innovation and transformation need to be a constant and therefore any opportunity to replenish this reserve should be considered as part of each year's annual budget setting process, and any outturn opportunities offered by any underspends. As such, once the General Fund target is achieved, any additional funds through underspends should be placed in the Innovation Deliver Fund unless exceptional circumstances require alternative use.

3.4. The Council is in receipt of interest earned through investments of our cash balances to support its general spending plans and is avoiding interest payments on borrowing by effectively internalising that borrowing requirement by use of cash balances, including sums held in reserves and general positive cash flows. Therefore, the balances held in reserves will help reduce on-going revenue costs.

3.5. Reserves are **one-off money**. The Council will avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan and one of the Council's financial principles is to stop the use of one-off funding to support the base budget i.e., this reserves strategy will prevent reserves being applied merely to balance the budget.

4. Management and governance

4.1. New reserves may be created at any time and approved by Cabinet.

4.2. For each of earmarked reserve held (excluding the innovation fund that has a separate process as outlined in Appendix four) there will be a clear protocol setting out:

- The reason for/purpose of the reserve
- How and when the reserve can be used
- Procedures for the reserve's management and control e.g., delegated authority for approval of expenditure
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

4.3. All protocols should have an end date and at that point any balance will be transferred to the general reserve. If there is a genuine reason for slippage, then the protocol will need to be updated. A questionnaire will be completed by the relevant budget holder and reviewed by Finance to ensure all reserves comply with legislative and accounting requirements.

4.4. Reserves protocols must be sent to Corporate Finance for review and will be approved by the S151 Officer, the Corporate Leadership Team (CLT), and by the Cabinet Member for Finance. Protocols should clearly identify contributions to and drawdowns from reserves across the lifetime of this MTFS, and these will be built into the Annual Budget. Ongoing recurring costs should not be funded from reserves unless part of a smoothing reserve and approved as part of the MTFS. The short-term use of reserves may be agreed to provide time to plan for a sustainable funding solution in the following financial year. Decisions on the use of reserves may be delayed until financial year-end and will be dependent on the overall financial position of the Council rather than the position of just one budget area.

4.5. All earmarked reserves will be reviewed as part of the monitoring process, the budget preparation, financial management and closing of accounts processes. Cabinet will be presented with the monitoring of reserves on a regular basis and in the outturn report and the Council will consider a report from the S151 Officer on the adequacy of the level of reserves in the annual budget-setting process.

4.6. Service Delivery Plans need to have a clear link with the level of earmarked reserves held. The following rules apply:

- Any in-year use of the General Reserve will need to be approved by Cabinet and any planned use will be part of the budget setting process.
- In considering the use of reserves, there will be no, or immaterial, impairment to the Council's financial resilience unless there is simply no alternative.

4.7. The Council will review the Reserves Strategy and Policy on an annual basis through Audit Committee.

5. General Fund and Useable Reserves

5.1. The General Fund Balance is the statutory fund into which all the receipts of the Council are required to be paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

5.2. Earmarked reserves are amounts set aside from the General Fund Balance to provide financing for future expenditure plans, see Appendix One.

5.3. Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation; however, the Council is restricted in the use of these as the schools' balances are held by schools and can only be spent by schools. The Capital Grants Unapplied Account can only be used to finance the Capital Programme and the General Fund is used by the Council to maintain a prudent level of reserves.

5.4. In summary:

General Fund	Earmarked Reserves
• A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing • As a contingency to cushion the impact of unexpected events, major incidents, or emerging risks (covered in more detail in appendix one)	• Monies set aside for future events or liabilities

6. Unusable Reserves

6.1. Unusable Reserves are those reserves that absorb the timing differences arising from different accounting arrangements. Details of all other reserves and balances including information regarding purpose, how and when to use and possible release to revenue budget is set out in Appendix Two.

Appendix One – General Fund & Earmarked Reserves

The Council holds a number of usable reserves, and these are listed below.

