

Finance Sub-Committee

Agenda

Date: Wednesday, 1st September, 2021

Time: 2.00 pm

Venue: Council Chamber, Municipal Buildings, Earle Street, Crewe
CW1 2BJ

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

The importance of undertaking a lateral flow test in advance of attending any committee meeting. Lateral Flow Testing: Towards the end of May, test kits were sent to all Members; the purpose being to ensure that Members had a ready supply of kits to facilitate self-testing prior to formal face-to-face meetings. Anyone attending is asked to undertake a lateral flow test on the day of any meeting before embarking upon the journey to the venue. Please note that it can take up to 30 minutes for the true result to show on a lateral flow test. If your test shows a positive result, then you must not attend the meeting, and must follow the advice which can be found here:
https://www.cheshireeast.gov.uk/council_and_democracy/council_information/coronavirus/testing-for-covid-19.aspx

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

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

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

1. Apologies for Absence

To note any apologies for absence from Members.

2. Declarations of Interest

To provide an opportunity for Members and Officers to declare any disclosable

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pecuniary and non-pecuniary interests in any item on the agenda.

3. **Public Speaking/Open Session**

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

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

4. **Minutes of Previous Meeting** (Pages 3 - 4)

To approve as a correct record the minutes of the previous meeting held on 27th July 2021.

5. **Treasury Management Annual Report 2020/21** (Pages 5 - 26)

To consider the Treasury Management Annual Report for 2020/21.

6. **Appointment of a Shareholder Working Group** (Pages 27 - 36)

To consider a report on the appointment of a Shareholder Working Group.

7. **Procurement Pipeline** (Pages 37 - 52)

To consider a report which provides an update on the pipeline of procurement activity to April 2024; provides an update on the Contract Management System (Atamis); confirms the contracts awarded by the Council since April 2021; and reviews the future reporting of contract Waivers to the Sub-Committee.

8. **MTFS Assumptions Feedback from Working Group**

To receive feedback from the Working Group reviewing the assumptions within the MTFS. A verbal report will be made at the meeting.

9. **Crewe Town Centre Sustainable Heat Network** (Pages 53 - 58)

To consider a report which seeks authority to utilise external funding from the Future High Streets Fund and the Public Sector Decarbonisation Scheme for the delivery of the sustainable heat network in Crewe town centre.

10. **Work Programme** (Pages 59 - 76)

To consider the Work Programme and determine any required amendments.

THERE ARE NO PART 2 ITEMS

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

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CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Tuesday, 27th July, 2021 at Council Chamber, Municipal Buildings,
Earle Street, Crewe CW1 2BJ

PRESENT

Councillors A Stott (Chair), J Clowes, B Puddicombe and J Rhodes (for Cllr Hogben)

OFFICERS IN ATTENDANCE

Frank Jordan - Executive Director of Place and Deputy Chief Executive
Alex Thompson - Director of Finance and Customer Services
David Brown - Director of Governance and Compliance
Julie Gregory - Acting Legal Team Manager
Nichola Thompson - Director of Commissioning
Helen Davies - Democratic Services

APOLOGIES

Councillors Q Abel, D Brown, S Carter, S Gardiner and S Hogben

6 DECLARATIONS OF INTEREST

There were no declarations of interest.

7 MINUTES OF PREVIOUS MEETING**RESOLVED**

That the minutes of the meeting held on the 1st July 2021 be accepted as a correct record.

8 EXCLUSION OF THE PRESS AND PUBLIC**RESOLVED**

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

9 EXTRA CARE PFI SCHEME UPDATE

The Executive Director Place introduced the item to the Sub-Committee. He covered the key points as part of the update and included that there were five facilities across Cheshire: three within Cheshire East and two within Cheshire West and Chester. However, Cheshire East Council

managed the Private Finance Initiative (PFI) contract on behalf of both local authorities.

The Sub-Committee was updated on the proposals to enable the facilities within the PFI scheme to be reinstated and for defects to be rectified, noting the parameters that the Council had to operate within.

RESOLVED

That the recommendations in the report be accepted.

10 PROPOSED SHAREHOLDER RESOLUTION

The Executive Director Place introduced the Proposed Shareholder Resolution report. The Sub-Committee was advised of the current issues and potential impacts on the Council, and noted the steps being undertaken to resolve any extant issues.

RESOLVED

That the recommendations in the report be accepted.

The meeting commenced at 10.00 am and concluded at 10.36 am

Councillor A Stott (Chair)



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	1 st September 2021
Report Title:	Treasury Management Annual Report 2020/21
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	FSC/04/21-22
Ward(s) Affected:	Not applicable

1. Executive Summary

- 1.1.** The Treasury Management Policy requires an annual report on the performance of the Council's treasury management operation. This report contains details of the activities in 2020/21 for Cheshire East Council.
- 1.2.** The pandemic has caused unprecedented fluctuations in treasury management activity. New COVID19 related Government Grants, some of significant value, have been mostly passported to local businesses and individuals, but this movement of money has impacted treasury management locally. Inexpensive borrowing has also been available throughout the year as this position has been experienced by Council's nationally and is enhanced by prevailing low interest rates.
- 1.3.** Due to the unusual activity in 2020/21 the approved investment levels with individual counterparties were temporarily exceeded in the first quarter. The Chief Financial Officer reported this informally to members at the time, and then subsequently reported this formally to the Audit and Governance Committee. Further breeches of the strategy were avoided.
- 1.4.** The report confirms that the Council has complied with legislative requirements and remained within its Prudential Indicators. As at 31st March 2021 the Council had borrowings of £212m and investments of £52m. This combination represents appropriate value for money that achieves adequate returns at appropriate cost.

2. Recommendation

- 2.1.** To note the Treasury Management Annual Report for 2020/21 as detailed in Appendix A.

3. Reason for Recommendation

- 3.1.** To meet 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.** The Treasury Management Strategy for 2020/21 was approved by Council on 20th February 2020. Progress reports have been provided to Cabinet throughout the year as part of the Quarterly Financial Update Reports.
- 5.2.** Treasury Management is defined by the Chartered Institute for Public Finance and Accountancy (CIPFA) as: “the management of the organisation’s borrowing, investments and cashflows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”. This definition is “intended to apply to all public service organisations in their use of capital and project financing, borrowings and all investments”.
- 5.3.** 2020/21 was an unprecedented year for treasury management activities with the start of the first national lockdown in March 2020. Actions were taken immediately to ensure the treasury team had the appropriate access to technology for business continuity whilst working from home.
- 5.4.** The funding of Government initiatives to businesses and individuals to tackle the effects of COVID lockdowns via the Council has led to increased fluctuations in cash during 2020/21. Additional government funding received in year amounted to c. £280m. The management of daily cash flows was challenging given the increased cashflow and the requirement to passport government grants directly to local businesses and third parties within tight timescales. Ultimately this has reduced the Council’s borrowing requirement throughout the year, as available cash balances were utilised on a daily basis.
- 5.5.** Treasury Management income for 2020/21 is £990,000 which is higher than the budgeted £600,000.
 - The average daily investment balance including managed funds during 2020/21 is £61m. (£31.7m 2019/20)

- The average annualized interest rate received on in-house investments during 2020/21 is 0.18%. (0.74% 2019/20)
- The average annualized interest rate received on the externally managed funds during 2020/21 is 4.58%. (4.23% 2019/20)

5.6. The Bank of England cut Bank Rates to 0.1% and the UK government provided a range of fiscal stimulus measures.

5.7. The Council's total average interest rate for 2020/21 is 1.62%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.05% (average 2020/21), and our own performance target of 0.60% (Base Rate + 0.50%).

Table 4 – Interest Rate Comparison

Comparator	Average Rate 2020/2021
Cheshire East	1.62%
LIBID 7 Day Rate	0.05%
LIBID 3 Month Rate	0.11%
Base Rate	0.10%
Target Rate	0.60%

5.8. Further details on all treasury management activities are provided in Appendix A.

6. Implications

6.1. Legal

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

6.2. Finance

6.2.1. Contained within the report.

6.3. Policy

- 6.3.1.** The treasury management activity reported for the period 1st April 2020 - 31st March 2021 has been carried out in accordance with the Treasury Management Policy Statement and Treasury Management Practices (TMPs).

6.4. Equality

- 6.4.1.** None.

6.5. Human Resources

- 6.5.1.** None.

6.6. Risk Management

- 6.6.1.** The Council operates its treasury management activity within the approved Treasury Management Code of Practice and associated guidance.
- 6.6.2.** The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy as no treasury management activity is without risk. The aim is to operate in an environment where risk is clearly identified and managed.
- 6.6.3.** To reduce the risk that the Council will suffer a loss as a result of its treasury management activities down to an acceptable level a number of risk management procedures have been put in place. The procedures cover liquidity risk, credit and counterparty risk, re-financing risk, legal and regulatory risk, and fraud, error and corruption risk. These are referred to within the borrowing and investment strategies, prudential indicators and the Treasury Management Practices Principles and Schedules.
- 6.6.4.** The arrangements for the identification, monitoring and controlling of risk will be reported on a regular basis in accordance with the Strategy.

6.7. Rural Communities

- 6.7.1.** None.

6.8. Children and Young People/Cared for Children

- 6.8.1.** None.

6.9. Public Health

- 6.9.1.** None.

