

# Finance Sub-Committee

## Agenda

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<b>Date:</b>	<b>Wednesday 7th June 2023</b>
<b>Time:</b>	<b>3.30 pm</b>
<b>Venue:</b>	<b>Council Chamber - Town Hall, Macclesfield, SK10 1EA</b>

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

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

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

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

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

3. **Minutes of Previous Meeting** (Pages 5 - 12)

To approve as a correct record the minutes of the previous meeting held on 8<sup>th</sup> March 2023.

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For requests for further information

**Contact:** Paul Mountford

**Tele:** 01270 686472

**E-Mail:** paul.mountford@cheshireeast.gov.uk

4. **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.

5. **Medium Term Financial Strategy Assumptions and Reporting Cycle 2024-28**  
(Pages 13 - 30)

To consider a report which sets out the baseline assumptions for net revenue expenditure and core funding, to assist with development of the Medium-Term Financial Strategy 2024 to 2028.

6. **Draft Pre-audited Statement of Accounts 2022/23 and Outturn Update 2022/23**  
(Pages 31 - 50)

To consider a report which provides the pre-audited overview of the Cheshire East Council Outturn for the financial year 2022/23.

7. **Draft Pre-audited Financial Statements - Wholly-Owned Companies 2022/23 and Outturn Update 2022/23** (Pages 51 - 70)

To note that the Council's wholly-owned companies will publish, on their websites, their pre-audit Summary Financial Statements for year ended 31st March 2023, alongside the Council's 2022/23 Group Financial Statements.

8. **Local Government Pension Scheme and Cheshire Pension Fund**  
(Pages 71 - 82)

To consider a report on the Local Government Pension Scheme.

9. **Appointments to Working Groups and Wholly-owned Company Boards**  
(Pages 83 - 100)

To appoint members to the Finance Sub-Committee (ASDV Governance Review) Working Group, Shareholder Working Group and Business Rates Working Group and to appoint a shareholder representative to attend and observe the board of ANSA.

10. **Work Programme** (Pages 101 - 106)

To consider the Sub-Committee's Work Programme for 2023-24.

11. **Procurement Pipeline** (Pages 107 - 120)

To consider a report which provides an update of the pipeline of procurement activity, provides an update on the Contract Management System (Atamis), confirms the contracts awarded by the Council since April 2023 and provides an update on the number of cases where, and reasons why, procurement activity has required the use of waivers.

12. **Exclusion of the Press and Public**

The reports relating to the remaining items on the agenda have been withheld from public circulation and deposit pursuant to Section 100(B)(2) of the Local Government Act 1972 on the grounds that the matters may be determined with the press and public excluded.

The Committee may decide that the press and public be excluded from the meeting during consideration of the following items pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 1, 2 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

**PART 2 - MATTERS TO BE CONSIDERED WITHOUT THE PUBLIC AND PRESS PRESENT**

13. **Procurement Pipeline** (Pages 121 - 136)

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

14. **Extra Care Housing PFI Schemes**

To receive an oral update on the Extra Care Housing PFI schemes.

15. **Proposed Company Matters**

To receive an oral update.

**Membership:** Councillors D Brown, J Clowes, B Drake, M Gorman (Vice-Chair), R Kain, C O'Leary, N Mannion (Chair) and F Wilson

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**CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Finance Sub-Committee**  
held on Wednesday, 8th March, 2023 in the Committee Suite 1, 2 & 3,  
Westfields, Middlewich Road, Sandbach CW11 1HZ

**PRESENT**

Councillor A Stott (Chair)  
Councillor B Puddicombe (Vice-Chair)

Councillors D Brown, J Clowes, S Corcoran, N Mannion, M Warren and  
M Beanland (for Cllr Martin)

**OFFICERS**

Alex Thompson, Director of Finance and Customer Services  
David Brown, Director of Governance and Compliance  
Paul Goodwin, Head of Finance  
Helen Gerrard, Head of Customer Services  
Michael Todd, Internal Audit Manager  
Lianne Halliday, Senior Manager – Procurement  
Tom Shuttleworth, Interim Director of Environment and Neighbourhoods  
Paul Mountford, Democratic Services

**ALSO PRESENT**

Kevin Melling, Managing Director of Ansa

**APOLOGIES**

Councillor A Martin

The Chair announced that Councillor Brian Puddicombe had been appointed as Vice-Chair of the Sub-Committee at the last Council meeting. She congratulated Councillor Puddicombe on his appointment.

**59 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**60 MINUTES OF PREVIOUS MEETING****RESOLVED**

That the minutes of the meeting held on 19<sup>th</sup> January 2023 be approved as a correct record.

**61 PUBLIC SPEAKING/OPEN SESSION**

Sue Helliwell raised a number of questions in relation to Item 5 - Aligning the MTFs to the Committee Structure, specifically in relation to Congleton household waste and recycling, the garden/food waste collection service

and car parking charges and the impact of individual committee decisions on the Council's budget. The Chair gave a detailed response which would also be forwarded to the questioner in writing.

**62 ALIGNING THE MEDIUM-TERM FINANCIAL STRATEGY (MTFS) TO THE COMMITTEE STRUCTURE**

The Sub-Committee considered a report which determined the allocation of the approved budgets to each of the service committees and informed the financial reporting cycle for 2023/24.

**RESOLVED**

That the Sub-Committee

1. unanimously approves the allocation of the capital and revenue budgets, policy proposals and earmarked reserves to the following Committees in accordance with the approved MTFS, as set out in Appendix A to the report:
  - Adults & Health
  - Children & Families
  - Corporate Policy
  - Economy & Growth
  - Environment & Communities
  - Finance Sub-Committee
  - Highways & Transport
2. notes the draft financial reporting timetable for 2023/24 set out in Appendix B.

**63 2022/23 FINANCIAL UPDATE**

The Sub-Committee considered an update report on financial management for the year 2022/23.

In response to members' questions and comments, officers advised as follows:

- Information would be included in future reports on the effect of interest rates, inflation and capital costs on the delivery of projects.
- The forecast DSG deficit was being held as an accounting override; this applied to all English councils with DSG balances and was effectively a negative reserve. The accounting override could last for up to three years, and discussions would need to be held with the DfE and the Department of Levelling Up to determine what would happen when the accounting override ended.

**RESOLVED**

That the Sub-Committee

1. notes the forecast adverse Net Revenue financial pressure of £7.7m against a revised budget of £328.3m, as previously reported to Finance Sub-Committee on 19 January 2023;
2. notes the forecast Capital Spending of £125.2m against an approved MTFS budget £185.2m;
3. notes the contents of Annex 1 to the report and each of the appendices;
4. unanimously approves supplementary revenue estimates for specific grants coded directly to services up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 6 Finance Sub-Committee, Section 3 Corporate Grants Register, Table 3;
5. by majority approves the drawdown from the MTFS reserve for transport detailed in Appendix 6, Section 5;
6. notes that Council will be asked to approve:

Fully funded supplementary revenue estimates for specific grants coded directly to services over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1, Section 2 Corporate Grants Register, Table 2, Appendix 2, Section 2 Corporate Grants Register, Table 2 and Appendix 3, Section 2 Corporate Grants Register, Table 2.

7. by majority recommends to Service Committees to:
  - (a) note the financial update and forecast outturn relevant to their terms of reference; and
  - (b) note the delegated decisions relating to supplementary revenue estimates for specific grants coded directly to services in accordance with Financial Procedure Rules as detailed in Section 2 of each Committee Appendix.

#### 64 **SUNDRY DEBT BRIEFING REPORT**

The Sub-Committee considered a briefing report on the current level of sundry debt across all Council services and how this was being managed.

In response to members' questions and comments, officers advised as follows:

- With regard to the debt arising from unpaid farm and market rent, the Head of Customer Services undertook to provide a breakdown of the rent owed by current and former tenants. She also undertook to provide details of the process involved in recovering debt from tenants

of Macclesfield Indoor Market, including any discussions that had been held with tenants/stallholders.

- Customers of adult social care were asked to state their preferred method for receiving notification of accruing debt, which could include notification by non-electronic means.

**RESOLVED**

That the report be noted.

**65 APPOINTMENTS TO THE BUSINESS RATES WORKING GROUP**

The Sub-Committee considered a report on the appointment of a Business Rates Working Group.

The terms of reference for the Working Group were set out in the Appendix to the report for information.

**RESOLVED** (unanimously)

That a Business Rates Working Group be established comprising three members with the following composition: 1 Conservative; 1 Labour; 1 Independent Group, the members to be drawn from the membership of the Sub-Committee, and nominations be submitted by the relevant political groups to the Head of Democratic Services and Governance in due course.

**66 REVIEW OF COMPANY BUSINESS PLANS**

The Sub-Committee considered a report which provided feedback from the Shareholder Working Group in relation to the business plans of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd.

**RESOLVED**

That the Sub-Committee

1. notes the feedback from the Shareholder Working Group on the review of the business plans of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd;
2. notes that the delivery of company business plans during 2023/24 will be monitored at company board meetings, at which a Shareholder representative will be present; and
3. notes that the quarterly accounts of the companies will be reported to the Shareholder (via the Shareholder Working Group), and year-end statutory accounts of companies will be reported to the Audit and Governance Committee, in accordance with governance arrangements determined by the Finance Sub-Committee on 7<sup>th</sup> September 2022.

## 67 WORK PROGRAMME

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

With regard to the remaining items on the work programme, officers commented as follows:

- The review of ASDV governance was largely complete. The review was undergoing an oversight process before report back to the Sub-Committee.
- An internal audit had been carried out in relation to developer contributions from Section 106 Agreements and the Community Infrastructure Levy. The field work on CIL was now complete; The field work on S106 would be concluded within the next few weeks. The outcome of the internal audit would be reported as appropriate to the Audit and Governance Committee.
- Both items would be carried forward to the Sub-Committee's work programme for the 2023-24 municipal year. Other items for the new work programme would be determined in line with the committee dates which were yet to be agreed and by the financial reporting cycle.

### **RESOLVED**

That the update on the work programme be noted.

## 68 PROCUREMENT PIPELINE

The Sub-Committee considered a report which provided an update on the procurement pipeline for the Council and any contracts to be considered as business as usual, the contracts awarded since April 2022 and other procurement activity.

The detailed waivers referred to in the report would be considered in Part 2 of the meeting.

Members referred to the recent exercise in which a member working group had considered an overview of the procurement process, including a close examination of a number of specific procurements. Members had found this to be a useful exercise and asked that it be repeated for the coming year.

### **RESOLVED**

That the Sub-Committee

1. notes the procurement pipeline of activity in Appendix 1 to the report;
2. unanimously approves the 3 pipeline projects in Appendix 1 as business as usual;

3. notes the contracts awarded by the Council since April 2022 as set out in Appendix 2; and
4. notes the reason for 4 waivers approved between 1<sup>st</sup> November 2022 and 31<sup>st</sup> January 2023 (22 in total in 2022/23).