Reserve	Description
General Fund Balance	This Fund is the statutory fund into which all the receipts of the Council are required to paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. This reserve ultimately smooths the financial impact of unexpected events, major incidents or emerging risks, including: • Risks which exceed the other specific risk reserves (budget, inflation, and local taxation reserves) • The capacity to manage in-year budget pressures in relation to demand led service delivery • The general financial climate and the impact the cost-of-living crisis or a recession may have on the council including: o Rising demand for Services o A reduction in income generation o Impact on Commercial and Property activities o Exposure to rising Inflation and interest rates o Ability to generate planned Capital receipts • Financial risks arising as a result of new government legislation or new burdens
School's Balances	As per the above explanation but in the school setting context.
Capital Receipts Reserve	This Reserve holds the proceeds from the disposal of land or other assets and repayment of loans and continues to be restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.
Capital Grants Unapplied Account	This Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is not restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

Earmarked Reserves

Reserve	Description
Departmental & Grant Related Reserves	These have been identified by Cabinet or Corporate Management Team and are incorporated within the Medium-Term Financial Strategy for Departmental use.
Insurance	To provide for future claims (self-insurance). A number of risks, contingencies and financial losses are covered by the Council's Insurance Reserve. In general terms the Council self-insures against the risks of theft, subsidence, and accidental damage to property. Additionally, the excess on external insurance arrangements, which range from £2,500 to £50,000 per loss, are also met by the Reserve.
Schools Capital	School revenue reserves put aside for funding future school capital schemes.
Innovation Fund Reserves	The balance of the sums set aside which can be utilised to fund one-off type expenditure such as to fund service transformation which will improve the longer-term financial position of the Council as contained in the MTFS.
Public Health	The Public Health Grant received by the Council is ring-fenced for use on public health services only. This reserve is for any amounts of grant not spent in year due to timing difference in service delivery.

Local Tax Income Risk Reserve*	This reserve was created as a result of timing differences due to Section 31 grants and the Tax Income Guarantee scheme grant received in 2020/21. The balance remaining is now being held to mitigate future tax losses as a result of system changes and loss of collection due to the cost-of-living crisis.
Budget Risk Reserve*	This reserve was created as part of the 2022/23 budget process to mitigate the risks associated with delivering the challenging savings programme. The remaining balance after balancing the current year outturn position will be subsumed within the general fund.
Inflation Risk Reserve*	This reserve was created to mitigate some of the financial risk resulting from rising rates of inflation in the 2022/23 financial year, but due to the continuing uncertainty with inflation this will continue to be maintained and utilised accordingly.
Other	These include the Lease Consolidation, Hackney Carriage Accounts, and Parish Burial Reserves.

*Specific Risk reserves will be reviewed and, where deemed appropriate, reduced, and balances contributed to the General Fund to mitigate wider risks facing the Council.

Appendix Two – Unusable Reserves

The Council holds a number of unusable reserves which absorb the difference between the statutory arrangements for funding expenditure and accounting for the expenditure in line with regulations and proper accounting practice. Unusable reserves cannot be used to fund expenditure e.g., cannot fund revenue spend on services or capital spend on projects.

Reserve	Description
Revaluation Reserve	This reserve contains the net gains made from increases in the value of the Council's assets (Property, Plant, Equipment, and Intangible Assets) not yet realised through sales. The gain will only be realised and shown as income in the Council's accounts following sale of the asset.
Capital Adjustment Account	A store of capital resources from Revenue, Capital Receipts, and the provision for the payment of debt set aside to meet past expenditure.
Deferred Capital Receipts	Deferred Capital Receipts are amounts that are to be received in instalments over an agreed period of time. They arise from mortgages on the sale of Council Houses, or repayment terms from other asset sales. These can only be used for financing new capital expenditure when the actual receipt is received. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.
Financial Instrument Adjustment Account	This Account is held in accordance with the Code of Practice to write down over time the premiums paid on early debt repayment in order to spread the burden on Council Tax. This is a technical adjustment and has no impact on the overall financial position of the Council.
Pension Reserve	In line with International Accounting Standard 19 (IAS 19) Employee Benefits the Council's commitment to make future payments must be disclosed in the accounts at the time the employees earn their future entitlement to the benefits. The Pension liability balance reported in the balance sheet matches off exactly to the deficit balance held in the Pensions Reserve.
Collection Fund Adjustment Account	This adjustment account allows for differences between income included in the Income and Expenditure account and the amount required by regulation to be credited to the General Fund. The balance on the account deficit / surplus represents the Council's share of the Collection Fund deficit / surplus.
Accumulating Compensated Absences Adjustment Account	This account absorbs the differences that would otherwise arise on the general fund balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward on 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Appendix Three- Risk Based Assessment of Risk Reserve Balances