6.10. Climate Change

6.10.1. None.

Access to Information	
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Appendices:	Appendix A – Annual Report 2020/21
Background Papers:	Treasury Management Strategy Report 2020/21

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Treasury Management Annual Report 2020/21



1. Background

- 1.1 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management. The Treasury Management Strategy for 2020/21 was approved at Council on 20th February 2020.
- 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 and as a minimum a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA code.
- 1.3 In carrying out treasury operations the Council has regard to the advice received from its appointed Treasury Management advisors, Arlingclose Ltd. The current contract for advice expires 31st December 2021.

2. External Context

- 2.1 **Economic background:** The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.
- 2.2 Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.
- 2.3 A BREXIT trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.
- 2.4 The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895

billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

- 2.5 Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have helped protect more than 11 million jobs.
- 2.6 Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.
- 2.7 Inflation has remained low over the 12 month period. The annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.7% year/year in March, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 1.0% year/year (in line with expectations).
- 2.8 GDP (quarter to quarter growth) contracted sharply in 2020 Q2 (Apr-Jun) by 19.5% during the first national lockdown but bounced back in Q3 and Q4 by 16.9% and 1.3% respectively. However, during 2021 Q1 during a further lockdown GDP reduced by 1.5%.
- 2.9 After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46th US president after defeating Donald Trump.
- 2.10 The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.
- 2.11 **Financial markets:** Monetary and fiscal stimulus helped provide support

for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250. However, they remain lower than their pre-pandemic levels.

- 2.12 Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook, due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.
- 2.13 **Credit Review:** Due to the uncertainties of the pandemic, a number of UK banks were downgraded in the first half of 2020. Moody's also downgraded the UK sovereign rating to Aa3 with a Stable outlook which then impacted a number of other UK institutions, banks and local government. In the last quarter of the financial year S&P upgraded Clydesdale Bank to A- and revised Barclay's outlook to stable (from negative) while Moody's downgraded HSBC's Baseline Credit Assessment to baa3 whilst affirming the long-term rating at A1.
- 2.14 The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions. The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

3. Local Context

- 3.1 As at 31st March 2021 the Authority has borrowings of £212m and investments of £52m. This is set out in further detail at **Annex A**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

Table 1: Balance Sheet Summary and Forecast

	31/03/20 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	372	403	446	481	476
Less: Other long-term liabilities *	(24)	(22)	(21)	(20)	(18)
Loans CFR	348	381	425	461	458
Less: External borrowing **	(201)	(190)	(78)	(77)	(77)
Internal (over) borrowing	147	191	347	384	381
Less: Usable reserves	(106)	(101)	(96)	(90)	(87)
Less: Working capital	(98)	(80)	(75)	(73)	(71)
Investments (or New borrowing)	57	(10)	(176)	(221)	(223)

* 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

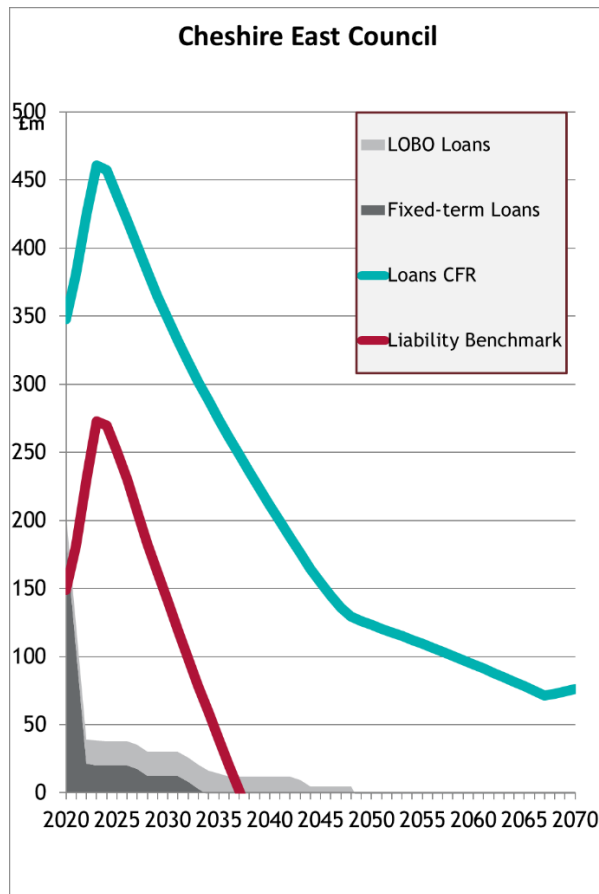
3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying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

- 3.3 The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £77m over the forecast period 2021/22 to 2023/24.
- 3.4 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. **Table 1** shows that the Authority expects to comply with this recommendation.
- 3.5 **Liability Benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £20m at each year-end to maintain a core strategic investment.

Table 2: Liability Benchmark

	31/03/20 Actual £m	31/03/21 Actual £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m
Loans CFR	348	381	425	461	458
Less: Usable reserves	(106)	(101)	(96)	(90)	(87)
Less: Working capital	(98)	(80)	(75)	(73)	(71)
Plus: Minimum investments	20	20	20	20	20
Liability Benchmark	164	220	274	318	320

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

Chart 1: Liability Benchmark Chart

4 Borrowing Strategy

- 4.1 The Authority currently holds loans of £190m, a decrease of £11m since 31 March 2020. The funding of Government initiatives to businesses and individuals to tackle the effects of COVID lockdowns via the Council has lead to increased fluctuations in cash during 2020/21. This has reduced the need to borrow.
- 4.2 The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.
- 4.3 With short term interest rates remaining much lower than long-term rates and high levels of liquidity in the markets, the Authority considered it more cost effective in the near term to use internal resources and borrow rolling temporary / short-term loans instead. The cost (including fees) in 2020/21 was around 0.73%. A full list of temporary borrowings as at 31/03/2021 is shown below in Table 3.

Table 3 – Current Temporary Borrowing

Lender	Start	Maturity	Rate %	£m
Devon & Somerset Fire	03/08/20	06/04/21	0.50	5.0
London Borough of Bromley	17/09/20	06/04/21	0.45	5.0
Derbyshire Pension Fund	07/09/20	07/04/21	0.29	5.0
North & Tyne Combined Authority	08/10/20	08/04/21	0.45	5.0
London Borough of Bromley	21/09/20	12/04/21	0.42	5.0
Wandsworth	15/03/21	15/04/21	0.10	5.0
N Ireland Housing Exec	04/08/20	16/04/21	0.30	10.0
Cheshire West & Chester	18/03/21	19/04/21	0.76	6.0
Perth & Kinross	21/09/20	21/04/21	0.40	5.0
Bournemouth	22/03/21	22/04/21	0.10	5.0
PCC Hampshire	23/10/20	23/04/21	0.25	4.0
Hampshire Fire	23/10/20	23/04/21	0.25	1.0
Nottingham City	24/03/21	26/04/21	0.07	5.0
Somerset	21/09/20	04/05/21	0.40	5.0
Maldon	22/02/21	24/05/21	0.15	2.0
Runnymede	22/02/21	24/05/21	0.15	3.0
Nottingham City	22/03/21	24/05/21	0.08	5.0
N Ireland Housing Exec	25/09/20	25/05/21	0.25	4.0
North Tyneside	21/09/20	21/06/21	0.45	5.0
London Borough of Richmond	22/03/21	22/06/21	0.12	5.0
Kensington & Chelsea	08/03/21	08/09/21	0.20	5.0
Wokingham	11/09/19	10/09/21	0.90	5.0
TOTAL				105.0

- 4.4 The cost of temporary borrowing in 2020/21 is £508,000 which is lower than the budgeted £630,000. This is due to the continued low interest rate environment and the reduced need to borrow due receipt of Government COVID grants prior to onward payment to business and individuals.

- 4.5 **PWLB:** In November 2020, the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. The Council is not planning to purchase any such investment assets which makes PWLB funding more affordable again if short term rates were to increase or market liquidity disappear.
- 4.6 **LOBO's:** The Authority holds £17m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. All of these LOBO's had options during 2020/21 but no changes were proposed.

5 **Investment Strategy**

- 5.1 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. On occasions higher balances than expected have been held due to the timing of receipt of COVID related grants.
- 5.2 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.
- 5.3 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.

- 5.4 Investment limits were breached on 1st April 2020 following the sudden receipt of £95.5m finding from the Government for onward payment to small businesses as COVID relief grants. For the Council to hold this amount of cash at any point in time is highly unusual and the limits and number of Counterparties immediately available were insufficient to keep within approved limits. Funds were distributed as far as practical breaching the limits with six counterparties of which five were brought back within limits by 15th April and the remaining one by 24th April.
- 5.5 This breach of limits was reported at the time by the s.151 Officer to the Chief Executive, Portfolio Holder for Finance, ICT & Communications and the Chair of the Audit & Governance Committee. A report was also presented to the Audit & Governance Committee on 20th May 2020. There have been no further breaches of limits.
- 5.6 Continued downward pressure on short-dated cash rate brought net returns on sterling low volatility net asset value money market funds (LVNAV MMFs) close to zero even after some managers have temporarily lowered their fees. The net return on Money Market Funds net of fees, which had fallen after Bank Rate was cut to 0.1% in March, are now at or very close to zero; fund management companies have temporarily lowered or waived fees to avoid negative net returns.
- 5.7 Treasury Management income for 2020/21 is £990,000 which is higher than the budgeted £600,000.
- The average daily investment balance including managed funds during 2020/21 is £61m
 - The average annualized interest rate received on in-house investments during 2020/21 is 0.18%
 - The average annualized interest rate received on the externally managed funds during 2020/21 is 4.58%

- 5.8 The Authority's total average interest rate on all investments in 2019/20 is 1.62%. The returns continue to exceed our benchmark, the London Inter-bank Bid Rate for 7 days at 0.05% (average 2020/21), and our own performance target of 0.60% (Base Rate for 2020/21 + 0.50%).