Prior to the Sub-Committee moving into Part 2, the Chair took the opportunity to express her appreciation and thanks to the team of officers who had supported the Sub-Committee since its inception.

## 69 **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 1, 2, 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972 and the public interest would not be served in publishing the information.

## 70 **PROCUREMENT PIPELINE**

The Sub-Committee considered details of the waivers referred to in the Procurement Pipeline report.

### **RESOLVED**

That the details of the waivers be noted.

## 71 **ANSA SERVICE DELIVERY UPDATE**

The Sub-Committee considered an update report on ANSA service delivery.

Kevin Melling, Managing Director of Ansa, was present for part of this item and addressed members' questions.

Tom Shuttleworth, Interim Director of Environment and Neighbourhoods, was also in attendance for this item as the Director of CERF, the shareholder of Ansa.

### **RESOLVED** (unanimously)

That

1. the recommendations in the report be approved; and
2. further updates be submitted to the Sub-Committee.

The meeting commenced at 2.00 pm and concluded at 3.40 pm

Councillor A Stott (Chair)

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**Finance-Sub Committee****7 June 2023****Medium Term Financial Strategy  
Assumptions and Reporting Cycle 2024-28****Report of:** Alex Thompson, Director of Finance & Customer Services**Report Reference No:** FSC/4/23-24**Ward(s) Affected:** All wards and all members will be affected and impacted by the content of the MTFS and Corporate Plan**Purpose of Report**

- 1 This report confirms the baseline assumptions for net revenue expenditure and core funding, to assist with development of the Medium-Term Financial Strategy (MTFS) 2024 to 2028.
- 2 The report also confirms the Council's baseline Capital Programme that was approved as part of the Medium-Term Financial Strategy 2023 to 2027.
- 3 The baselines in this report provide early planning targets for each Service Committee as part of the 2024/25 budget setting process. At this stage the figures extensively match the MTFS approved at full Council on 22 February 2023 which provided balanced forecasts for the 4-years 2023/24 to 2026/27. Approving these baselines now and providing a high-level timetable allows Members, Committees and Officers to begin early development of financial proposals for consultation.

**Executive Summary**

- 4 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2023/24 to 2026/27 was approved by full Council on 22 February 2023.

- 5 The MTFS is underpinned by a set of assumptions around income, expenditure and core funding that result in a balanced 4-year position.
- 6 These assumptions are reviewed on an annual basis and are adjusted for information as and when it becomes available. Most notably Central Government announce the Local Government Provisional Settlement in late December every year.
- 7 The Finance Sub-Committee are being asked to confirm the current assumptions so that all Committees can develop plans based on financial targets in preparation for budget consultation and engagement events in the autumn of 2023. This approach responds to feedback on the 2023/24 budget setting process which took place much later in the financial year.
- 8 The Sub-Committee is also being asked to form a Working Group to further review these assumptions over the summer with the aim of feeding back in September. Feedback will reflect any up-to-date information that could change the service or central budgets, or the funding envelope, before the launch of the Budget Consultation for 2024/25.
- 9 The benefit of providing a baseline to each Committee now is that Officers and Councillors can immediately start to develop proposals for next year's budget. This approach gives time for planning of efficiencies and improvements within services. It also gives time to develop collaborative working across the wider Council and with the Council's partners. Updates will be necessary during 2023 to recognise emerging issues and opportunities. Such updates will also give opportunities for the strategic review of the process.
- 10 The Finance Sub-Committee are also being asked to approve the financial reporting timetable at Appendix B which is an update from the draft timetable that was considered at Finance Sub-Committee on 8 March 2023.

#### RECOMMENDATIONS

The Finance-Sub Committee is asked to:

1. Approve the budget assumptions underpinning the Medium-Term Financial Strategy for 2024-28, as set out in **Appendix A1**.
2. Approve the setting up of a Finance Sub-Committee Assumptions Working Group to meet informally with the Chief Finance Officer to review the current assumptions with the aim of feeding back to the September committee

meeting. The group to be made up of at least four members of the Sub-Committee.

3. Approve the financial reporting timetable for 2023/24 as set out in **Appendix B**.

## Background

- 11 The Medium-Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2023/24 to 2026/27 was approved by full Council on 22 February 2023.
- 12 Table 1 below sets out the revenue budget for the four years from 2023/24 to 2026/27:

<b>Table 1 – Revenue Budget</b>	<b>Approved Net Budget 2023/24 £m</b>	<b>Estimated Net Budget 2024/25 £m</b>	<b>Estimated Net Budget 2025/26 £m</b>	<b>Estimated Net Budget 2026/27 £m</b>
<b>Total Service Budgets</b>	<b>340.8</b>	<b>354.4</b>	<b>361.5</b>	<b>374.5</b>
Central Budgets:				
Capital Financing	19.0	20.0	21.0	22.0
Income from Capital Receipts	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision change	-0.6	-	-	-
Use of (-) / Contribution to (+)	-5.0	-0.6	-	-2.2
Earmarked Reserves				
<b>Total Service and Central Budgets</b>	<b>353.1</b>	<b>372.7</b>	<b>381.5</b>	<b>393.3</b>
Funded by:				
Council Tax	-271.1	-287.9	-299.6	-311.5
Business Rate Retention	-55.3	-55.3	-55.3	-55.3
Revenue Support Grant	-0.4	-0.4	-0.4	-0.4
Specific Unringfenced Grants	-26.4	-29.1	-26.1	-26.1
<b>Total Funding</b>	<b>-353.1</b>	<b>-372.7</b>	<b>-381.5</b>	<b>-393.3</b>
<b>FUNDING POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 13 Table 2 below sets out the revenue budget for 2023/24 as split over the Committees:

ALL COMMITTEES - Summary					
Service Area	Revenue Budget			Capital Budget	Total Revenue and Capital Budget
	2023/24	2023/24	2023/24	2023/24	2023/24
	Expenditure	Income	Net		Net
	£000	£000	£000	£000	£000
Adults and Health	201,476	-65,144	136,332	472	136,804
Children and Families	88,774	-9,649	79,125	53,829	132,954
Corporate Policy	114,842	-73,854	40,988	12,826	53,814
Economy and Growth	35,594	-11,172	24,422	71,598	96,020
Environment and Communities	59,459	-10,638	48,821	12,011	60,832
Highways and Transport	23,384	-12,255	11,129	63,948	75,077
Finance Sub-Committee - central budgets	14,209	-1,900	12,309	0	12,309
Finance Sub-Committee - funding budgets		-353,126	-353,126		-353,126
<b>Total Cost of Service</b>	<b>537,738</b>	<b>-537,738</b>	<b>0</b>	<b>214,684</b>	<b>214,684</b>

14 Table 3 below sets out the capital budget for the four years from 2023/24 to 2026/27

Table 3 – Committed and New Capital Schemes	Prior Years £m	Four Year Forecast				Total £m
		2023/24 £m	2024/25 £m	2025/25 £m	2026/27 £m	
<b>Expenditure</b>						
Children and Families	7.8	53.8	34.2	21.0	8.3	125.0
Adults and Health	0.1	0.5	-	-	-	0.6
Highways and Transport	274.1	63.9	83.2	130.1	19.1	570.5
Economy and Growth	48.2	71.6	51.9	78.2	3.9	253.7
Environment and Communities	19.7	12.0	18.7	3.9	-	54.3
Corporate Policy	0.1	12.8	10.4	5.8	0.2	29.3
<b>Total Expenditure</b>	<b>350.0</b>	<b>214.7</b>	<b>198.3</b>	<b>239.0</b>	<b>31.4</b>	<b>1,033.4</b>
<b>Funding</b>						
Grants and Other Contributions	206.1	132.2	138.3	125.8	29.6	632.1
Capital Receipts	0.4	3.3	1.0	31.5	1.0	37.2
Borrowing	143.5	79.1	59.0	81.7	0.7	364.1
<b>Total Funding</b>	<b>350.0</b>	<b>214.7</b>	<b>198.3</b>	<b>239.0</b>	<b>31.4</b>	<b>1,033.4</b>

15 Appendix A1 sets out the assumptions contained within each line in Table 1 above. Appendix A2 provides brief explanations to assist with understanding of the individual rows.

- 16 The recommendations ask for approval to establish a working group so that members of the sub-committee can review these assumptions in detail with the Chief Finance Officer. Providing feedback to the Sub-Committee in September will assist in setting the baseline for the MTFS consultation material.
- 17 The financial reporting timetable highlights how members will have the opportunity to review and approve necessary changes to the Council's budget throughout the year.

### **Consultation and Engagement**

- 18 The annual business planning process involves engagement with local people and organisations. Local authorities have a statutory duty to consult on their budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 19 Cheshire East Council conducted an engagement process on its Medium-Term Financial Plans through a number of stages running from January 2023 to Council in February 2023.
- 20 The budget consultation launched on-line on the 6 January 2023, included details of the proposals against each Corporate Plan aim. This consultation was made available to various stakeholder groups and through a number of forums.

### **Reasons for Recommendations**

- 21 The Finance Sub-Committee co-ordinates the management and oversight of the Council's finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Medium-Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.
- 22 This report enables the Committee to understand the assumptions underpinning the current MTFS and the Working Group will be informed of any changes required to accurately develop a robust budget for the MTFS for 2024/25 and over the medium term.

## **Other Options Considered**

23 Not applicable.

## **Implications and Comments**

### *Monitoring Officer/Legal*

24 The legal implications surrounding the process of setting the 2023 to 2027 Medium-Term Financial Strategy were dealt with in the reports relating to that process.

### *Section 151 Officer/Finance*

25 The financial assumptions and timetable within this report provide up to date information on the Council's MTFS process. Confirming baseline information at this stage does not create any limitations to the budget setting process for 2024/25. Approving baselines provides context and guidance that will help to develop consultation material. Providing a set of baselines that balance across the medium term is important in supporting a responsible review of net costs.

26 The figures provided in this report can now trigger a review of net spending. The review can create opportunities to vary the assumptions via wide ranging consultation with stakeholders.

### *Policy*

27 The Corporate Plan sets the policy context for the MTFS and the two documents are aligned. Any policy implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate. Any review of the Corporate Plan priorities will impact on the MTFS, so the plans for such a review will be timetabled accordingly.

### *Equality, Diversity and Inclusion*

28 Under the Equality Act 2010, decision makers must show 'due regard' to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
- Foster good relations between those groups.

- 29 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 30 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.
- 31 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.
- 32 The Corporate Plan’s vision reinforces the Council’s commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

#### *Human Resources*

- 33 Any HR implications that arise from activities funded by the budgets that the budget report deals with will be dealt with in the individual reports to Members or Officer Decision Records to which they relate.

#### *Risk Management*

- 34 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2023/24 budget and the assumptions underpinning it were factored into the 2023/24 financial scenario, budget and reserves strategy.