Potential risk that things change since the budget estimates were made and the estimates are then under budgeted for.

		Calculated Risks			
Risks	**Budget /Target £000**	**Likely %**	**General Fund £000**	**Inflation Reserve £000**	**Local Tax Income Reserve £000**
Inflation					
Energy costs	3,577	50%		1,789	
Staff Pay	71,232	1%		712	
Expenditure (excluding energy costs)	208,353	2%		4,167	
Demand for Services					
Adults Social Care	64,683	3%	1,940		
Children's social Care	37,336	3%	1,120		
Income Generation/collection					
Income Generation (Other income & Sales, Fees, and Charges)	70,742	2%	1,415		
Council Tax	97,554	2%			1,951
Business Rates	64,235	2%			1,285
Other					
Savings Delivery	12,141	20%	2,428		
Interest rates (loans to be refinanced in 2023/24)	50,000	2%	1,000		-
Total Risk			**7,918**	**6,668**	**3,236**
Reserve available 2023/24			**8,000**	**7,510**	**7,316**

1. Introduction

1.1. The Medium-term Financial Strategy (MTFS) has highlighted that the Council is required to make significant financial savings from 2023/24 onwards.

1.2. To do so, the Council need to invest in a range of innovative and transformational activities to change how it works, serves, and enables. Consequently, an Innovation delivery [Invest to Save (ITS)] Fund was created as part of the 2021/22 Outturn process to fund these activities.

1.3. To that end, having implemented cash limits and strategic budget reviews across the Council, Members, and the Corporate Leadership Team (CLT) have invited cross-cutting transformation proposals, aligned to Council priorities.

1.4. Investments will be provided on a discretionary basis, typically covering project and programme implementation costs, but it may also support preliminary work e.g., costs associated with discovery, research, feasibility, scoping, pilots, business case preparation, and other professional support.

2. Criteria to Use the Fund

2.1. The criteria to be met to for investment projects to draw down from the ITS fund will include the following:

- Delivers against the PCC corporate strategy and priority programmes
- Provides on-going revenue savings
- Provides on-going revenue income
- Delivers a benefit to a related service, creating efficiencies elsewhere
- Repays costs back to the fund within an agreed period (preferably not exceeding 5 years)

2.2. The ITS fund is NOT intended to:

- Substitute existing funding-streams
- Meet on-going revenue needs,
- Provide financial support for capital works

2.3. All savings arising from ITS funded projects will be set against project savings targets in the MTFS.

2.4. All significant investment allocations will be required to report through the Corporate Delivery Unit (CDU) and will be required to utilise CDU processes, templates, and tools.

2.5. All funding requests must be reviewed and signed off by a Corporate Finance-led, Invest to Save Group (ITSG) (see Section 4).

3. Allocations from the Fund

3.1. Project proposals over £500k will require cabinet reports, in line with Council approval threshold. Such projects will require Finance and Legal approvals to provide assurance that all internal procedures have been followed.

3.2. Allocations from the fund will be linked to projects, authorised via Performance CLT (PCLT), or its delegated authority / board, supported by the ITSG.