Table 4 – Interest Rate Comparison

Comparator	Average Rate 2020/2021
Cheshire East	1.62%
LIBID 7 Day Rate	0.05%
LIBID 3 Month Rate	0.11%
Base Rate	0.10%
Target Rate	0.60%

- 5.9 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.
- 5.10 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	7.7
Aegon	Multi Asset	5.0	5.0
Fidelity	Equity - Global	4.0	4.0
Schroders	Equity - UK	2.5	2.1
M & G	Bonds	1.0	1.0
TOTAL		20.0	19.8

- 5.11 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 31st March 2021 were slightly lower than the amounts

invested, but is a significant increase since April 2020. However, these investments all continue to deliver high levels of income return.

Chart 2 – Current Investments by Counterparty Type

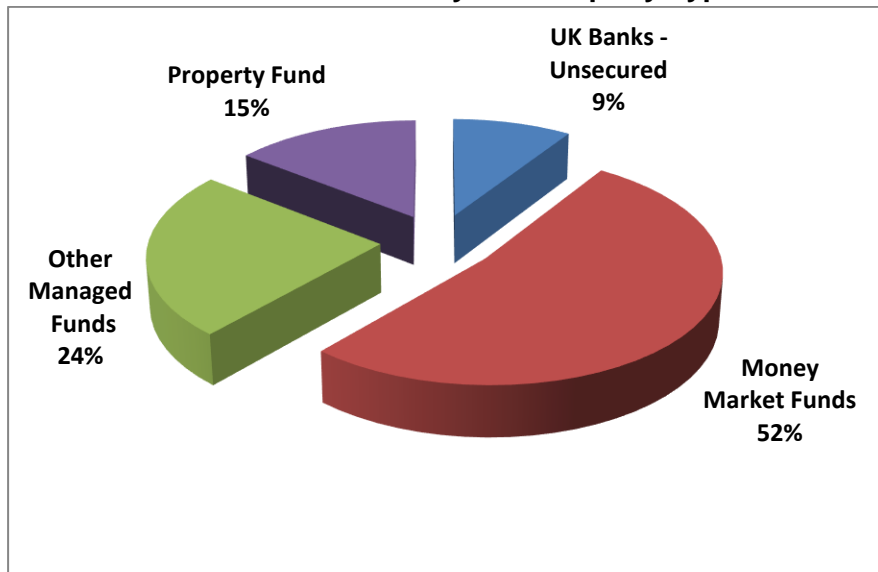
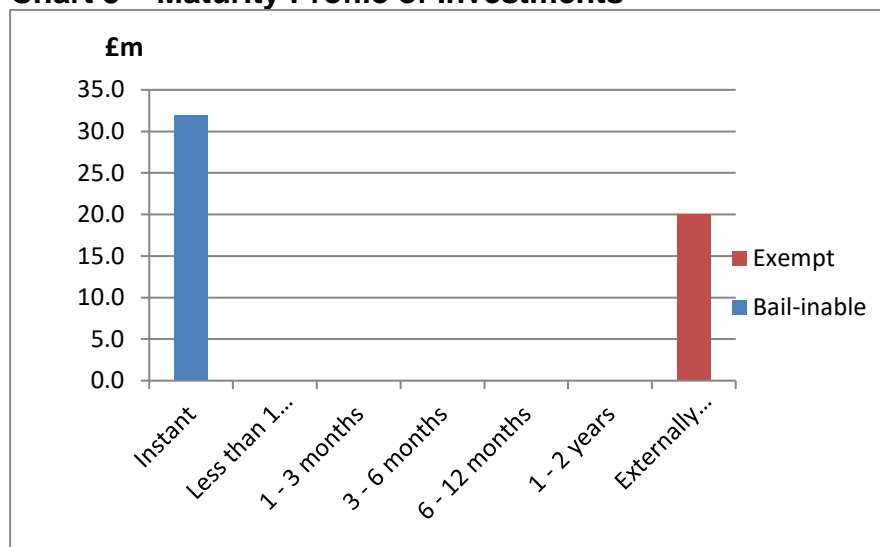


Table 6 – Types of Investments and Interest Rates at 31st March 2021

Instant Access Accounts	Average Rate %	£m
Money Market Funds	0.02	27.1
Barclays Call Account	0.01	4.8

Externally Managed Funds	£m
Property Fund	7.5
Other Managed Funds	12.5

Summary of Current Investments	£m
TOTAL	51.9

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

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

6.2 **Interest Rate Exposures:** This indicator is set to control the Authority's exposure to interest rate risk. The upper 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% rise in interest rates	£545,000
Actual impact in 2020/21 of increase in interest rates	£0

6.3 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. Rates fell in 2020/21 so there were no pressures from increasing rates. The Council remained a net borrower in 2020/21 so any fall in rates would lead to savings rather than incurring additional cost. The limit and the actual impact from a fall in rates were therefore £0.

6.4 **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 which were set in February 2021 and the actual maturity profiles as at 31 March 2021 are:

Refinancing rate risk indicator	Upper Limit	Actual
Under 12 months	70%	68%
12 months and within 24 months	35%	0%
24 months and within 5 years	35%	0%
5 years and within 10 years	75%	6%
10 years and within 20 years	100%	9%
20 years and above	100%	17%

- 6.5 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper limit for loans maturing in under 12 months is relatively high as short term funding is currently considerably cheaper than alternatives.
- 6.6 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

Price Risk Indicator	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: Existing Investment & Debt Portfolio Position

	31/03/21 Actual Portfolio £m	31/03/21 Average Rate for the year %
External Borrowing:		
PWLB – Fixed Rate	61	4.44%
Local Authorities	105	0.64%
LOBO Loans	17	4.63%
Other	7	0.10%
Total External Borrowing	190	2.74%
Other Long Term Liabilities:		
PFI	21	-
Finance Leases	1	-
Total Gross External Debt	212	-
Investments:		
<i>Managed in-house</i>		
Short-term investments:		
Instant Access	32	0.02%
<i>Managed externally</i>		
Property Fund	8	4.46%
Other Managed Funds	12	4.65%
Total Investments	52	1.78%
Net Debt	160	-

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Finance Sub-Committee

Date of Meeting:	1 st September 2021
Report Title:	Appointment of a Shareholder Working Group
Report of:	Alex Thompson: Director of Finance and Customer Services
Report Reference No:	FSC/05/21-22
Ward(s) Affected:	Not applicable

1. Executive Summary

- 1.1.** The responsibilities of the Finance Sub-Committee include the oversight of the Council's company shareholdings. This responsibility is articulated in the Terms of Reference for the Sub-Committee as:
 - 1.1.1.** "making decisions as Shareholder, reviewing and approving Business plans, including risk registers and commissioning services and functions from the Council's ASDVs"
- 1.2.** To manage these responsibilities in an appropriately detailed and timely manner the Sub-Committee is being asked to establish a Shareholder Working Group.
- 1.3.** The working group will be required to support the responsibilities of the Sub-Committee during October and November and then report back to the Sub-Committee for decisions, as necessary, in November.
- 1.4.** To ensure the Shareholder Working Group is provided with sufficient scope and guidance, to make suitable recommendations, the Sub-Committee is being asked to confirm clear terms of reference. The Terms of Reference should include responsibilities to:
 - 1.4.1.** Review Company Business Plans
 - 1.4.2.** Analyse risks in company operations
 - 1.4.3.** Analyse Company Profit / Loss targets and forecasts

- 1.4.4.** Engage Commissioning Officers and Company representatives
- 1.4.5.** Review Company financial stability including dividend proposals and investment plans
- 1.5.** In addition, it is proposed that the working group review and provide advice to the Finance Sub Committee on the overall governance arrangements for each of the council owned companies and whether these can be improved in any way.

2. Recommendations

That the Sub-Committee:

- 2.1.** Approve the setting up of a Shareholder Working Group
- 2.2.** Approve Terms of Reference for the Shareholder Working Group (attached at **Appendix 1**).
- 2.3.** Appoint a member of the Sub-Committee to the role of Chair to of the Shareholder Working Group.
- 2.4.** Approve the proportionality of the elected members of the Shareholder Working Group.
- 2.5.** Delegate responsibility to the Chair of the Shareholder Working Group to:
 - 2.5.1.** Appoint other members of the Shareholder Working Group as required by the Terms of Reference of the Group; and
 - 2.5.2.** Provide a report back to the Sub-Committee in November 2022 based on the work of the group as required by the Terms of Reference

3. Reasons for Recommendations

- 3.1.** The Council operates a Group Structure, which includes the Borough Council as well as the following companies:
 - 3.1.1.** Ansa Environmental Services
 - 3.1.2.** Orbitas Bereavement Services
 - 3.1.3.** Transport Services Solutions
 - 3.1.4.** Tatton Park Enterprises
 - 3.1.5.** Cheshire East Residents First
- 3.2.** The Finance Sub-Committee has the responsibility of providing the necessary oversight that ensures the companies fulfil their purpose and

provide appropriate returns on the Council's interests. This responsibility can be delegated.

- 3.3. To manage the shareholder responsibilities, it is recommended that the Sub-Committee create a working group that can review company activity, relationships with the shareholder and the potential risks and opportunities.
- 3.4. This will be achieved by establishment of terms of reference that incorporate an appropriate mix of officers and members with necessary skills and experience for the role. Setting clear terms of reference for the working group will also ensure the necessary focus for the groups' activities and how they meet the Sub-Committee's interests.