#### *Rural Communities*

- 35 The budget report, as approved at Council on 22 February 2023, provides details of service provision across the borough.

#### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 36 The budget report, as approved at Council on 22 February 2023, provides details of service provision across the borough.

*Public Health*

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

*Climate Change*

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

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a>
Appendices:	A1 – MTFS Budget Assumptions 2023-27 A2 – MTFS Budget Assumptions 2023-27 explanatory information B – Financial Reporting Timetable 2023-24
Background Papers:	The following are links to key background documents: <a href="#">Medium-Term Financial Strategy 2023-27</a>

## Appendix A1 - Budget Assumptions Medium-Term Financial Strategy 2024-2028

Service & Central Budgets:	MTFS February 2023				New cycle
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Base Service Budget</b>	<b>340.8</b>	<b>354.4</b>	<b>361.5</b>	<b>374.5</b>	<b>384.6</b>
Pay inflation (pay awards, performance related pay, holiday pay, increments)	5.0% + top up from 2022/23 shortfall	3.0%	2.5%	2.5%	2.5%
Backdated Overtime Claims	included in pay budgets				
NI increase	no planned increases				
Living Wage	included in pay budgets				
Non pay inflation	included in service budgets where required				
ASDV Management Fees	included in service budgets				
Pensions - Main contribution rate	21.0%				
Pensions - Secondary (past service) contribution rate	5.7%				
Pensions - Total contribution rate	26.7%	25.2%	23.7%	23.7%	23.7%
<b>Other Income</b>					
Fees & Charges income - assumption is no net increase/decrease in service expenditure as income will match cost variations	c.£87m	No net change	No net change	No net change	No net change
Return on Wholly Owned Subsidiaries - assumption is Company Board will discuss with Fin Sub-Committee	0.0	0.0	0.0	0.0	0.0
<b>Capital Financing</b>					
Capital Financing Budget	19.0	20.0	21.0	22.0	22.0
Treasury Management	c£0.9m interest on cash balances	c£0.9m interest on cash balances	c£0.9m interest on cash balances	c£0.9m interest on cash balances	c£0.9m interest on cash balances
CIL / s.106 - assumption is income will be spent on linked projects with no net benefit					
Bonds - No bond issue is planned					
<b>Central Items</b>					
Central Contingency - no ongoing scope for contingency	0.0	0.0	0.0	0.0	0.0
Income from Flexible Capital Receipts	-1.0	-1.0	-1.0	-1.0	-1.0
Bad Debt Provision change	-0.6	0.0	0.0	0.0	0.0
Top up to General reserves - assume increases in General Reserves will come from windfall or over-achievement of budget targets	0.0	0.0	0.0	0.0	0.0
<b>Reserves</b>					
Review the minimum level					
Use of (-) / Contribution to (+) Earmarked reserves	-5.0	-0.6	0.0	-2.2	0.0
General Reserves - balance	12.6	12.6	12.6	12.6	12.6
<b>TOTAL AS PER MTFS FEBRUARY 2023</b>	<b>353.1</b>	<b>372.7</b>	<b>381.5</b>	<b>393.3</b>	<b>405.6</b>
<b>Funded By:</b>					
<b>Council Tax</b>	<b>271.1</b>	<b>287.9</b>	<b>299.6</b>	<b>311.5</b>	<b>323.8</b>
Council Tax % Increase	2.99%	2.99%	2.99%	2.99%	2.99%
Council Tax ASC % Increase	2.00%	2.00%	0.0	0.0	0.0
Council Tax Support Scheme		to be increased in line with ctax increase	to be increased in line with ctax increase	to be increased in line with ctax increase	to be increased in line with ctax increase
	budget of £18.9m				
Taxbase (including, growth, discounts and council tax support)	158,778.54	160,637.85	162,328.14	163,849.39	165,370.65
Numbers of new homes included in the taxbase calculation	2,400	2,200	2,000	1,800	1,800
Exemption for Foster Carers and Care Leavers (from Collection Fund EMR)	c.£145,000	c.£145,000	c.£145,000	c.£145,000	c.£145,000
Discretionary discounts (S13A)	Landlords 4 weeks 100%	Landlords 4 weeks 100%	Landlords 4 weeks 100%	Landlords 4 weeks 100%	Landlords 4 weeks 100%
Empty Homes Premium 100% (2 to 5 years empty)	22 homes as at Oct 22				
Empty Homes Premium 200% (5 to 10 years empty)	67 homes as at Oct 22				
Empty Homes Premium 300% (over 10 years empty)	31 homes as at Oct 22				
Second Homes Premium 100% from April 2024. Assumption will be updated if pending legislation is passed.	N/A				
Losses on Collection - Write Offs	c.£0.7m	c.£0.7m	c.£0.7m	c.£0.7m	c.£0.7m
Collection Rate	0.99%	0.99%	0.99%	0.99%	0.99%
Collection Fund Council Tax (to be funded from EMR)	c.£nil declaration in Jan 22 for 2022/23 but outturn at £3m deficit (CEC share 85%) due to increase in Bad Debt Provision and treatment of Energy payments				

## Appendix A1 - Budget Assumptions Medium-Term Financial Strategy 2024-2028

Service & Central Budgets:	MTFS February 2023				New cycle
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Business Rates Retention</b>	55.3	55.3	55.3	55.3	55.3
Pooling	No longer part of Greater Manchester pool from 2021/22				
Growth assumptions	No change in business rates income forecast over medium term. Will update when details of the Fairer Funding / BRRS review announced				
Taxbase (based on NNDR1 2023/24)	£147.7m				
Relief for low carbon heat networks and a new Improvement Relief	Funding set aside for the Env Strategy, along with the 100% retained element we already have				
Mandatory Reliefs	c.£24m				
Unoccupied Reliefs	c.£5.5m				
Discretionary Reliefs (unfunded)	c.£0.5m				
Hardship	> £20k per annum				
Levy (paid from EMR)	c.£4.0m				
BRRS S31 compensation grants for new burdens (net of adjustment for tariff adjustment due to cap on multiplier)	c.£21m				
Losses on Collection - Write Offs	c.£2.0m				
Collection costs	c.£0.6m				
Appeals	c.£20m total provision (49% CEC share)				
Collection Fund Business Rates (to be funded from EMR)	NNDR1 23/24 declared deficit (Jan 23) for 22/23 - £7.5m (CEC share 49%). Outturn deficit at £8.8m (net of S31 funding available to repay deficit caused by additional funded reliefs)				
Collection Rate	0.99%	0.99%	0.99%	0.99%	0.99%
Business Rate Supplement (BRS)	none	none	none	none	none
Tax Increment Financing (TIF)	none	none	none	none	none
Business Improvement Districts (BIDs)	Wilmslow				
<b>RSG</b>					
Revenue Support Grant	0.4	0.4	0.4	0.4	0.4
<b>Specific Grants (unringfenced* only included in funded envelope)</b>	<b>26.4</b>	<b>29.1</b>	<b>26.1</b>	<b>26.1</b>	<b>26.1</b>
Total Schools Grants (ringfenced)	£179.2m	£178.0m	£178.0m	£178.0m	£178.0m
Total other C&F Grants (ringfenced)	£8.5m	£8.5m	£8.5m	£8.5m	£8.5m
Adult Social Care and Health (inc. Better Care Fund) (ringfenced)	£18.6m	£20.0m	£18.9m	£18.9m	£18.9m
Public Health (ringfenced)	£17.9m	£17.4m	£17.4m	£17.4m	£17.4m
Corporate Policy Grants (ringfenced)	£0.6m	£0.4m	£0.4m	£0.4m	£0.4m
Housing Benefit (ringfenced)	£46.7m	£46.7m	£46.7m	£46.7m	£46.7m
Place Committees Grants (ringfenced)	£2.8m	£1.5m			
Social Care Grants (conditions) - assumes 2024/25 allocations continue (unringfenced*)	£19.4m	£23.0m	£23.0m	£23.0m	£23.0m
New Homes Bonus (unringfenced*)	£3.8m	£3.0m			
Others (unringfenced*)	£3.2m	£3.2m	£3.2m	£3.2m	£3.2m
<b>TOTAL AS PER MTFS FOR 2023/24 = £353.1m</b>	<b>353.1</b>	<b>372.7</b>	<b>381.5</b>	<b>393.3</b>	<b>405.6</b>
<b>Balanced Budget Position</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Appendix A2 - Budget Assumptions Medium-Term Financial Strategy 2024-2028

The notes below provide additional detail on budget assumptions within the MTFS. These assumptions will assist members, committees and officers in developing proposals for consultation as part of the process to set the 2024-2028 MTFS.

A Working Group of the Finance Sub-Committee is being recommended to review these details with the Chief Finance Officer with the intention of providing feedback to the Sub-Committee in September.

The headings below relate to the summary lines within Table 1.

### Total Service Budgets

- 1 Service (base) budgets refer to net day-to-day revenue costs of running all the services including items such as employee pay, supplies and services, contracts and transport costs.
- 2 Payments to Cheshire Pension Fund for all employees are included in the net service budgets. The current three-year valuation period started in April 2022 with a reduced payover rate of 26.7% when compared to the 2022/23 level, to be reduced further by 1.5% per annum for the two years to 2025/26. There is a target minimum level of 20% over the longer term.
- 3 Income from fees and charges and service specific grants is also included in the net service budgets. There is no mandatory central increase applied to all fees and charges. Instead, services complete a Charging and Trading strategy to assist in optimising the level of income received from fees and charges based on market forces and user behaviour. Grants that relate to a specific service are treated as service income as conditions apply that will prevent spending on such grants on other services. A full list of grants is included as an appendix in the MTFS. [Annex 7 of the MTFS](#)

### Central Budgets

- 4 **Capital Financing:** The Capital Financing budget represents the revenue implications of the capital programme. It includes interest payments on borrowing for example but also includes the revenue income from investments. This budget is increasing steadily over the 4 year MTFS period from £19m to £22m by 2026/27 to support borrowing on major projects. The Council increases spending on Capital Financing to ensure the capital programme is affordable on an annual basis. Capital spending includes Highways and Regeneration projects across

the borough. The annual increase reflects the size of the Council's ambitious programme, as well as returns on investment income that can reduce the impact of increasing interest rates on borrowing.