3.3. At project initiation, proposals should indicate if costs are likely to be incurred to deliver savings that cannot be met from other sources of funding. Thereafter, project business cases, scaled according to value, scope and complexity, should then provide, as a minimum, details of:

- Project outcomes
- Degree of strategic alignment
- Costs to be incurred
- Purpose for which costs will be incurred
- Timing of payments
- "Pay-back period" (over which project savings will recover costs)

3.4. Sponsors applying for funds should liaise with the CDU when developing bids to ensure that they will meet the required criteria.

3.5. The CDU will review all applications, and subsequent business cases, with the Invest to Save Group to ensure that delivery is aligned with priorities, benefits, and costs, and to ensure CDU buy-in to projects it oversees.

3.6. Decisions to allocate from the ITS Fund will be taken by PCLT unless it must be decided by Members. The CDU, in liaison with Corporate Finance, will determine the level of Member approval required, if any, and advise PCLT accordingly.

4. Invest to Save Group

4.1. The Invest to Save Group (ITSG), will be chaired by the Executive Director, Resources. It will comprise members of Corporate Finance, the CDU and, potentially, rotating Directorate membership. The purpose of the ITSG will be to filter bids submitted to the Corporate Change Board and approve bids up to an agreed threshold. For purposes of agility, the group can meet virtually.

4.2. If a feasibility study, funded by the ITS fund, or otherwise, has been completed, the applicant will present study findings to the group to inform the decision to pursue or reject the opportunity. This will bring added confidence to the applicant and to the Council that the project is worthy of investment.

4.3. The governance route for funding requests will depend on the approval thresholds (see section 10). ITSG will determine if investments should follow a different route based on non-financial factors e.g., if a lower-level bid should be treated as a higher-level bid on the basis of its political sensitivities.

5. Application Timings

5.1. The ITS fund is a revolving fund, payable throughout the year; it will not be the subject of a once-for-all annual exercise.

5.2. The ITS group will meet regularly, nominally monthly, or as required on an agile basis, to assess funding applications.

6. Governance

6.1. The ITSG will recommend projects for approval by PCLT. Project approvals and funding allocations will reside with PCLT.

6.2. Corporate Finance will manage fund allocation and financial control. Project Sponsors will be responsible for the delivery of projects and programmes.

6.3. The CDU will be responsible for ensuring that exposure to project delivery and benefits realisation risks are minimised by overseeing delivery and providing independent delivery assurance directly to PCLT.

6.4. Delivery progress and spend will be monitored using the CDU progress reporting tool. The CDU will report slippages to PCLT, and Corporate Finance, who in turn will advise on actions required if projects overspend.

7. Feasibility Studies

7.1. Any idea, whether improvement, savings or transformation progresses to implementation must meet agreed business case due diligence requirements. Proceeding to implementation without doing so would be to invite a much higher than usual risk of failure. To obviate that risk, an early discovery stage is used to identify information and / or supporting evidence to underpin the business case.

7.2. In some circumstances, feasibility studies may be required prior to determine if a proposed project will be worthwhile. In such cases, applicants may request a start-up "advance" from the ITS fund to resource this activity.

7.3. Where feasibility studies are required, officers must complete the "Invest to Save Start Up Resources Form". This must be approved by the Invest to Save Group, and PCLT if part of a programme is PCLT governed.

7.4. To ensure that processes to identify and fund feasibility studies are robust, ITSG will establish pre-requisite criteria at an initial application meeting, including that applicants must present baseline data / draft empirical analysis of potential savings.

7.5. Feasibility allocations will normally not exceed £100,000, and business cases will be required providing information on the:

- Costs to be incurred
- Purpose for which costs will be incurred
- Precise learning expected from the study
- Criteria by which approval decisions will be taken
- Likelihood of study findings resulting in the project not being undertaken

7.6. Where feasibility studies do not progress to full project delivery, ITSG will bear the associated risk as a sunk cost.

8. Project Codes & Accounting

8.1. Projects and programmes must account for all delivery costs i.e., follow (to be agreed) methods that will enable the Council to account for the full costs of implementation and, where appropriate, reimburse directorates for staff allocated to transformation activities.