4. Other Options Considered

- 4.1. The Sub-Committee could carry out the intended activities of the Shareholder Working Group through formal Sub-Committee meetings. Full Sub-Committee could be seen to present a highly transparent approach. However, this approach is not recommended as the Shareholder Working Group is expected to meet in an intense sequence of meetings and external advisors should also be members of this group to provide appropriate technical expertise. Issues may also be commercially sensitive and heard under Part 2, which restricts the public transparency. This approach does not suit the format of full Sub-Committee meetings. The responsibilities of the Sub-Committee can still be discharged by providing the right terms of reference and membership of the working group, and by ensuring that the reporting back to the Sub-Committee is suitably evidence based.
- 4.2. The constitutional responsibilities of the Sub-Committee do not support a 'do nothing' option.

5. Background

- 5.1. The CIPFA Financial Management Code includes a principle of Assurance, which requires attention to standards of governance, resilience, risk and sustainability. These standards apply equally to the Council's role as shareholder of Wholly Owned Companies as they do to direct provision of services. The establishment of the Shareholder Working Group will support the Sub-Committee in addressing this principle.
- 5.2. The Council has five wholly owned companies, whose purpose must be reviewed in accordance with the business plans that were approved to establish the companies. Each company is expected to provide annual business plans that articulate performance and financial returns that meet the Council's ambition, and the Shareholder Working Group can assess these publications.

- 5.3. Each wholly owned company will provide statutory accounts and business plans during the period September to November, meaning the timing of the Working Group is appropriate to consider the financial returns, investment possibilities and financial stability of each company when it meets.
- 5.4. The membership of the Shareholder Working Group is recommended to be a mix of members and officers to ensure appropriate oversight and skills are engaged in developing any feedback to the Sub-Committee. The Group should seek representation from commissioning services and the Companies, as this client / provider relationship is crucial in understanding the benefits of the Group Structure.
- 5.5. The Shareholder Working Group also needs to provide a commercial focus, advising on appropriate commercial income targets and assessing year on year progress against these. Appropriate business acumen will also be sought via the membership.
- 5.6. Clear Terms of Reference are necessary to allow the Sub-Committee to provide suitable guidance to the working group as to what is required to fulfil its responsibilities as shareholder.
- 5.7. In addition it is recommended that the working group review the overall governance arrangements for the companies and makes recommendations to the Sub-Committee on how these could be improved.

6. Consultation and Engagement

- 6.1. There is no requirement for consultation outside of the Council's group structure to address the recommendations of this report. The report has been developed in consultation with the Chair and Vice Chair of the Sub-Committee, the Council's Corporate Leadership Team and the ASDV Programme Board. Engagement on the recommendations will require meetings with both Commissioners and members of the WOCs to be arranged.

7. Implications

7.1 Legal

- 7.1.1. There are no legal implications linked to the recommendations of this report.

7.2 Finance

- 7.2.1. There are no financial implications linked to the recommendations of this report.

7.2.2. The Working Group may make recommendations that could impact the Council's MTFS, which incorporates the financial performance of the wholly owned companies. However, such recommendations would be presented to the Sub-Committee for approval (or onward recommendation), and any such decisions would be supported with appropriate clarification of the financial implications.

7.3. Policy

7.3.1. There are no policy implications identified

7.4. Equality

7.4.1. There are no equality implications identified.

7.5. Human Resources

7.5.1. There are no human resources implications identified.

7.6. Risk Management

7.6.1. Management of risk is included within the terms of reference for the Shareholder Working Group. Any emerging risks, or reassessment of existing risks should be reported back to the Sub-Committee in appropriate detail.

7.6.2. There could be tension between a wholly owned companies desire for growth and delivery of services to the Council. It is appropriate that such tensions be explored {?} by the Working Group, where the commissioners will be in attendance, before recommendations for growth targets be made back to the Sub-Committee.

7.7. Rural Communities

7.7.1. There are no implications for rural communities.

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

7.9.1. There are no implications for public health.

7.10. Climate Change

7.10.1. There are no implications for climate change.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) alex.thompson@cheshireeast.gov.uk
Appendices:	1 – Shareholder Working Group Terms of Reference
Background Papers:	The following are links to key background documents: Medium Term Financial Strategy 2021-25



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Shareholder Working Group TERMS OF REFERENCE

1. Purpose of the Shareholder Working Group (“the Group”)

1.1. The Group will give advice and direction to the Finance Sub-Committee (“the Sub-Committee”) who hold the legal responsibility for making shareholder decisions.

1.2. The Group will:

- 1.2.1.** Review the strategic business cases for each WOC and to provide strategic advice to the Sub-Committee to support any decision making required by the Sub-Committee in dispensing their responsibilities as shareholder.
- 1.2.2.** Review the current governance arrangements for each company and to provide advice to the finance sub-committee on how they could be improved and what changes should be made. This includes membership of company boards and ensuring the council as shareholder has appropriate mechanisms in place to direct the companies.
- 1.2.3.** Otherwise support the Sub-Committee in dispensing its responsibilities as the Shareholder in respect of the Council.

2. Membership

2.1. The Group shall normally consist of 6 members:

- 2.1.1.** 3 drawn from the Elected Members of the Council, the Chair of the Group shall be appointed by the Sub-Committee from the membership of the Sub-Committee. Other members need not be members of the Sub-Committee;
- 2.1.2.** 1 Officer representing the Corporate Leadership Team of the Council;
- 2.1.3.** 1 individual providing professional financial support
- 2.1.4.** 1 individual providing professional legal support.

2.2. The proportionality of the Group shall be determined by the Sub-Committee.



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3. In Attendance

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

- 3.1.1.** Officer(s) representing the Commissioned Services of the WOC; depending on which WOC is being discussed
- 3.1.2.** Member(s) of the Company Board of the WOC depending on which WOC is being discussed
- 3.1.3.** External advice and expertise may also be provided to the Group to assist in their work.

4. Functions

4.1. The core function of the Group is to:

- 4.1.1.** Provide assurance that the business plans for each WOC are fit for purpose, meet the needs of customers and commissioners or provide recommendations to ensure that they will;
- 4.1.2.** Provide assurance that the business plans for each WOC comply with the Public Contract Regulations 2015;
- 4.1.3.** Provide assurance that all WOCs are structured in a way that complies with the relevant statutory and regulatory framework as a company and in their respective areas of operation;

4.2. The Working Group shall provide advice to the Sub-Committee on any potential risks to the Cheshire East Group associated with the current arrangements. This should be articulated in the light of recent reports in the public interest and best practice within Council wholly owned companies.

4.3. The Shareholder Group is to make recommendations to the Sub-Committee about whether or not to approve the business plans of each of the WOCs as shareholder. Within this core function the Group will also:

- 4.3.1.** Provide strategic advice to the Sub-Committee on the robustness and suitability of each of the WOC Business Plans;



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- 4.3.2. Review any proposals to make a significant capital or revenue investment in any of the council's WOC;
- 4.3.3. Specifically reviewing any proposal by a WOC to submit tender for services to a client other than Cheshire East Council;
- 4.3.4. Provide advice to the Sub-Committee before exercising any shareholder consents;
- 4.3.5. Determine the distribution of any surplus or the issue of any dividends from a WOC. And, in making this determination, provide assurance that any proposed investment or retention of accumulated surpluses is appropriate for the purposes of the Companies Business Plans.

5. Frequency of meetings

- 5.1. The Group will meet during the period September 2021 to December 2021 and make recommendations to the Sub-Committee on a future pattern of meetings.

6. Administration

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

7. Principal Information Management needs:-

- Statutory accounts of each company
- Annual engagement and commercial activity report
- Update reports on major projects
- Business plans for each company including risk registers

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Finance Sub-Committee

Date of Meeting:	1 st September 2021
Report Title:	Procurement Pipeline
Report of:	Alex Thompson: Director of Finance and Customer Services
Report Reference No:	FSC/06/21-22
Ward(s) Affected:	All

1. Executive Summary

- 1.1. The purpose of this report is to provide an update to the Finance Sub Committee of the pipeline of procurement activity up to April 2024, (for all known re-procurements), provide an update on the Contract Management System (Atamis), confirm the contracts awarded by the Council since April 2021 and to review the future reporting of contract Waivers to the Committee.
- 1.2. This report supports the Council being open and working transparently with its residents, businesses and partners
 - 1.2.1. **Ensuring that there is transparency in all aspects of Council decision making** (page 3 and 13 Corporate Plan 2021 to 2025) by publishing a pipeline of procurement activity and contracts awarded on the Councils Open Data.
 - 1.2.2. **Ensuring that there is transparency in all aspects of Council decision making** (page 3 and 13 Corporate Plan 2021 to 2025) by implementing a contract management system to provide greater governance and transparency in the way the council manages its contracts.
 - 1.2.3. **Support a sustainable financial future for the council, through service development, improvement and transformation** (page 3 and 13 Corporate Plan 2021 to 2025) by improving the visibility of contracts ensuring that outcomes are met or exceeded, contract

and supply chain risk is managed, and efficiency savings are secured.

2. Recommendations

2.1. That the Finance Sub Committee.

- 2.1.1.** Note the procurement pipeline of work and identify significant procurement for further review.
- 2.1.2.** Note the update on the Contract Management System and the improvements it will bring.
- 2.1.3.** Note the contracts awarded by the Council since April 2021.
- 2.1.4.** Approve that Waivers to Contract Procedure Rules will be reported to the Finance Sub Committee as part of their responsibility for oversight of the procurement process.