- 5 The current assumption on project delays is that unspent capital budgets will automatically be slipped into the next financial year unless re-profiled to future years. The assumption for 2023/24 will be that the MTFS 2023-27 approved budget of £214.6m and the slippage from 2022/23 £8.8m is the revised budget for 2023/24.
- 6 **Income from Capital Receipts:** Sale of Council assets usually provides a capital receipt. The Council is permitted to use such receipts to fund transformation costs or fund items within the Capital Programme. The 2023/24 to 2026/27 MTFS proposes the annual use of £1m to support transformation costs. This reflects a reasonable level of change to ensure services remain sustainable and meet the needs of residents. Expectation of annual receipts at this level is reasonable based on recent trends of income from Right-to-Buy properties and Farm's Estate sales and assets no longer required by the Council (surplus assets).
- 7 **Bad Debt Provision change:** The Council collects approximately £90m of debt annually (excluding local taxation), related to a wide range of services. Bad debt relates to uncollectable income, such as debt with individuals or organisations that enter into administration. It is responsible to reflect the annual impact of bad debt within the Council's revenue budget. The Council will continue to enforce debt payments in an appropriate way taking into account the circumstances of the debtor. The level of Adult Social Care debt is expected to reduce by the end of 2023/24. The budget reflects this for one year and then returns to zero as the level of debt and the provision required is then forecast to remain at a constant lower level.
- 8 **Use of / Contribution to Earmarked reserves:** this is the planned movements in and out of various earmarked reserves including the MTFS reserve, Collection Fund reserve, Capital Financing reserve and Transformation reserve, which support service delivery where budgeted to do so. For further information on earmarked reserves levels see [Annex 13 of the MTFS](#)

**Funded By:**

- 9 **Council Tax:** The level of income the Council receives from Council Tax is based on two main variables; council tax levels set by Cheshire East Council and the number of properties charged, referred to as the

taxbase. Appendix A1 sets out the specifics that make up the Council Tax budget. This includes the following items –

- (a) Percentage increase (base) – forecast at this point to be a maximum of 2.99% per annum over the medium term.
- (b) Percentage increase (ASC precept) – additional flexibility to raise income to support Adult Social Care has once again been granted by Central Government. It is uncertain as to whether this will continue past 2024/25 therefore no assumption has been included after this time.
- (c) Council Tax Support Scheme – A budget based on current claimant caseload is included in the taxbase calculation. This increased in recent years due to the pandemic. It is also increased each year in line with the council tax percentage increase and reflects any changes that may be approved at December Council.
- (d) Taxbase – the taxbase calculation is the number of Band D equivalent properties in the borough after taking account of reductions for discounts, exemptions, collection rates, council tax support payments and premium property income. There has been a steady increase in the taxbase of between c.1-2% per annum due to increased house building in line with, or in some cases exceeding, the Local Plan targets. The medium term includes increases in new homes to continue at similar levels, albeit is reducing slightly to be prudent.
- (e) Exemption for Foster Carers and Care Leavers – this exemption is funded by the Collection Fund earmarked reserve annually.
- (f) Discretionary discounts (other) (S13A) – Landlords are currently able to gain an exemption of a maximum of 4 weeks between tenants.
- (g) Empty Homes Premium - In common with most Billing Authorities, Cheshire East Council charges a Council Tax premium of 100% on property that has been empty for 2 years or more in order to encourage homes to be brought back into use. The Local Government Finance Act 1992 (amended) enables Councils to charge a premium on empty properties.

- (h) Additional flexibilities were introduced in subsequent Government budgets and Cheshire East now charges the following premiums for empty properties:

Time empty/unfurnished	Premium
2 to 5 years	100%
5 to 10 years	200%
Over 10 years	300%

Second Homes Premium (from April 2024) – In February 2023 Council approved that, subject to Regulations being passed following the Levelling-Up and Regeneration Bill, a premium would be applied to second homes of up to 100% and to amend the timing of the premium on empty and unoccupied property with effect from 1 April 2024. The Bill is still going through the House of Lords and is currently at committee stage and without a next date of hearing. If it is passed during 2023/24 the Council would be able to do the following:

- Implement the Empty property premium and bring the imposition of the current 100% premium forward from 2 years to 1 year with effect from April 2024
- Implement a premium on second homes of up to 100% with effect from April 2025

The reason for the different dates is that the second homes premium requires 12 months notice to owners whereas the Empty premium does not.

- (i) Loss on Collection – Write offs – This is an annual charge to write off debts that are no longer viable to collect.
- (j) Collection rate – this has been maintained at 99% due to strong overall collection over a three-year period.
- (k) Collection Fund surplus/deficit – any surplus or deficit that arises from fluctuations from the estimates listed above are managed through the Collection Fund earmarked reserve to help maintain a stable annual revenue budget.

- 10 **Business Rates Retention:** the current scheme is very complex and the system of tariff, levies and compensation grants makes it extremely challenging to estimate business rates with any great certainty. The budget for business rates is therefore forecast to remain static over the medium term and any fluctuations are managed through the Collection fund earmarked reserve. Current values for each of the discounts and

exemptions are set out in Appendix A1. The government intend to review business rate retention, although the date of completion for this review is unknown.

- 11 **Revenue Support Grant:** this is currently very low at £0.4m per annum. The government intend to review this grant as part of the Fairer Funding Review, although the date of completion for this review is unknown.
- 12 **Specific Unringenced Grants:** Appendix A1 lists the main specific grants receivable and current values. Only the unringenced grants are included in the funding envelope as shown in Table 1. These total £26.4m for 2023/24.

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## Appendix B – Financial Reporting Timetable 2023/24

Report	Financial Cycle	Committee	When
Service Budgets 2023/24	Planning	All Committees	June 2023
Local Government Pension Scheme and Cheshire Pension Fund	Monitoring	Finance Sub-Committee	7 June 2023
Medium Term Financial Strategy Assumptions and Reporting Cycle for 2023/24	Planning	Finance Sub-Committee	7 June 2023
Draft Statement of Accounts 2022/23	Reporting	Finance Sub-Committee Audit and Governance Committee	7 June 2023 8 June 2023
Companies Draft Financial Statements 2022/23	Reporting	Finance Sub-Committee Audit and Governance Committee	7 June 2023 8 June 2023
Financial Outturn 2022/23	Reporting	All Service Committees	July 2023
First Financial Review 2023/24	Monitoring	All Committees	September / October 2023
Companies First Financial Review 2023/24	Monitoring	Shareholder Working Group	TBC
Medium Term Financial Planning Assumptions - Feedback from Task Group	Planning	Finance Sub-Committee	6 September 2023
Financial Management Code	Monitoring	Finance Sub-Committee	6 September 2023
Final Statement of Accounts 2022/23	Reporting	Audit and Governance Committee	28 September 2023
Companies Audited Financial Statements 2022/23	Reporting	Audit and Governance Committee	28 September 2023
Medium Term Financial Strategy Consultation for 2024/25-2027/28	Planning	Corporate Policy Committee	5 October 2023
Audit of Accounts 2022/23 External auditors report	Reporting	Council	18 October 2023
Companies Business Plans for 2024/25+	Planning	Finance Sub-Committee	1 November 2023
Second Financial Review 2023/24	Monitoring	All Committees	November 2023
Companies Second Financial Review 2023/24	Monitoring	Shareholder Working Group	TBC
Medium Term Financial Strategy Consultation 2024/25-2027/28 – consideration of policy proposals per Committee	Planning	All Committees	November 2023
Cheshire Pension Fund Briefing (Financial Review 1)	Monitoring	Finance Sub-Committee	1 November 2023
Council Tax Base 2024/25	Reporting	Corporate Policy Committee	30 November 2023
Financial Strategies 2024/25 - Treasury Management, Investment, Capital and Reserves Strategies	Planning	Finance Sub-Committee	17 January 2024

Report	Financial Cycle	Committee	When
Medium Term Financial Strategy Consultation 2024/25-2027/28 - Provisional Settlement update and feedback from consultation period	Planning	All Committees	January / February 2024
Third Financial Review 2023/24	Monitoring	All Committees	January / February 2024
Cheshire Pension Fund Briefing (Financial Review 2)	Monitoring	Finance Sub-Committee	17 January 2024
Companies Third Financial Review 2023/24	Monitoring	Shareholder Working Group	TBC
Medium Term Financial Strategy 2024/25-2027/28 - including any supplementary updates	Planning	Corporate Policy Committee	8 February 2024
Constitution - Financial Limits - Annex Update	Reporting	Constitution Working Group	TBC
Cheshire Pension Fund Briefing (Financial Review 3)	Monitoring	Finance Sub-Committee	5 June 2024

## **Finance Sub-Committee**

**7<sup>th</sup> June 2023**

### **Draft Pre-audited Statement of Accounts 2022/23 and Outturn Update 2022/23**

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**Report of:** Alex Thompson: Director of Finance and Customer Services

**Report Reference No:** FSC/7/23-24

Ward(s) Affected: Not applicable

#### **Purpose of Report**

- 1 This report confirms that the Council has published, on its website, its pre-audited Statement of Accounts for the year ended 31st March 2023.
- 2 Information on the 2022/23 pre-audit Statement of Accounts, for the Cheshire East Group of Companies and for the single entity of Cheshire East Borough Council, will be presented to the committee. This step is taken to provide committee members with an early summary of the accounts, which will help them in advance of any formal responsibility to approve the accounts.
- 3 This report provides members with the pre-audited overview of the Cheshire East Council Outturn for the financial year 2022/23. Members are being asked to note the financial performance of the Council.

#### **Executive Summary**

- 4 This report outlines the timelines and processes for the pre-audited Statement of Accounts for 2022/23.
- 5 This report also provides Members with an overview of the Outturn position for the financial year 2022/23. A full narrative of the Outturn Summary will be presented at the Corporate Policy Committee on the 6<sup>th</sup> July 2023 and the subsequent Service Committees, thereafter.

## RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the summarised position of the accounts for year ended 31st March 2023 based on the presentation provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Statement of Accounts.
3. Approve the setting up of an informal session with the Council's Officers to allow Members of the committee the opportunity to discuss in more detail the Statement of Accounts and to report such discussions back to the Committee.
4. Note the overall financial performance of the Council in the 2022/23 financial year, as contained within the report, as follows:
  - (a) A Net Revenue Overspend of £6.0m against a revised budget of £318.7m (1.9% variance) funded by the drawdown of £5.2m from the MTFE Earmarked Reserve and a reduction in the planned contribution of General Reserves by £0.8m
  - (b) General Reserves closing balance of £14.1m
  - (c) Capital Spending of £116.4m against an approved programme of £125.2m (7.0% variance)

## Background

- 6 The Statement of Accounts for 2022/23 is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 7 The Group statements consolidate the accounts of: Cheshire East Council and three wholly owned subsidiaries (Ansa, Orbitas and TSS); Although TSS ceased trading as at the 31<sup>st</sup> March 2022, there are residual consolidation transactions that have taken place in 2022/23 and have been included in the Group Statements.