Note: it is not unusual for primarily revenue-based transformation projects to also have capital elements, e.g., replacement of computer systems, or external specialist resources to configure or reconfigure key line of business systems. A timely mechanism needs to be established to approve and account for such elements.

8.2. Project accounting codes should be established for each project and linked with the Delivery Unit's project cost forecasting model in an agreed manner to provide greater visibility and more accurate costing of each funded initiative. The council should operate a *"No Project Code = No Initiation"* policy to avoid unaccounted for costs, and to enforce a formal gateway review before projects are initiated.

9. Savings Targets

9.1. ITS funding allocations will only be agreed on the basis of an agreed payback period and / or return savings, depending on project size and complexity). The payback period will be part of the project proposal assessment undertaken by PCLT, given the imperative to deliver 'real' cashable savings for the authority, in line with the MTFS.

9.2. All savings arising from ITS funded projects will contribute to Directorate savings targets as identified in the MTFS, unless there is good reason not to do so.

9.3. All business cases must include a mechanism to ensure that benefits are realised, including savings capture. This will include a tracking tool to monitor benefits and avoid double counting of savings.

10. The ITS Process

10.1. The ITSG allows applicants to pitch ideas, explain how and when ITS funding can be paid back, and respond to any ITSG challenges around apparent discrepancies or other concerns arising.

10.2. There are two strands to the governance of invest to save bids:

- Investments programmes governed by PCLT
- Investments not under PCLT governance

10.3. Investments that are part of PCLT governed programmes require PCLT approval, irrespective of value. The types of documentation required by PCLT are summarised below:

- Up to £0.5m: Invest to Save Bid Form
- £0.5m to £1.5m: Invest to Save Bid Form
- £1.5m to £10m: Business Justification Case
- Over £10m: Full Business Case

10.4. Investments outside PCLT governance must follow the governance process outlined below.

10.4.1. <u>Investments below £0.5m</u>

- Requires an Invest to Save bid form.
- Bid forms require project managers to self-score each section before moderation by the CDU and approval by ITSG.
- These bids are presented to PCLT for visibility and information, but not for approval, unless they are part of a programme governed by that board.

10.4.2. <u>Investments between £0.5m to £1.5m</u>

- Requires and Invest to Save bid form.
- Bid forms require project managers to self-score each section before moderation by the CDU. They are initially approved by ITSG, before formal approval by PCLT.
- Bid forms have the following categories:
    - Strategic fit: investment alignment with Council priorities and objectives?
    - Financial: financial benefits of the investment?
    - External Factors: e.g., the project meets statutory, legislative, or operational requirements, or it is needed because of another saving or capital project?
    - Risk: extent to which project success depends on mitigating high associated risks?

10.4.3. <u>Investments between £1.5m and £10m</u>

- Requires a Business Justification Case.
- The justification case is in line with the HM Treasury business case guidance and is a one-stage process with the following five cases considered:
    - Strategic Case
    - Economic Case

  - Commercial Case
  - Financial Case
  - Management Case
- These bids must be approved by ITSG and PCLT.

10.4.4. <u>Investments over £10m</u>

- Requires the full business case (as per HMT guidance).
- Officers will be required to outline how much funding will be needed for each business case stage and confirm the outputs achieved at each stage to justify further investment.
  - Strategic Outline Case
  - Outline Business Case
  - Full Business Case
- These bids must be approval by ITSG and PCLT.

11. Review and Evaluation of Bids

11.1. Bid reviews, and draw-down of funds, will be approved by the Invest to Save Review Group and Performance CLT, as previously outlined above.

11.2. Each project will be assessed on a case-by-case basis

11.3. The level of funding required will not be the sole consideration in determining the governance route. Other considerations may include:

- The level of resident engagement that may be required
- Issues that may give rise to sensitivities
- Other matters that are major strategic aims of the Council
- The carrying of major risk
- The historical context of investments

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