3. Reasons for Recommendations

- 3.1.** The Committee has responsibility for oversight of the procurement. Procurement is the process of acquiring goods, works or services from third parties including wholly owned subsidiary bodies of the Council. The process spans the whole commissioning cycle and is generally covered by the Public Contract Regulations 2015 (PCR's) 2015.
- 3.2.** Oversight is important as in a normal operating year the Council spends more than £350m annually with external parties which need to be procured in accordance with the PCR's 2015 ensuring value for money and that the Councils Social Value principles and objectives are achieved.
- 3.3.** To ensure compliance with the PCR's, the Constitution and the Commissioning Framework a procurement pipeline of work is maintained that the Committee should review as part of their responsibilities. This is attached at appendix A.
- 3.4.** The contract procedure rules set out the necessary controls that are used to manage related spending. There are occasions where it is appropriate to waive these rules with the proper authority. It will be helpful for the sub-committee to have sight of occasions where this has taken place to support the responsibility for oversight of the pipeline. This approach enhances overall controls, but it must also be noted that the Audit & Governance Committee maintains an assurance role which currently involves review of waivers and non-adherence to contract procedure rules.
- 3.5.** A contract management system will provide a platform to ensure good contract governance and transparency. Contract Management is decentralised within the Council with each service responsible for its contracts and budgets. There is currently no central system for reporting

contract performance across the council and therefore no mechanism for reporting savings, benefits, outcomes, improvements, risks and issues.

- 3.6. To ensure the Council complies with the Local Government Transparency Agenda all contracts awarded are published on the Councils transparency pages on the website. Appendix B provides a list of contracts awarded since April 2021. It is important for members to recognise and oversee this process.

4. Other Options Considered

- 4.1. The option of not preparing a pipeline of work and publishing contracts would mean that the Council fail to comply with legislation and transparency. The Council would also fail to procure contracts in a timely manner which could lead to service failure.

5. Background

- 5.1. It is important for the Council to ensure proper oversight of procurement activity. Following the implementation of the Committee system, Key Decisions have been replaced within the Constitution by “Significant Decisions” which are not defined by value. This allows a wider scope for overview.
- 5.2. The procurement pipeline provides a list of all the Councils scheduled procurement activity up to April 2024. The Committee should be reassured that significant decisions are well managed and therefore consider reviewing important or valuable contracts.
- 5.3. Contract Management is decentralised within the Council with each service responsible for its contracts and budgets. There is no central system, so the majority of processes are either paper based or on a sharepoint site with no overall visibility across the Council.
- 5.4. The Procurement team keep a central Contracts Register which is a static sharepoint list and includes the Councils contracts. It is limited in its capacity to provide strategic oversight or detailed management information.
- 5.5. Contract Management is an essential part of any organisation. During October 2020 the Council procured a new Contract Lifecycle Management System (CLMS) called Atamis. Atamis is a cloud-based software supporting the commissioning, procurement and contract management lifecycle and is used by several public and private sector companies.
- 5.6. The benefit of the system includes
 - 5.6.1. Automation of the contract process
 - 5.6.2. Increased contract visibility with a central, digital repository allowing optimum compliance and extensive reporting

- 5.6.3.** A central portal with audit trails that provide the whole contract history
 - 5.6.4.** Automatic alerts to increase contract renewal, compliance, KPI reporting and renewal of policies and certificates
 - 5.6.5.** Contract compliance and accountability with all documents, savings and KPI's stored centrally
 - 5.6.6.** Improved document management
- 5.7.** The system includes four modules, Contract Management, Spend, Supplier Relationship and Pipeline. The Contract Management module is going live in August with the remaining modules to follow over the next couple of months.
- 5.8.** The Local Government Transparency Agenda was published in 2015 which details the procurement information local authorities must publish. Cheshire East publishes a monthly spend report which details the previous months spend along with contracts awarded quarterly in arrears. The Council also complies with the PCR's where all contracts above £25k are published and awarded on Contracts Finder and Find a Tender when above the PCR threshold.
- 5.9.** The Contract Management System will support further with transparency within Commissioning, Procurement and Contract Management and will support the reforms which are due to the public procurement legislation following the publication of the Green Paper "Transforming Public Procurement" in December 2020.

6. Consultation and Engagement

- 6.1.** Consultation and engagement have been undertaken with Cheshire East Council staff who have a role within Commission, Procuring and Contract Managing goods, services or works for the Council.

7. Implications

7.1. Legal

- 7.1.1.** The Council 's commercial legal team will work with procurement and seek to ensure that the Council's procurement activity complies with the PCR's and the Council's contract rules; and will look to advise on the appropriate form of contracts to be used.

7.2. Finance

- 7.2.1.** The recommendations in this report do not impact on the Council's Medium Term Financial strategy (MTFS) The Corporate Leadership Team (CLT) are reminded that under the Council's Constitution Finance Procedure Rule 2.11; Chapter 3 - Part 4: Section 2, CLT are

responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. The Contract Management System will support with the monitoring of budgets for contracts and ensure the Council achieves value for money and savings within its contracts.

7.3. Policy

- 7.3.1.** New policies regarding Contract Management and the roles and responsibilities.

7.4. Equality

- 7.4.1.** N/A

7.5. Human Resources

- 7.5.1.** Training will be required with the new system and roles and responsibilities defined for Contract Management.

7.6. Risk Management

- 7.6.1.** Contract and supplier risks and issues will be managed through the new Contract Management System ensuring supply chain risks are monitored and managed appropriately with visibility across the Council.

7.7. Rural Communities

- 7.7.1.** There are no direct implications for rural communities.

7.8. Children and Young People/Cared for Children

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

7.9. Public Health

- 7.9.1.** There are no direct implications for public health

7.10. Climate Change

- 7.10.1.** Carbon and the environment form part of the Councils Social Value Policy and Framework. How the Council measures the outcomes and performance from the supply chain will be through the Contracts Management Framework.

Access to Information	
Contact Officer:	Lianne Halliday Lianne.halliday@cheshireeast.gov.uk
Appendices:	Appendix A spreadsheet Appendix B spreadsheet
Background Papers:	None

Procurement pipeline of work to April 2024

Directorate	Number of contracts to be procured	Total contract value (including the term)
Corporate	115	£144,268,256.00
Place	42	£31,719,960.00
People – Adults, PH, Communities	35	£661,531,000
People – Children's	20	£44,109,228.00
Total	212	£ 881,628,444.00

Year	Number of Procurements	Total Procurement Value
2021	74	£133,402,920
2022	99	£114,268,650
2023	33	£446,333,874
Up to April 2024	6	£187,623,000

Contracts awarded since April 2021

Directorate	Number of contracts awarded	Total contract value
Corporate	34	£3,689,806
People	41	£30,702,034
Place	49	£20,230,548
Total	124	£54,622,388

Data is available on the Cheshire East website, link below.

<https://opendata-cheshireeast.arcgis.com/search?sort=name&tags=contracts%20register>

Appendix A - Pipeline

Row Labels	Sum of Estimated Contract Value	
2021	£	133,402,920.71
Adult's care at home	£	65,000,000.00
Domestic Energy Efficiency Retrofit	£	9,600,000.00
Early Help Framework (EHF) re-opening	£	6,500,000.00
Provider Panel for Provision of Apprenticeships	£	6,000,000.00
Children's Residential Care	£	5,000,000.00
Insurance - ALL	£	4,793,317.00
Supply of Water and Waste Water Services	£	3,800,000.00
Construction related Consultancy Services	£	3,800,000.00
Solar PV - Leighton Farm	£	3,500,000.00
Level Access Showers	£	3,000,000.00
Domestic Abuse services	£	3,000,000.00
Statutory Advocacy Service	£	2,425,000.00
Integrated Carers Hub	£	2,253,000.00
Emotionally Healthy Children & YP	£	1,500,000.00
Tatton Park Catering	£	1,400,000.00
Assistive Technology	£	1,200,000.00
THE PROVISION AND SERVICING OF LIBRARY BOOKS AND MULTIMEDIA	£	1,200,000.00
Marketing and Communications Services Framework	£	975,000.00
22 046 SDDC VMware 3 year Licence	£	900,000.00
PROVISION OF PRINTING AND GRAPHIC SERVICES FOR ELECTORAL SERVICES	£	800,000.00
Supply and Installation of Stairlifts	£	800,000.00
Healthwatch	£	756,000.00
Handforth GV - Vegetation Clearance	£	500,000.00
21 065 Contact Centre as a Service (CCaaS)	£	480,000.00
22 006 CYPD Education Management System	£	377,000.00
21 083 Cash Receipting & Income Management (CRIM)	£	360,000.00
Business Travel	£	300,000.00
Day Opportunities - Complex Care, community inclusion	£	250,000.00
21 071 Stationery & Office consumables	£	245,000.00