- 8 The accounts of a fourth wholly owned subsidiary (TPE), and three other companies Cheshire & Warrington Local Enterprise Partnership, Alderley Park Ltd and Cheshire & Warrington Development Fund Ltd although part of the Group, are not consolidated on the grounds of materiality.
- 9 This mirrors treatment of these organisations in 2021/22 The single entity statements for Cheshire East Borough Council will also be presented to the Committee for approval on 28th September 2023.
- 10 The objective of the Statement of Accounts is to provide information about the organisation's financial performance that is useful to a wide range of interested parties. Its purpose is to give readers and stakeholders clear information about the Group's consolidated finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Group's net worth?
- 11 Members are not required to approve the pre-audit statement of accounts for the Group or for the Council as a single entity. But the Director of Finance & Customer Services (Section 151 Officer) is providing the committee with an update of the key messages from these accounts that he has signed off for publication. The Pre-Audit Statement of Accounts were published on the Council's website on the 31<sup>st</sup> May 2023 and the certified Statement of Accounts will be published by the 30th September 2023.
- 12 The final audited Statement of Accounts will be presented to this Committee for approval on 28th September in time for publication by the deadline of 30<sup>th</sup> September 2023.
- 13 The recommendations within the 2022/23 Third Financial Review and the Medium-Term Financial Strategy (MTFS) were clear in the treatment of the outturn and future reserve balances:  
  
Revenue Outturn
- 14 The MTFS recognised emerging risks such as inflation and particularly the Dedicated Schools Grant (DSG) deficit, which highlighted there is no alternative funding.
- 15 The financial outturn for Cheshire East Council is an overspend of £6.0m.
- 16 This position has required the draw down £5.2m from the MTFS reserve as forecast at the Third Financial review, with £0.8m being required from the General Fund reserve. This was £1.7m less than forecast.

17 General reserves increased from £12.6m to £14.9m due to the favourable outturn from 2021/22. This balance has then been reduced by £0.8m as noted above resulting in a closing General Reserve balance of £14.1m.

18 Table 1: Total Net Revenue Budget is overspent by £6.0m

2022/23 Outturn Review	Revised Budget (Net) £m	Third Quarter Over / (Underspend) £m	Final Outturn Over / (Underspend) £m
<b>Service Directorates</b>			
Adults, Health and Integration	121.7	8.9	10.5
Children and Families	78.6	3.5	5.2
Place	80.3	1.9	(1.2)
Corporate	39.7	0.4	(0.7)
<b>Total Services Net Budget</b>	<b>320.3</b>	<b>14.6</b>	<b>13.8</b>
<b>Central Budgets</b>			
Capital Financing	17.1	-	-
Transfer to / from Earmarked Reserves	(5.7)	(6.0)	(6.0)
Corporate Contributions / Central Budgets	(13.0)	(1.0)	(1.8)
<b>Total Central Budgets</b>	<b>(1.6)</b>	<b>(7.0)</b>	<b>(7.8)</b>
<b>Total Net Budget</b>	<b>318.7</b>	<b>7.7</b>	<b>6.0</b>
Business Rates Retention Scheme	(26.3)	-	-
Specific Grants	(36.5)	-	-
Council Tax	(253.8)	-	-
<b>Funding</b>	<b>(318.7)</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>	<b>(318.7)</b>	<b>7.7</b>	<b>6.0</b>

### Capital Outturn

19 Expenditure on the capital programme is £116.4m against a revised forecast of £125.2m that was reported to the Finance Sub Committee on the 8<sup>th</sup> March 2023 as part of the Financial Update report. The underspend of £8.8m will be slipped into 2023/24 and budgets will be re-profiled as part of the outturn reporting.

20 The original budget set in February 2022 was £185.2m, during 2022/23 project managers were asked to re-profile their forecasts resulting in the revised forecast of £125.2m. Capital receipts in year amounted to £4.9m against a forecast of £1.0m, in the first instance this improvement

reduces potential borrowing costs. Treatment of capital receipts will be considered as part of the review of the Capital Strategy.

- 21 Table 2 : Total Capital Expenditure and Funding for the financial years 2022/23, and 2023/24 to 2025/26

	Outturn 2022/23 £m	Three Year Forecast			Total £m
		2023/24 £m	2024/25 £m	2025/26 £m	
<b>Expenditure</b>					
Children and Families	9.3	52.0	34.1	31.7	127.1
Adults and Health	0.0	0.5	0.0	0.0	0.5
Highways and Transport	65.6	69.6	77.4	128.4	341.0
Economy and Growth	21.0	93.4	55.2	78.7	248.3
Environment and Communities	13.2	11.3	16.7	0.6	41.8
Corporate Policy	7.3	13.6	9.7	5.9	36.5
<b>Total Expenditure</b>	<b>116.4</b>	<b>240.4</b>	<b>193.1</b>	<b>245.3</b>	<b>795.2</b>
<b>Funding</b>					
Grants and Other Contributions	53.8	159.9	141.6	139.1	494.4
Capital Receipts and Reserves	2.2	4.9	1.0	33.6	41.7
Borrowing	60.4	75.6	50.5	72.6	259.1
<b>Total Funding</b>	<b>116.4</b>	<b>240.4</b>	<b>193.1</b>	<b>245.3</b>	<b>795.2</b>

## Consultation and Engagement

- 22 The accounts will be available for public inspection for 30 working days between the dates of 1st June to 12th July 2023, between 10 am and 4 pm Monday to Friday.
- 23 Any person may inspect, and make copies of the accounts and all books, deeds, contracts, bills, vouchers, receipts and other related documents of the Council for the year ended 31st March 2023, as stipulated in Section 25 of the Local Audit and Accountability Act 2014.
- 24 As part of the budget setting process the Pre-Budget Consultation provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals

affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

### **Reasons for Recommendations**

- 25 The Accounts and Audit Regulations 2015 require the Audit and Governance Committee to approve the Statement of Accounts after the external audit is completed.
- 26 To support this responsibility the Committee is provided with an overview of the key issues within the draft Statement of Accounts before the external audit work is completed. This allows committee members adequate time to scrutinise the statements ahead of the deadline for approval.
- 27 The Department of Levelling Up, Housing and Communities (DLUHC) put in place revised regulations that came into force on 22nd July 2022. The regulations stated that for the years 2022/23 to 2027/28 the deadline for the accounts to be signed off by has been extended from the 31st July to the 30th September.

### **Other Options Considered**

- 28 Not Applicable

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 29 The regulations arising out of the Local Audit & Accountability Act 2014 (Accounts and Audit Regulations 2015) prescribe statutory provisions regarding the overall format and approval procedures for authorities' financial statements. The detailed format of the Statement of Accounts is laid out annually by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the form of the Code of Practice on Local Authority Accounting in the UK (the Code).
- 30 The pre-audit Statement of Accounts must be signed by the Council's Section 151 officer and published by the required deadline following the financial year end. Even though the pre-audit statements do not require committee approval at this stage in the process, it is however deemed to be good practice to present the accounts to Members before publication.

- 31 The audited statements are to be approved by this Committee and published by the 30th September 2023.
- 32 The legal implications surrounding the process of setting the 2022 to 2026 Medium-Term Financial Strategy were dealt with in the reports relating to that process.

*Section 151 Officer/Finance*

- 33 The Statement of Accounts summarises the financial activities of the Council for the preceding financial year and its position at the year end. It summarises the Council's income and expenditure, assets and liabilities, and its level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the authority. The Statement of Accounts is an important part of the Council's financial governance and stewardship arrangements.

*Policy*

- 34 There are no Policy implications.

*Equality, Diversity and Inclusion*

- 35 There are no Equality, Diversity or Inclusion Implications.

*Human Resources*

- 36 There are no Human Resources Implications.

*Risk Management*

- 37 The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended accounting practices. Failure to do so could result in a qualification of the accounts which may lead to further audit costs in future as well as an adverse impact on the Council's reputation.

*Rural Communities*

- 38 There are no Rural Communities implications.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 39 There are no Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND) Implications.

*Public Health*40 *There are no Public Health implications*

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a> 01270 685876
Appendices:	Appendix 1 – Presentation - Summary Group Accounts 2022/23
Background Papers:	<a href="#">Statement of Accounts</a>

**Alex Thompson**  
**Director of Finance & Customer Services**

# 2022/23 Draft Statement of Accounts

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**Finance Sub Committee**  
7th June 2023

Working for a *brighter future*  together



# Changes to Deadlines

## The Accounts and Audit (Amendment) Regulations 2023

- The Accounts and Audit (Amendment) Regulations 2023 extend the statutory audit deadlines for 2022/23. The publication date for audited accounts has been extended from 31st July to 30th September 2023 for all local authority bodies.

# Important Dates

<b>June 1st</b>	Public Inspection (30 working days to 12 <sup>th</sup> July)
<b>June 8th</b>	Committee receive presentation on draft SOA
<b>July to September (TBC)</b>	Mazars on site for main audit
<b>September 28<sup>th</sup></b>	Committee receive audit findings and SOA.
<b>September 30<sup>th</sup></b>	Audited Statement of Accounts published

# Approving the Accounts

- The Group Accounts require the approval of the Audit & Governance Committee. Recommendations will be made at the Committee meeting on 28th September 2023.
- Each entity within the group also has a set of accounts that require approval, either by the Committee or a Company Board.
- The Cheshire East Group accounts are audited by Mazars LLP.
- The companies accounts are audited by Grant Thornton UK LLP.

# Cheshire East Group 2022/23

## Cheshire East Borough Council

### *Wholly owned companies*

CERF

Ansa Ltd

Orbitas Ltd

### *Other Companies*

Tatton Park  
Enterprises

Cheshire &  
Warrington  
Development  
Fund Ltd

Cheshire &  
Warrington  
LEP

Alderley  
Park Ltd

# Cheshire East Group

## Statement of Accounts 2022/23

### Supporting Narrative

- Overview of financial and operational performance.
- Includes achievements, risks and lots of facts and figures.

### Management Accounts headlines

- Group useable reserves increased by £0.9m to **£167.5m**
  - 91% of useable reserves have been earmarked
  - Revenue spending (including Covid-19 related) was **£318.7m**
  - Net overspend was **£6.0m**
  - General Fund Balance increased from £12.6m to £14.1m
  - Wholly Owned Companies spending was **£48.1m**
  - Wholly Owned Companies achieved a surplus of **£0.462m**

### Cheshire East Council make up 99% of the Group

# Cheshire East Borough Council – Management Accounts

- **£318.7m of Net revenue spending** supported services, a increase of £15.0m (5%) from 2022/23.
- **£282.1m of Council Tax and Business Rates** were managed through the Collection Fund.
- **£116.4m of Capital Spending** was completed.