20 022 E-Payslips Software Mod1004	£	200,000.00
21 002 Remote Access Solution	£	200,000.00
21 085 vRealize licenses for Azure VMWare	£	180,000.00
21 089 Provision of Support and Maintenance of VNX5400 Array	£	157,000.00
Microsoft Unified Support	£	126,000.00
Support for Adult CaH Sector	£	125,000.00
22 004 ICT Case Management System for Community Protection Team	£	100,000.00
Employee Assistance Program	£	100,000.00
21 019 Information Request and Complaints Case Management System	£	100,000.00
Merchant Acquirer and Payment Service Provider for Parking Meters	£	100,000.00
SGH 005 McAfee Security Suite	£	90,500.00
Translation & Interpretation	£	90,000.00
22 042 EDRMS Enhancement & Support extension	£	89,173.00
21 103 Online Learning for Children and Young Adults	£	80,000.00
21 086 BACS System Replacement	£	75,425.00
Cisco UCS Blade servers and Warranty	£	75,000.00
21 091 Parking TELEMETRY	£	60,960.00
Treasury Management Consultancy Services	£	60,000.00
Employee Engagement Survey	£	60,000.00
Port Charges for Amazon Web Services	£	57,000.00
21 013 Community Infrastructure Levy	£	50,000.00
Homelessness - roughsleepers bids	£	50,000.00
Development of components for SharePoint Online	£	49,995.00
21 104 Egress Business Email Encryption Support & Maintenance for schools	£	48,000.00
CONTRACT FOR THE PROVISION OF EVENT MANAGEMENT AND AUDIO VISUAL	£	45,000.00
21 090 Tree management software system maintenance and support	£	45,000.00
Journey First funding distribution	£	40,000.00
Support agreement for Kofax scanning product, element of ERP System – Reference SM-KOFAX8	£	38,000.00
Ford Focus Zetec Lease	£	28,000.00
Vehicle Lease 3 x KIA Caren	£	26,000.00
21 037 Secure File Transfer Software	£	25,000.00
21 072 Stopford Diary Software	£	25,000.00
Contract for the resilient Internet circuit enabling access for both CEC & CWaC to internet services.	£	21,549.71

23 024 Renewal of the Metacompliance Service	£	20,000.00
ICT Case Mangement System for Community Protection Extension	£	15,000.00
21 035 RFID & Kiosks Support and Maintenance	£	14,000.00
22 040 Laserserve Software Licence	£	10,000.00
21 009 Sharepoint Plug-in 2nd Option to extend	£	7,000.00
21 055 Bus Grant application	£	5,000.00
Cycle to Work Salary Sacrifice Scheme	£	1.00
Business Rates	£	-
20 048 Back and Front Office Telephony	£	-
21 005 Audit Management Software	£	-
LAN Refresh with Gold Support and maintenance 1st 12 month option to extend	£	-
20 020 2nd Extension for Cloud Access High Bandwidth	£	-

2022	£	114,268,650.00
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Vendor Neutral Solution for Agency Staff	£	60,000,000.00
Children's care at home	£	14,000,000.00
supply & delivery of multi temp foods	£	7,275,504.00
Carers Hub	£	5,500,000.00
Electronic Cash Transaction Processing	£	2,000,000.00
23 001 LAN Refresh with Gold Support and Maintenance	£	2,000,000.00
Direct payments	£	1,500,000.00
Residential Childrens Homes	£	1,439,400.00
Merchant Acquiring Services	£	1,300,000.00
Case Management System for Adults and Childrens Services	£	950,000.00
23 014 Hybrid Cloud Converged Platform Support and Maintenance	£	913,000.00
Provision of Franking Machines	£	900,000.00
18 126 Provision of Banking Services	£	900,000.00
22 044 Microsoft Infrastructure Licences	£	900,000.00
Provision of Advertising Services	£	800,000.00
23 002 External Financial Auditors PSAA	£	775,000.00
Security Services	£	720,000.00
23 015 Contract for the Provision of Fibre Optic Communication	£	707,000.00
Elections Specialised Mailing Options	£	700,000.00
DOLS - Best Interest & Mental Health assessors	£	675,000.00

Emotionally Healthy Children & Young People programme	£	640,000.00
DIRECT PAYMENTS SUPPORT SERVICE	£	480,000.00
Public Rights of Way Furniture and associated works	£	440,000.00
Emergency Assistance Scheme	£	424,500.00
Adult & Community Learning	£	400,000.00
Cash Collection	£	400,000.00
A Destination Management Organisation to promote the Visitor and Service Economy of Cheshire East	£	350,000.00
OCC Social Care Finance System	£	330,000.00
SGH 023 Facilities Management - Kelly House Data Centre	£	307,000.00
Mediation and Disagreement Resolution	£	300,000.00
Office Furniture	£	300,000.00
Ceiling Track Hoists	£	300,000.00
Car Parking Meters and Servicing and Maintenance	£	300,000.00
22 005 Archiving and Storage of Docs	£	285,000.00
Management Information Services (MIS) relating to schools (SIMS)	£	256,600.00
Affordable Warmth Advice Service	£	250,000.00
Emergency Fresh Start Accommodation and Support	£	232,000.00
Regulatory Services Software and Support 20 040	£	225,000.00
Cremator Maintenance	£	225,000.00
22 045 Citrix Device Management Solution	£	208,000.00
Mentoring for Care Leavers	£	180,000.00
Sensory Impairment	£	164,000.00
Tegg's Nose Country Park Café	£	164,000.00
21 004 Choice Based Letting System	£	158,000.00
Rating List Analysis and Finder Service	£	150,000.00
SOCIAL ACTION PARTNERSHIP SERVICE	£	150,000.00
EXT Legal Case Management System	£	131,000.00
22 012 Web Content Management System	£	130,000.00
Tatton Car Parking	£	100,000.00
Microsoft Cloud Navigator	£	100,000.00
Purchase Cards	£	100,000.00
Light Catering Equipment	£	100,000.00
Gartner (Subscription based Research Services)	£	96,000.00

Business Continuity Software	£	85,000.00
21 028 Legal Case Management System	£	84,350.00
22 047 Egress Business Email Encryption Support & Maintenance	£	81,000.00
Step Lifts	£	80,000.00
Steel gates for public rights of way	£	80,000.00
Digistised Data Capture Services	£	79,700.00
Car Parking Tickets and Stationery	£	75,000.00
MAINTENANCE & REPAIR OF CATERING EQUIPMENT	£	74,000.00
Contract Management System	£	72,000.00
Contract for the provision of Kennelling and rehoming stray dogs	£	70,000.00
Outdoors Uniforms	£	60,000.00
Taxi Plates	£	60,000.00
Crowdfunding (Spacehive) - was 20 093	£	60,000.00
Insurance Claim Database - Hosted Application	£	60,000.00
Flexera AdminStudio Perpetual licence with Silver Support for 3 years	£	56,095.00
22 025 SolarWinds Support	£	55,000.00
2 Ford Grand Tourneo Vehicle Lease	£	52,000.00
Local Plan Software Limehouse	£	50,000.00
23 017 Verto Project Management Tool Software and Support	£	48,000.00
5 Ford Transit Vans Vehicle Lease LEX	£	42,000.00
Social Care Services in HMP Styal	£	40,000.00
Specialist toilets	£	40,000.00
Council Local Plan consultation processes	£	40,000.00
22 041 CIL Software Integration	£	40,000.00
Watercoolers	£	40,000.00
Lifelong Learning MIS	£	39,000.00
Brereton Mobile Catering Facility	£	39,000.00
22 003 Sharepoint Plug-in	£	35,000.00
Disabled Go - Access Guides	£	35,000.00
Palo Alto Licence with 3 years Support and Maintenance	£	31,001.00
Coporate Shredding (Confidential Waste Disposal)	£	30,000.00
Post and Print Hybrid	£	30,000.00
22 007 Provision of A HSCN Connection	£	28,000.00

Ford Focus 1.0L Ecoboost Lease	£	27,000.00
The Chest e-Tendering Solution	£	25,000.00
19 031 Health and Safety- Electronic Accident Reporting System (Prime)	£	25,000.00
22 026 Accident Reporting System	£	23,000.00
Prepaid Cards	£	20,000.00
Childcare Vouchers Scheme	£	15,000.00
Adults Social Care Resource Allocation System	£	11,500.00
EXT Electronic Call Monitoring System for Prime Providers	£	-
LAN Refresh with Gold Support 2nd 12 month option to extend	£	-
22 027 Parking Services Mobile Payment 19 012	£	-
21 011 2nd Extension for Cloud Access High Bandwidth	£	-
Extra Care Housing	£	-

2023	£	446,333,874.00
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Complex Needs	£	370,000,000.00
Consultancy Vendor Neutral Solution	£	40,000,000.00
Substance Misuse Services	£	15,000,000.00
Extra Care Housing - Care & Support	£	6,000,000.00
Bailiffs Services	£	4,800,000.00
Housing Related Support 16+	£	1,500,000.00
Universal Information & Advice	£	1,108,000.00
Provision of Occupational Health Services	£	1,075,000.00
Bailiff contract (secondary)	£	1,000,000.00
Supply & Delivery of Fresh Produce (Including Bread, Milk & Dairy)	£	782,500.00
Enterprise Backup and Recovery Solution (was CR 3310)	£	772,000.00
24 013 Virtual Desktop (Citrix)	£	513,000.00
24 010 People Planner software	£	508,000.00
Mental Health Floating Support	£	480,000.00
Aftercare contract for victims of Rape and Sexual Abuse (RASASC)	£	426,000.00
24 006 Electronic Call Monitoring System for Prime Providers	£	400,000.00
SIP Trunks	£	300,000.00
Environmental Management Reporting Tool	£	239,500.00
23 012 Appsense Silver Support 27 September 2023	£	204,000.00
Asset Valuations	£	180,000.00