# Cheshire East Group – 2022/23

Movement in reserves (£m)	Usable	Unusable	Total
<b>Opening Balance</b>	<b>166.9</b>	<b>229.3</b>	<b>396.2</b>
I & E Surplus/(Deficit)	(71.0)	671.1	600.1
I & E (Adjustments)	71.6	(71.6)	0.0
<b>Change</b>	<b>0.6</b>	<b>599.5</b>	<b>600.1</b>
<b>Closing Balance</b>	<b>167.5</b>	<b>828.8</b>	<b>996.3</b>

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Increases: pension liability, earmarked reserves;

# Cheshire East Group - 2022/23

Income & Expenditure (£m)	2021/22	2022/23
Cost of Services	393.5	448.1
Other Income & Expenditure	47.8	40.4
Taxation and Non-Specific Grant	(391.6)	(417.5)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>49.7</b>	<b>71.0</b>
Revaluation of Assets	(24.2)	(26.2)
Pension Liability	(206.9)	(644.9)
<b>Total I &amp; E (Surplus) or Deficit</b>	<b>(181.4)</b>	<b>(600.1)</b>

# Cheshire East Group – 2022/23

Balance Sheet (£m)	2021/22	2021/22
Long Term Assets	1,134.5	1,176.2
Current Assets	131.5	115.2
Current Liabilities	(323.6)	(347.4)
Long Term Liabilities	(546.1)	52.3
<b>Net Assets</b>	<b>396.3</b>	<b>996.3</b>
Usable Reserves	166.9	167.5
Unusable Reserves	229.4	828.8
<b>Total Reserves</b>	<b>396.3</b>	<b>996.3</b>

Positive impact: LT Investments; Short Term Debtors; Long term borrowing

Negative impact: Short term Creditors; Pensions Liability

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# Cheshire East Group

Cashflow (£m)	2021/22	2022/23
Opening Balance – cash & cash equivalents	31.7	40.9
Closing Balance	40.8	28.6
Net Increase / (decrease) in cash & cash equivalents	9.1	(12.3)

# What to do now....

## Members of the Committee should consider:

- Quality of the supporting narrative
- Relevance of the information provided
- Transparency of the accounts
- Engage with the Finance Team on any queries up to the Committee Date (28<sup>th</sup> September)

## The Finance Team will:

- Work with Mazars to complete the audit.
- Promote the public engagement opportunities
- Finalise the accounts based on feedback

**Finance Sub-Committee****7<sup>th</sup> June 2023****Draft Pre-audited Financial Statements – Wholly-Owned  
Companies 2022/23 and Outturn Update 2022/23****Report of:** Alex Thompson: Director of Finance and Customer Services**Report Reference No:** FSC/5/23-24

Ward(s) Affected: Not applicable

**Purpose of Report**

- 1 This report confirms that the Council's wholly-owned companies (WOC's) will publish, on their websites, their pre-audit Summary Financial Statements for year ended 31st March 2023, alongside the Council's 2022/23 Group Financial Statements.
- 2 Information on the 2022/23 pre-audit Financial Statements for the WOC's will be presented to the Sub Committee. This step is taken to provide Sub Committee members with an early summary of the Company single entity accounts and whilst the Sub Committee do not approve the Financial Statements it enables them to review in advance of any formal responsibility to approve the Council Group Accounts which these Financial Statements feed into.

This report provides members with the pre-audited overview of the Company Outturn for the financial year 2022/23. Members are being asked to note the financial performance of the Companies.

**Executive Summary**

- 3 This report outlines the timelines and processes for the pre-audited WOC's Financial Statements for 2022/23.
- 4 This report also provides Members with an overview of the Outturn position for the Companies for the financial year 2022/23.

- 5 The Companies will separately produce an Outturn Report for the year that reflects both financial and non-financial performance, this will be reported to the Finance Sub Committee in July 2023.

#### RECOMMENDATIONS

The Finance Sub Committee is recommended to:

1. Note the summarised position of the WOC Financial Statements for year ended 31st March 2023 based on the presentation provided at this meeting and included in this report at Appendix 1.
2. Note the dates in relation to the approval process for the Financial Statements.
3. Recommend the setting up of an informal session with the Council's Officers to allow Members of the Sub-Committee the opportunity to discuss in more detail the Financial Statements.
4. Note the overall financial performance of the WOC's in the 2022/23 financial year, as contained within the Appendix 1, as follows:
  - (a) ASDV Reserves increased by £0.462m less £0.291m dividend from TSS to CEC, leaving retained reserves at £1.949m.
  - (b) A further final dividend of £0.106m is due to CEC from TSS in 2023/24.
  - (c) Wholly Owned Companies Net Core Contract Spending was £37.94m

#### Background

- 6 The Company financial statements are prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 7 The financial statements for Ansa Environmental Services Ltd (Ansa) and Orbitas Bereavement Services Ltd (Orbitas) are prepared on a going concern basis and comply with the Companies Act 2006.
- 8 The financial statements for Transport Service Solutions Ltd (TSS) are prepared on a non-going concern basis. The TSS Director intends to

liquidate the company within the next 12 months and transfer all assets and liabilities to Cheshire East Council (CEC).

- 9 The CEC Group statements consolidate the accounts of: CEC and three wholly owned subsidiaries (Ansa, Orbitas and TSS). Although TSS ceased trading as at the 31 March 2022, there are residual consolidation transactions that have taken place in 2022/23 and have been included in the CEC Group Statements.
- 10 This mirrors treatment of these organisations in 2021/22. The single entity statements for Ansa, Orbitas and TSS will be presented to the Company Boards for approval in October 2023 and will also be brought back to the Sub Committee for noting in the Autumn 2023.
- 11 The objective of the Financial Statements is to provide information about the WOC's financial performance that is useful to a wide range of interested parties including CEC as Shareholder. Its purpose is to give readers and stakeholders clear information about the Company finances and to answer questions such as: what did services cost; where the money came from; what are the significant events this year; and what is the Company net worth?
- 12 Members are not required to approve the pre-audit company Financial Statements. However, the Director of Finance & Customer Services (Section 151 Officer) is providing the Sub Committee with an early indication of the key messages from these Financial Statements as part of the overall financial reporting for the Cheshire East Group and as Shareholder.
- 13 A Summary Financial Statement document comprising of the Statement of Consolidated Income (Profit & Loss) and the Statements of Financial Position (Balance Sheet) will be published on the 1 June 2023 for each respective company on their website with a link to the CEC Group Accounts. Company Boards are responsible for approving the Financial Statements and ensuring that they are published at Companies House 9 months after the Accounting Date (31 March 2023), therefore on or before 31 December 2023.
- 14 The final audited Financial Statements will also be presented to this Sub Committee for noting in the Autumn 2023 along with a copy of the respective External Audit Reports.

#### 2022/23 Out-turn

- 15 The core contract expenditure of Ansa and Orbitas, charged at cost to CEC in 2022/23 is £37.94m.

- 16 Net (after tax) commercial profits of Ansa and Orbitas total £0.356m; adding to retained reserves, such that they now total £1.843m.
- 17 Although TSS ceased trading on 31 March 2022, there are residual transactions that have taken place in 2022/23 as part of winding down the company generating a £0.106m surplus. An interim dividend of £0.291m was paid in year to Cheshire East Council, a final dividend of £0.106m is due to be made in early 2023/24.

## **Consultation and Engagement**

- 18 The WOC Summary Financial Statements will be available on the company websites from 1<sup>st</sup> June 2023.

The WOC's are required to publish their audited Financial Statements at Companies House on or before 31st December (for Accounting periods ending 31 March). Accounts for each of the private companies within the Cheshire East Group will also be provided to Companies House as required.

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

## **Implications and Comments**

### *Monitoring Officer/Legal*

- 19 The financial statements have been prepared in accordance Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).
- 20 The Financial Statements for Ansa and Orbitas have been prepared on a going concern basis using the historical cost convention, except for the revaluation of certain financial instruments and comply with the Companies Act 2006. The Financial Statements for Transport Service Solutions Ltd (TSS) are prepared on a non-going concern basis as the intention is to liquidate the company within the next 12 months and transfer all assets and liabilities to CEBC.
- 21 The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2022/23 state the publication date for audited accounts 31st May 2023 for all local authority bodies. As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.

- 22 The audited Financial Statements are to be approved by the Company Boards and published by the 31<sup>st</sup> December 2023 on Companies House.

*Section 151 Officer/Finance*

- 23 The Financial Statements summarise the financial activities of the Companies for the preceding financial year and their position at the year end. They summarise the Company turnover and expenditure, assets and liabilities, and the level of reserves and indebtedness. As the statements are subject to external audit and opinion, they present a key measurement of the overall financial performance of the company. The Financial Statements are an important part of Company and also Council Group financial governance and stewardship arrangements.

*Policy*

- 24 There are no Policy implications.

*Equality, Diversity and Inclusion*

- 25 There are no Equality, Diversity or Inclusion Implications.

*Human Resources*

- 26 There are no Human Resources Implications.

*Risk Management*

- 27 The financial statements have been prepared in accordance with Financial Reporting Standard 101 (Reduced Disclosure Framework) in accordance with recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006.
- 28 Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 101 "Reduced Disclosure Framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

Failure to prepare the financial statements as described above could result in a qualification of the accounts which may lead to further audit

costs in future as well as an adverse impact on the Company and Council reputation

*Rural Communities*

29 There are no Rural Communities implications.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

30 There are no Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND) Implications.

*Public Health*

31 There are no Public Health implications

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a> 01270 685876
Appendices:	Appendix 1 – Presentation - Summary Wholly-Owned Company Financial Statements 2022/23
Background Papers:	The background papers are available by contacting the report author.

**Alex Thompson**  
**Director of Finance & Customer Services**

# **2022/23 Draft Financial Statements Wholly Owned Companies**

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**Finance Sub Committee**  
7<sup>th</sup> June 2023

# Changes to Deadlines

## The Accounts and Audit (Amendment) Regulations 2022

- The Accounts and Audit (Amendment) Regulations 2022 statutory audit deadlines for 2022/23 state the publication date for audited accounts 31st May to 30th September 2023 for all local authority bodies.
- As part of the Cheshire East Council Group, the Wholly Owned Companies (WOC's) are required to comply with this same deadline but are only required to publish Draft Summary Financial Statements on their respective websites.
- The WOC's are required to publish their audited Financial Statements at Companies House on or before 31<sup>st</sup> December (for Accounting periods ending 31 March).

# Important Dates

<b>June 1<sup>st</sup></b>	Summary Financial Statements on company websites
<b>June 7<sup>th</sup></b>	Sub Committee receive presentation on draft Financial Statements – WOC’s
<b>July (part) &amp; September</b>	Grant Thornton on site for main audit (Sept)
<b>October</b>	WOC Boards receive audit findings and Audited FS for Approval.
<b>Date TBC</b>	Sub Committee receive audit findings and Audited Financial Statements for noting.
<b>On or before December 31<sup>st</sup></b>	Audited Financial Statements deadline to be published at Companies House

# Approving the Accounts

- The CEC Group Accounts require the approval of the Audit & Governance Committee.
- The wholly owned companies as entities within the CEC Group also have single entity accounts that require approval by the Company Board. Recommendations will be made at the October 2023 Board cycle.
- The Group of Companies accounts are audited by Grant Thornton UK LLP.

# WOC Single Entity Accounts Financial Statements 2022/23

## Strategic Report

- Overview of financial performance.
- Includes achievements, risks and lots of facts and figures.
- A separate Company led report on 2022-23 Operational Performance & Financial performance is to be provided to CLT and Finance Sub Committee by the Companies at the July 2023 Meeting.

## Management Accounts headlines

- The WOC out-turn performance is split between Core Services provided to CEC and Commercial activities.
- Core Services provided to CEC should operate on a net cost basis i.e. if the company is requested by the Council to provide additional services – then the company is paid by the Council for the additional services.
- Commercial Activities are subject to Corporation Tax and out-turn profits are retained 100% by the Company.
  - WOC Reserves increased by £0.462m less £0.291m dividend from TSS to CEC, leaving retained reserves at **£1.949m**.
  - Wholly Owned Companies Net Core Contract Spending was **£37.94m**

# Cheshire East Borough Council – WOC Out-turn Performance

Out-turn*	Ansa	Orbitas	TSS
Core Management Fee 2022/23	34,895	2,040	0
Additional Management Fee claimed in year	1,491	209	0
<b>Revised Management Fee 2022/23</b>	<b>36,386</b>	<b>2,249</b>	<b>0</b>
<b>Core Out-turn 2022/23</b>	<b>35,947</b>	<b>1,993</b>	<b>131*</b>
<b>Rebate to CEC / (Additional Cost to CEC)</b>	<b>439</b>	<b>256</b>	<b>25</b>
Core Out-turn – post rebate/Charge to CEC	0	0	106
<b>Commercial Out-turn after Tax</b>	<b>283</b>	<b>73</b>	<b>0</b>
<b>NET Profit retained by Company</b>	<b>283</b>	<b>73</b>	<b>106**</b>

\* (£131k) reflects impact of winding down residual 2021/22 entries in 2022/23

\*\* Final Dividend from TSS to CEC due in early 2023/24 £0.106m.

Additional Management Fee claims, reflected in CEC in year reporting are in respect of:

ANSA – Significant Inflation (Pay Award, Waste Contract Inflation) and Covid scarring (Change in habits)

Orbitas – Inflation (Pay & materials) plus Handyperson additional demand from Adult Social Care

# Cheshire East WOC's – 2022/23

Movement in reserves (£m)	Ansa	Orbitas	TSS	Total
<b>Opening Balance</b>	<b>1,101</b>	<b>386</b>	<b>291</b>	<b>1,778</b>
Dividend	-	-	(291)	(291)
In Year Profit	283	73	106	462
<b>Change</b>	<b>283</b>	<b>73</b>	<b>(185)</b>	<b>171</b>
<b>Closing Balance</b>	<b>1,384</b>	<b>459</b>	<b>106*</b>	<b>1,949</b>

\*Final Dividend from TSS to CEC £0.106m early 2023/24 after which retained company reserves will be £1.843m.

# Ansa Environmental Services Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	45,614	42,655
Cost of Sales	(38,888)	(35,053)
<b>Gross Profit or (Loss)</b>	<b>6,726</b>	<b>7,602</b>
Administration Costs	(6,354)	(7,413)
Other Operating Income/Expenditure (net)	82	2
<b>Net Operating Profit / (Loss)</b>	<b>454</b>	<b>191</b>
Interest Receivable / Payable (net)	(93)	(78)
Corporation Tax	(78)	(20)
<b>Net Profit</b>	<b>283</b>	<b>93</b>

# Ansa Environmental Services Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	5,661	3,621
Current Assets	8,106	9,025
Current Liabilities	(7,534)	(8,628)
Long Term Liabilities	(4,849)	(2,917)
<b>Net Assets</b>	<b>1,384</b>	<b>1,101</b>
Shareholdings	-	-
Retained Reserves	1,384	1,101
<b>Equity</b>	<b>1,384</b>	<b>1,101</b>

Positive impact: Fixed Assets (Finance Leases); Cash; Stocks Short Term Debtors

Negative impact: Short term Creditors; Long term creditors (Finance Leases)

# Orbitas Bereavement Services Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	2,502	1,996
Cost of Sales	(1,509)	(1,162)
<b>Gross Profit or (Loss)</b>	<b>993</b>	<b>834</b>
Administration Costs	(923)	(774)
Other Operating Income/Expenditure (net)	0	0
<b>Net Operating Profit / (Loss)</b>	<b>70</b>	<b>60</b>
Interest Receivable / Payable (net)	(1)	-
Corporation Tax	4	(15)
<b>Net Profit</b>	<b>73</b>	<b>45</b>

# Orbitas Bereavement Services Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	8	10
Current Assets	970	836
Current Liabilities	(519)	(460)
Long Term Liabilities	-	-
<b>Net Assets</b>	<b>459</b>	<b>386</b>
Shareholdings	-	-
Retained Reserves	459	386
<b>Equity</b>	<b>459</b>	<b>386</b>

Positive impact: Fixed Assets; Cash; Stocks; Short Term Debtors

Negative impact: Short term Creditors

# Transport Service Solutions Ltd – 2022/23

Statement of Consolidated Income	2022/23 £'m	2021/22 £'m
Turnover	595	17,809
Cost of Sales	(499)	(16,908)
<b>Gross Profit or (Loss)</b>	<b>96</b>	<b>901</b>
Administration Costs	(13)	(957)
Other Operating Income/Expenditure (net)	-	-
<b>Net Operating Profit / (Loss)</b>	<b>83</b>	<b>(56)</b>
Interest Receivable / Payable (net)	-	-
Corporation Tax	23	(27)
<b>Net Profit</b>	<b>106</b>	<b>(83)</b>

# Transport Service Solutions Ltd - 2022/23

Statement of Financial Position (£m)	2022/23	2021/22
Long Term Assets	-	-
Current Assets	131	5,653
Current Liabilities	(25)	(5,362)
Long Term Liabilities	-	-
<b>Net Assets</b>	<b>106</b>	<b>291</b>
Shareholdings	-	-
Retained Reserves	106	291
<b>Equity</b>	<b>106</b>	<b>291</b>

Positive impact: Cash; Short Term Debtors  
 Negative impact: Short term Creditors

# What to do now....

## Members of the Sub Committee should consider:

- Quality of the supporting narrative in the accounts
- Relevance of the information provided
- Transparency of the accounts
- Engage with the Finance Team on any queries up to the Sub Committee Date

## The Finance Team will:

- Work with Grant Thornton and Mazars to complete the audit.
- Finalise the accounts based on feedback

**Finance Sub-Committee****7 June 2023****Local Government Pension Scheme and  
Cheshire Pension Fund**

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**Report of:** Alex Thompson, Director of Finance and Customer Services**Report Reference No:** FSC/6/23-24**Ward(s) Affected:** All**Purpose of Report**

- 1 The purpose of this report is to inform the Finance Sub-Committee about the Local Government Pension Scheme (LGPS), its importance in respect of the Council's financial planning and reporting, and to introduce the first in a series of briefing notes in respect of items presented to the Cheshire Pension Fund Committee.

**Executive Summary**

- 2 The report is introductory in nature, and will cover: the background to the LGPS; the responsibilities of the Finance Sub Committee for pensions matters; and the responsibilities of Cheshire West & Chester Council as the LGPS administering body and its Pension Fund Committee – including Cheshire East representation on the Committee.
- 3 The report also describes the main items for consideration in Cheshire East's financial planning and reporting for pensions; and how Members will be kept informed of these matters in future meetings.

## RECOMMENDATIONS

The Finance Sub-Committee is asked to note:

1. The contents of this report
2. The Council's processes for making Member appointments to the Cheshire Pension Fund Committee, via Corporate Policy Committee
3. How pensions matters feature in the Council's ongoing financial planning and reporting arrangements, particularly the pensions-related financial assumptions that will be included in the next review of the Medium Term Financial Strategy  
The Finance Sub-Committee is asked to approve
4. That the Sub Committee's work plan will include receiving briefing papers through the year in respect of matters considered at the Pension Fund Committee

### Background

- 4 The LGPS is a national pension scheme for people working in local government, such as local councils, or working for other employers that participate in the scheme.
- 5 The LGPS is one of a number of public service pension schemes and its rules are made with the approval of Parliament – it is a statutory scheme. The Scheme is administered locally by a number of pension funds across the country.
- 6 Scheme members (council employees) pay monthly contributions into the LGPS; the rate of employee contribution is determined with reference to gross salary, under a banded system.
- 7 The balance of the cost of providing for pension benefits is ultimately met by employers (councils) - via contributions paid over to pension funds on a monthly basis – and also the returns made on pension fund investments.
- 8 It is important to note that, with regard to providing for and funding the pension benefits (to be paid out over a period of time in the future) of employees of a large organisation such as Cheshire East Council, a 'long-term view' is always taken.
- 9 Every three years an independent actuary calculates how much the employer should pay into the Scheme. Known as the 'triennial valuation' the actuary makes a valuation of the liabilities of the fund (pension benefits to be paid to individuals) and assets of the fund (investment

returns) – and taking a long-term view of both liabilities and assets determines how much the employer must pay, via its ‘contribution rate’ applied to gross salary costs, over the next three years.

- 10 Further information on the LGPS may be found via the following links:

<https://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-pensions/local-government-pension-scheme>

<https://www.lgpsmember.org/>.

### **Responsibilities of Finance Sub Committee**

- 11 Members will be aware that the purpose of the Finance Sub-Committee is to co-ordinate the management and oversight of the Council’s finances, performance and corporate risk management arrangements. The Sub-Committee will make recommendations to the Corporate Policy Committee regarding the development of the Council’s Medium Term Financial Strategy and the setting and monitoring of the Capital and Revenue Budgets in accordance with the Corporate Plan and the Policy Framework.
- 12 The Sub-Committee’s responsibilities include the determination of finance issues, including but not limited to Treasury Management, Insurance, Procurement, debt write off, settlement payments and virements in line with the Councils Constitution.
- 13 Specifically in the context of this report, the Finance Sub Committee’s responsibilities include oversight, scrutiny and budgetary review of various functions, including ‘Pensions’.

### **Roles and Responsibilities of Cheshire West & Chester Council and its Pension Fund Committee**

- 14 With regard to the administration of the LGPS within the County of Cheshire, overall responsibility for managing the Cheshire Pension Fund lies with the full Council of Cheshire West & Chester Council – the ‘Administering Authority’. Day-to-day management of the Fund is delegated to its Chief Finance Officer (S151 Officer); and the Council reviews the discharge of its responsibilities through its own Audit and Governance Committee.

#### ***Pension Board***

- 15 As part of the established governance arrangements, the 'Local Pension Board' assists the Council to deliver efficient governance and administration of the Pension Fund. The Local Pension Board reviews decisions made and policies set by the Administering Authority to ensure that all aspects of governance and administration of the LGPS, including funding and investments, are compliant with relevant regulations and legislation.
- 16 Under the regulations, the Board must comprise equal numbers of 'scheme member' and 'scheme employer' representatives. Cheshire has chosen to have two scheme members (one nomination being a trade union representative) and two employer representatives (one nomination being made by Cheshire West and Chester Council). The Committee also has an Independent Chair (who will not have any voting rights).