GVH Legal Services	£	175,000.00
Asbestos Surveys and Removal Services	£	150,000.00
Taxi Licensing Vehicle Tests	£	135,000.00
23 018 Information Technology Research and Advisory Services	£	95,000.00
23 011 Technology Research and Advice	£	95,000.00
23 016 Ivanti TRM Premier	£	94,000.00
Animal Therapy	£	91,824.00
Public Health Funerals	£	65,000.00
Business Continuity Software	£	60,250.00
Governor Hub	£	50,000.00
19 143 Microsoft OVS (Open Value Subscription)	£	34,800.00
EXT Electronic Call Monitoring System for Prime Providers	£	-
2024	£	187,623,000.00
Accommodation with Care	£	180,576,000.00
Integrated Lifestyle Services (One You)	£	5,500,000.00
Short Breaks for Disabled Children	£	700,000.00
Servicing and Maintenance of lifts and hoists outside original manufacturers warranty	£	500,000.00
High Volume Print	£	230,000.00
24 008 Provision of Parking Management Civil Enforcement System	£	117,000.00
Grand Total	£	881,628,444.71

Appendix B - Contracts Awarded from April 2021 - Above PCR threshold

Contract Title	Company Name	Start Date	End Date	Est Total	Est Annual Value
Cheshire Integrated Community Equipment Service	Ross Care (Ross Auto Engineering Ltd)	01/04/2021	31/03/2025	£ 25,000,000	£ 4,166,666
Low Value Construction Framework	Various	04/05/2021	03/05/2024	£ 16,500,000	£ 4,125,000
Nantwich Pool - Expansions and Improvements	Engie	04/05/2021	20/12/2022	£ 1,319,063	£ 1,319,063
Desktop Hardware	Insight Direct UK Ltd	01/07/2021	30/06/2024	£ 925,430	£ 185,086
Beechwood Primary School - Replacement Nursery	F. Parkinson Ltd	19/04/2021	03/09/2022	£ 765,929	£ 765,929
Wilmslow High School - Expansion	Conlon Construction Ltd	28/06/2021	18/09/2024	£ 760,428	£ 760,428
OCC Social Care Finance System	Oxford Computer Consultants Limited 44471	01/04/2021	31/03/2023	£ 564,370	£ 84,772
Servicing & Maintenance of Lifts & Hoists	Concept Elevators	01/07/2021	30/06/2024	£ 500,000	£ 100,000
Aftercare contract for victims of Rape and Sexual Abuse	Cheshire Crimebeat	01/04/2021	31/03/2024	£ 426,000	£ 71,000
Security Services	360 Alert Security	19/07/2021	18/07/2023	£ 420,000	£ 105,000
Specialised Postal Services for Elections	Royal Mail	07/04/2021	01/05/2023	£ 350,000	£ 116,000
Short Breaks for Disabled Children	Everybody Sports and Recreation Ltd -	01/06/2021	31/05/2024	£ 283,748	£ 56,750
(NFC132) Mobile Voice and Data Services	Vodafone	20/07/2021	19/07/2023	£ 267,173	£ 89,058
P406 1863 Childrens Social Care	Bloom Procurement Services Ltd 11508329	28/06/2021	01/10/2021	£ 261,967	£ 261,967
Insight Software	Insight Direct UK Ltd	01/08/2021	31/07/2024	£ 257,097	£ 51,319
Servicing and Maintenance Outside of Warranty for Metric Parking Meters	Metric plc	22/04/2021	28/02/2025	£ 250,000	£ 55,000
Short Stay Beds	Weston Park Care Limited	01/07/2021	30/09/2021	£ 239,200	£ 239,200
Short Breaks for Disabled Children	Friends for Leisure	01/06/2021	31/05/2024	£ 209,918	£ 41,984
P412- Project_3372 - NEPRO3 -Planning application	Bloom Procurement Services Ltd 11508329	10/08/2021	31/03/2022	£ 208,802	£ 208,802
Digital Cheshire Masterclass Lot1	The Growth Company Ltd	02/08/2021	30/09/2022	£ 201,000	£ 134,000

**Annual value x
number of**

Title	TEAM PLAN NAME	Date tender t	Estimated Contract	Significant decision
Emotionally Healthy Children & YP	People - Children's Commissioning	Aug-21	£ 1,500,000.00	Yes
Children's Residential Care	People - Children's Commissioning	Aug-21	£ 5,000,000.00	Yes
Provider Panel for Provision of	Corporate - Human Resources	Aug-21	£ 6,000,000.00	Yes - already received
Construction related Consultancy Services	Place - Estates	Sep-21	£ 3,800,000.00	No - Routine framework of
Domestic Abuse services	People - Children's Safeguarding	Sep-21	£ 3,000,000.00	Yes
Solar PV - Leighton Farm	Place - Environmental Services	Sep-21	£ 3,500,000.00	Yes - already received
Early Help Framework (EHF) re-opening	People - Early Help and Prevention	Sep-21	£ 6,500,000.00	No - reopening of a framework
Level Access Showers	Place - Housing	Sep-21	£ 3,000,000.00	No - routine
Tatton Park Catering	Place - Culture and Tourism	Sep-21	£ 1,400,000.00	No - concession contract for events at
Insurance - ALL	Corporate - Audit and Risk	Oct-21	£ 4,793,317.00	No - routine
Supply of Water and Waste Water	Place - Estates	Oct-21	£ 3,800,000.00	No - routine
Statutory Advocacy Service	People - Adults' Commissioning	Oct-21	£ 2,425,000.00	Yes
THE PROVISION AND SERVICING OF LIBRARY BOOKS AND MULTIMEDIA	Place - Neighbourhood Service	Oct-21	£ 1,200,000.00	No - routine expenditure
Assistive Technology	People - Adults' Commissioning	Oct-21	£ 1,200,000.00	Yes
Provision of Bereavement Services	Place - Environmental Services	Nov-21	£ 9,600,000.00	Yes
Adult's care at home	People - Adults' Commissioning	Nov-21	£ 65,000,000.00	Yes
Domestic Energy Efficiency Retrofit	Place - Housing	Nov-21	£ 9,600,000.00	Yes
Carers Hub	People - Adults' Commissioning	Jan-22	£ 5,500,000.00	Yes
Children's care at home	People - Children's Commissioning	Feb-22	£ 14,000,000.00	Yes
supply & delivery of multi temp foods	People - Children's Commissioning	Feb-22	£ 7,275,504.00	No - routine expenditure
Direct payments	People - Adults' Commissioning	Mar-22	£ 1,500,000.00	Yes

Electronic Cash Transaction Processing	Corporate - Financial Support and Procurement	Mar-22	£ 2,000,000.00	No - routine expenditure
Vendor Neutral Solution for Agency Staff	Corporate - Human Resources	Sep-22	£ 60,000,000.00	No - routine
23 001 LAN Refresh with Gold Support and Maintenance	Corporate - ICT	Dec-22	£ 2,000,000.00	No - routine expenditure
Bailiffs Services	Corporate - Customer Services	Feb-23	£ 4,800,000.00	No - routine
Bailiff contract (secondary)	Corporate - Customer Services	Feb-23	£ 1,000,000.00	No - routine
Substance Misuse Services	People - Public Health	Mar-23	£ 15,000,000.00	Yes
Extra Care Housing - Care & Support	People - Adults' Commissioning	Apr-23	£ 6,000,000.00	Yes
Consultancy Vendor Neutral Solution	Corporate - Financial Support and Procurement	May-23	£ 40,000,000.00	No - routine expenditure
Complex Needs	People - Adults' Commissioning	Jun-23	£ 370,000,000.00	Yes
Provision of Occupational Health Services	Corporate - Human Resources	Sep-23	£ 1,075,000.00	No - routine
Housing Related Support 16+	People - Cared for Children and Care Leavers	Oct-23	£ 1,500,000.00	Yes
Universal Information & Advice	People - Adults' Commissioning	Oct-23	£ 1,108,000.00	Yes
Integrated Lifestyle Services (One You)	People - Adults' Commissioning	Jan-24	£ 5,500,000.00	Yes
Accommodation with Care	People - Adults' Commissioning	Mar-24	£ 180,576,000.00	Yes



Working for a brighter future together

Finance Sub-Committee

Date of Meeting:	1 st September 2021
Report Title:	Crewe Town Centre Sustainable Heat Network
Report of:	Alex Thompson, Director of Finance & Customer Services
Report Reference No:	FSC/14/21-22
Ward(s) Affected:	Crewe Central

1. Executive Summary

- 1.1.** This report seeks permission to utilise external funding from the Future High Streets Fund and the Public Sector Decarbonisation Scheme for the delivery of the sustainable heat network in Crewe town centre.
- 1.2.** The Crewe Town Centre Civic Heat Network was included in the 2021-25 Medium Term Financial Strategy: Capital Strategy – Addendum to the Capital Programme approved by full Council on 17th February 2021.
- 1.3.** The project contributes directly to the Green aim of the Corporate Plan 2021-25 in achieving a 'Thriving and Sustainable Place' and supporting the commitment to being carbon neutral by 2025.

2. Recommendations

That the Sub-Committee

- 2.1.** Approve the inclusion of the Crewe Town Centre Civic Heat Network capital project ("the Project"), with a total budget of £2.727m in the main capital programme.
- 2.2.** Approve the alignment of the Capital Project for the Crewe Town Centre Civic Heat Network with the responsibilities of the Economy and Growth Committee

3. Reasons for Recommendations

- 3.1.** The addendum includes projects that have been added to the capital programme owing to their strategic importance to the Council. Work will only commence once a detailed business case has been completed and approved, the business case will also need to demonstrate the strategic impact of the scheme, an expenditure profile and funding sources or associated return on investment to enable the project to be delivered as part of the budget and policy framework.
- 3.2.** The business case for this scheme has been considered by the Capital Programme Board and the Section 151 Officer. External funding of £2.727m has been secured from the Future High Streets Fund and the Public Sector Decarbonisation Scheme, therefore the scheme is now deemed to be affordable and may proceed as part of the main capital programme.
- 3.3.** The functions of the Finance Sub Committee include the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.
- 3.4.** The utilisation of external grants will enable to Council to deliver on a key scheme linked to the Corporate Plan objective to be carbon neutral by 2025.

4. Other Options Considered

- 4.1.** Options for the delivery of the project have been extensively analysed during project development, both from a technology and financial perspective. The final design of the scheme is optimised to provide the core of a network to both service the Cultural Quarter and have the potential to expand across the town centre. Financially, the project has been modelled with a range of funding options, including council borrowing and other loans, however due to the scale of the project it will only work if the capital expenditure is provided through grants. Therefore no other option is recommended except to deliver through the external grants sought.

5. Background

- 5.1.** Cheshire East Council has committed to becoming carbon neutral by 2025 for its own operations and to using its influence to reduce the carbon footprint of the wider borough.
- 5.2.** The proposal is to create a sustainably powered heating network among public buildings within the civic quarter of Crewe town centre. The network will be powered primarily by air source heat pumps, supported by existing and new combined heat and power (CHP) units, located at a purpose built extension to the Crewe Lifestyle Centre (which has approved planning permission).

- 5.3.** The Council's aspiration is to deliver low-carbon energy projects to deliver cost competitive heat and power within the Town Centre. The development of a district heat network in Crewe offers potential benefits to the town. In collaboration with CEC, the main project objectives have been established as: job creation and stimulation of the local economy; and security of energy for the local authority.
- 5.4.** The other objectives of the project are providing increased stability in energy prices; supporting a growth of energy businesses and the energy economy locally and securing a decentralised and locally managed energy services.
- 5.5.** The creation of a local energy network and the realisation of the objectives noted above are supported by approved funding from the Future High Streets Fund and the Public Sector Decarbonisation Scheme. The funding breakdown is shown below.

	TOTAL £	2021/22 £	2022/23 £
CAPITAL EXPENDITURE	2,727,141	1,807,141	920,000
Funded by:			
PSDS1	150,000	150,000	
PSDS2	1,577,141	1,577,141	
Future High Streets Fund	1,000,000	80,000	920,000

- 5.6.** This project is a key part of the Carbon Neutrality Action Plan and Environment Strategy to deliver both carbon savings for Council buildings but also to act as a catalyst for wider decarbonisation of Crewe town centre. The Cheshire East Energy Framework and the Cheshire and Warrington LEP Energy and Clean Growth Strategy both reference district heating schemes.

6. Consultation and Engagement

- 6.1.** The project has consulted all relevant stakeholders through the development of the project including local ward members and potential future off-takers for the network.

7. Implications

7.1. Legal

- 7.1.1.** This report speaks to the need to approve the Project in the main capital programme. It is understood that whereas formerly this approval could be granted on the basis of a delegation to the section 151 officer given the advent of the committee system and in view of the size of the scheme committee approval is sought. This accords with the Council's constitution.

7.2. Finance

- 7.2.1.** The project is fully funded through external grants as set out in paragraph 5.5.
- 7.2.2.** A supplementary capital estimate of £14.1m was approved by Council on 22nd June 2021 for the Future High Streets Fund grant; to be invested in a range of regeneration projects in Crewe town centre between 2021/22 and 2023/24.
- 7.2.3.** The grant of £1,577,140.76 for the Public Sector Decarbonisation Scheme was accepted and approved by an urgent decision on 4th June 2021.
- 7.2.4.** The Crewe Town Centre Civic Heat Network project is listed in the Addendum to the Capital Programme, approved by Council as part of the 2021-25 Medium Term Financial Strategy.

7.3. Policy

- 7.3.1.** The project is consistent with the Corporate Plan in delivering towards carbon neutrality by 2025.

7.4. Equality

- 7.4.1.** There are no equality impacts so an Equality Impact Assessment has not been completed.

7.5. Human Resources

- 7.5.1.** There are no human resource implications.

7.6. Risk Management

- 7.6.1.** The project utilises the Council's approach to risk management and risk logs are maintained in line with best practice from the Programme Management Office. The project will be overseen by a specific working group and the Crewe Place Board.

7.7. Rural Communities

- 7.7.1.** The project will make a positive contribution to climate change, which minimises the impact on rural communities.

7.8. Children and Young People/Cared for Children

- 7.8.1.** The project will make a positive contribution to climate change, which minimises the impact on future generations.

7.9. Public Health

- 7.9.1.** The project will make a positive contribution to climate change, which minimises the impact on health.

7.10. Climate Change

- 7.10.1.** The project directly contributes towards the delivery of the Council's commitment to be carbon neutral by 2025, it will also benefit the wider decarbonisation of the borough to minimise the impacts of climate change through providing a core heat network to serve Crewe town centre.

Access to Information	
Contact Officer:	Dan Griffiths, Energy & Carbon Programme Manager dan.griffiths@cheshireeast.gov.uk 07971 603093
Appendices:	None
Background Papers:	Design documents and feasibility studies are available.

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Work Programme – Finance Sub-Committee – 2021/22

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
FSC/03/21-22	September 2021	2020/21 Group Outturn	<p>To receive the Cheshire East Council Outturn Report and note the financial performance in 2020/21</p> <p>To note the impact on the 2021 to 2025 MTFS</p> <p>To note the outturn of the specific areas of the Committee responsibilities</p> <p>Approve carry-forwards and reserves balances for CEC and WOCs as appropriate and report these to any affected committees.</p>	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/08/21-22	3 Nov 2021	Mid-Year Review (including Wholly-owned Companies)	<p>To receive an update on the financial forecasts for 2021/22 and note any actions associated with the position reported.</p> <p>To note or approve virements and supplementary estimates as required.</p>	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/09/21-22	3 Nov 2021	Wholly-owned Company Business Plans	<p>To receive feedback from the Shareholder Working Group.</p> <p>To obtain key assurances for Council as shareholder on the WOCs' overall governance and performance arrangements, including appropriate attention to commercial growth activity.</p>	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
FSC/10/21-22	3 Nov 2021	Asset Management	<p>To receive a report on the Council's acquisitions and disposals of property.</p> <p>To note or approve activity as required by the Constitution. To note the impact of this activity on the MTFS.</p> <p>Note: Commercial content, linked to ongoing transactions within this report may require consideration under Part 2.</p>	Director of Growth and Enterprise		No	Yes	An open and enabling organisation	May be partly exempt - para 3
FSC/11/21-22	5 Jan 2022	Treasury Management Strategy 2022/23	To review the draft Treasury Management Strategy as part of the performance management framework.	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/12/21-22	5 Jan 2022	Third Quarter Review (including Wholly-owned Companies)	<p>To receive an update on the financial position for 2021/22.</p> <p>To note or approve virements and supplementary estimates as required.</p>	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No
FSC/13/21-22	5 Jan 2022	MTFS 2022/23	<p>To review the MTFS Consultation Document and provide feedback to the Corporate Policy Committee.</p> <p>To review the assumptions, funding envelope and impact of the local government financial settlement (inc WOCs).</p> <p>To recommend the 2022/23 budgets, for the specific areas of the Committees responsibilities, to the Corporate Policy Committee.</p>	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	No

Abbreviations

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

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

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

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Glossary of Terms

Accounting Period

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

Accruals

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

Agency Services

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

Appropriations

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

Asset Valuation

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

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

Assets Held for Sale

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

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

Associate Companies

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

Balance Sheet

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

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

Budget

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

Capital Transactions (excluding reserves)

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

Cash and Cash Equivalents

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

Cash Flow Statement

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

CIPFA

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

Collection Fund

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

Collection Fund terms include the following:

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

Comprehensive Income and Expenditure Statement (CIES)

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

The CIES has two sections:

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

Consistency

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

Constitution

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

Contingencies

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

Contingent Assets

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

Contingent Liabilities

A contingent liability is either:

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

Creditors

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

Debtors

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

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

Deficit

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

Delegated Budgets

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

Depreciation

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

Exceptional Items

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

Financial Instruments

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

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

Government Grants

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

Grants and Contributions

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

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

Heritage Assets

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

Impairment

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

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

Income

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

Intangible Assets

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

International Financial Reporting Interpretations Committee

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

International Financial Reporting Standards

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

Inventories

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

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

Valuation Definitions:

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

Investment Properties

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

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

Investments

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

Joint Venture

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

Leasing

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

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

Loans and Receivables

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

Long Term Borrowing

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

Materiality

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

Minimum Revenue Provision (MRP)

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

Movement in Reserves Statement (MiRS)

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

Non Distributed Costs

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

Pensions

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

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

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

Prepayments

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

Prior Period Adjustments

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

Private Finance Initiative (PFI)

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

Property, Plant and Equipment (PPE)

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

Key Definitions used for PPE:

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

Provisions

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

Prudential Code

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

Public Works Loan Board (PWLB)

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

Receipts in Advance

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

Related Party

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

Reserves

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

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

Revenue Expenditure

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

Section 151 Officer

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

Share Accruals

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

Shared Services

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

Slippage

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

Subsidiary

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

Surplus

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

Surplus Assets

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

'The Code'

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

Transfer Payments

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

Trust Funds

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