***Pension Fund Committee***

- 17 The Pension Fund Committee's key responsibilities are to advise the S151 Officer on the management of the Cheshire Pension Fund, including the management of the administration of the benefits and strategic management of Fund assets, taking advice from a strategic and actuarial investment advisor.
- 18 The Cheshire Pension Fund Committee comprises four elected members each from Cheshire West & Chester Council and Cheshire East Council, one elected member from both Halton Borough and Warrington Borough Councils along with one Employee representative.
- 19 Members will be interested to note that Cheshire East has established procedures for making appointments to 'outside bodies'. It is intended that a report is taken to the June meeting of Corporate Policy Committee on the review of other organisations for which Cheshire East Member representatives are required; and a subsequent report will be made to the July meeting of Corporate Policy Committee relating to the formal appointments being made.
- 20 In the meantime, to maintain representation, there is also an established approach whereby existing Members on outside bodies continue to represent the Council until such formal changes have been approved; and with regard to any 'vacancies' that have arisen (say, due to the outcome of the May election) a 'casual appointments' process is in place to facilitate Member representation being fulfilled on a short-term basis.
- 21 A further update on Cheshire East Council's representation on the Pension Fund Committee will be provided verbally in the meeting.

- 22 Further information on the Cheshire Pension Fund, the Pension Board, the Pension Fund Committee, and other aspects of the governance arrangements of the Fund may be found via the following link:

<https://www.cheshirepensionfund.org/members/about-us/how-we-manage-the-fund/governance-structure/>

### **Pensions planning and reporting in Cheshire East Council**

- 23 The administration of making deductions from salaries and paying over both employee and Council (as employer) contributions to the Cheshire Pension Fund, on a monthly basis, is managed by Transactional Services – a group of payroll and transactional payments and income teams, delivered as a ‘shared service’ for both Cheshire East and Cheshire West & Chester (and hosted by the latter authority).
- 24 From a financial management perspective, the principal focus for Cheshire East may be summarised as:
- (a) Financial planning for pensions contributions – liaising with the Cheshire Pension Fund and their appointed actuary, and reflecting the latest information on the required rate of employer contribution from the Council, in our Medium-Term Financial Strategy (MTFS) and annual budget-setting process
  - (b) Financial reporting of pensions matters – accounting for pensions costs in our statutory Statement of Accounts on an annual basis, including the latest valuation of Cheshire East’s pension fund liabilities and assets in our Balance Sheet

### ***Financial Planning***

- 25 At the time of Local Government Reorganisation in Cheshire in 2009, the Council had a significant ‘funding deficit’ on its pension fund – the valuation of liabilities exceeding the valuation of assets. In 2013, the Council’s pension scheme was only 75% funded. Strategies were adopted with regard to both investments of the fund, and also the rate of employer contributions required to close the deficit.
- 26 Over time, these strategies have successfully resulted in a significant reduction in the funding gap – with the Council’s scheme reported as 98% funded as at the 31 March 2021 (funding update) – and also further reductions in the Council’s required contribution rate, providing a favourable effect in the MTFS and budget setting for 2023/24-2026 and beyond:

<b>Financial Year</b>	<b>Total Contribution Rate - % of pensionable pay</b>
2019/20	36.8%*
2020/21	30.0%*
2021/22	28.5%*
2022/23	28.1%*
2023/24	26.7%
2024/25	25.2%
2025/26	23.7%

\*Calculated total payover rate based on total paid over to the Cheshire Pension Fund as a percentage of pensionable pay

Note - reducing contribution rate mainly reflects reducing requirement for past service deficit contribution

### ***Financial Reporting***

- 27 As noted above, the Council's annual Accounts include pensions costs and valuations, in accordance with accounting regulations. This is quite a 'technical' area of accounting and reporting, though notes within the Accounts describe the disclosure requirements.
- 28 It is quite usual for there to be significant variations in the Balance Sheet valuations of pension fund liabilities and assets, from one financial year to the next. This may be due a range of factors, including national and international events, performance in the financial markets, etc.
- 29 However, as noted above, the triennial valuations affecting changes in employer contributions always take a long-term view; and in accounting and financial management terms there are no 'immediate' implications of fluctuations in valuations in the annual Accounts.
- 30 The table below shows the valuations of pensions assets and liabilities included in the draft 2022/23 Accounts, and for 2021/22 for comparative purposes.

<b>Cheshire East Council - LGPS</b>	<b>2021/22 – Accounts</b>	<b>2022/23 – draft Accounts</b>
	<b>£m</b>	<b>£m</b>
Pension Assets	1,614	1,601
Pension Liabilities	-1,996	-1,378
Pension Reserve re LGPS*	382	-223

\*The Pension Reserve is a technical accounting entry, as per accounting regulations, ensuring that neither year-to-year valuation changes, nor long-term funding requirements, affect the year's income and expenditure account

Note – whilst the above 2022/23 valuation of assets exceeds that of liabilities, this is an actuarial valuation only for the purpose of accounting as at 31 March 2023; its purpose is not the same as the triennial valuation, which determines the strategic 'funding' position and the required employer contribution rates for the next three years

- 31 Further information may be found in the Statement of Accounts for each financial year published on the Council's website:

[https://www.cheshireeast.gov.uk/council\\_and\\_democracy/your\\_council/council\\_finance\\_and\\_governance/statement\\_of\\_accounts/statement\\_of\\_accounts.aspx](https://www.cheshireeast.gov.uk/council_and_democracy/your_council/council_finance_and_governance/statement_of_accounts/statement_of_accounts.aspx)

### **Latest briefing on matters discussed at Cheshire Pension Fund Committee**

- 32 For information, a briefing paper of the items discussed at the most recent meeting of the Cheshire Pension Fund Committee is attached as an Appendix to this report.

- 33 For further information on meetings, agendas, and minutes of the Pension Committee, please follow the link below:

<https://www.cheshirepensionfund.org/members/about-us/how-we-manage-the-fund/governance-structure/pfc/>

### **Future reporting of pensions matters**

- 34 Further to this introductory report, it is planned to continue to provide the Sub Committee with briefing papers in respect matters considered at the Pension Fund Committee, through the year.

- 35 In addition, as we begin the financial planning cycle for 2024/25-2027/28, information relating to the development of the MTFs will provide further information on the pension contributions of the Council, as part of our budgeting for the next four years.

### **Consultation and Engagement**

- 36 No consultation or engagement is required directly in relation to this report; though the report does describe Cheshire East Council Member representation on the Cheshire Pension Fund Committee.

### **Reasons for Recommendations**

- 37 This is an introductory report is to inform the Finance Sub-Committee about the Local Government Pension Scheme (LGPS) and its importance in respect of the Council's financial planning and reporting. It supports the Corporate Plan priority of being an open and enabling organisation; particularly with regard to ensuring transparency in decision making, and supporting a sustainable financial future for the Council.

### **Other Options Considered**

- 38 Not applicable

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 39 There are no legal implications of this report. The report describes that the Local Government Pension Scheme is a statutory scheme, and summarises key aspects of our local administration and financial management of the scheme.

#### *Section 151 Officer/Finance*

- 40 The financial planning and reporting implications with regard to pensions are introduced and summarised in this report.
- 41 In particular, the report notes how previous financial strategies deployed have resulted in an improved position with regard to pensions costs to the Council as employer; and further how the prospects for contributions

required to be made in the coming years are providing beneficial effects on the Council's MTFS.

*Policy*

- 42 There are no policy change implications relating to this report. As noted above, providing this information for Members supports the Corporate Plan priorities of being an open and enabling organisation, and supporting a sustainable financial future for the Council.

*Equality, Diversity and Inclusion*

- 43 There are no equality, diversity or inclusion implications of this report and its recommendations.

*Human Resources*

- 44 There are no human resources implications of this report and its recommendations.

*Risk Management*

- 45 There are no risk management implications of this report and its recommendations. The management of risk is an inherent part of the work of the Cheshire Pension Fund (e.g. in the determination of its investment strategy) and also their appointed actuary, with regard to fund valuations and policies.

*Rural Communities*

- 46 There are no implications to rural communities of this report and its recommendations.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 47 There are no implications to children and young people, and cared for children, of this report and its recommendations.

*Public Health*

- 48 There are no public health implications of this report and its recommendations.

*Climate Change*

- 49 There are no climate change implications of this report and its recommendations.

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a>
Appendices:	1 – Briefing Paper on Cheshire Pension Fund Committee Meeting
Background Papers:	Medium Term Financial Strategy 2023/24-2026/27 Statement of Accounts

**INTRODUCTION**

This briefing note summarises key points to note in the items being presented to the Pension Fund Committee on 2 June 2023 (procedural items have not been included).

**PART A****STANDING ITEMS**

**Employer changes** – notes that Plus Dane Housing left the Fund on 31 July 2022 and paid an exit payment of £2,572,000 to the Fund on 31 March 2022.

**Business Plan 23/24** – previously endorsed plan now updated with confirmed KPIs. Progress on delivery of quarter 1 actions is reported as “green” with no actions reported as undeliverable.

**Regulatory update** – items include items from the Spring Budget (LGPS Pooling, changes to Annual and Lifetime Allowances), the government’s response to the 2020 McCloud consultation (a further consultation is expected), and Pensions Dashboard (DWP have delayed the onboarding date).

**Electronic Decision Notices** – a new report summarising any decisions taken outside of formal Committee meetings.

**DRAFT STATEMENT OF ACCOUNTS 2022-23**

**Key points from draft accounts:** Contributions, benefit payments, and payments to members leaving before retirement have all increased; investment assets have decreased to £6.3bn from £7.0bn due to market value changes.

**Pension Fund outturn:** reported underspend of £350k, due to staff vacancies, net underspend on supplies and services, and unutilised contingency.

**EXTERNAL AUDIT PLAN**

Grant Thornton present the scope and timing of their audit work.

**PART B - CONFIDENTIAL ITEMS****2022 VALUATION OUTCOMES – INITIAL ANALYSIS**

Funding position at 31 March 2022 is a 113% funding level, improved from 97% in 2019. Liabilities have increased by £403m, and assets have increased by £1.39bn, driven by stronger than expected investment returns. The Fund Actuary will present some analysis of valuation results across LGPS Funds at the Committee meeting.

**EMERGING EMPLOYER ISSUES**

A paper outlining considerations for the Fund in relation to employers who are not mandated to offer membership of the LGPS (a diminishing group) seeking to exit as a result of improved funding levels. The Fund’s policies in relation to exiting employers are set out.

A key determinant of any payment due by the Fund to an exiting employer or vice versa is the yield on UK long dated Government Bonds, which has increased significantly since the 31 March 2022 valuation date. On balance this reduces liability values more than asset values.

Funding levels for employers have therefore improved, and this is expected to trigger some employers to request their exit from the LGPS – all have been considering this option previously.

The paper describes different outcomes depending on whether the exiting employer is in a deficit or surplus position. The report notes that any potential exit credits payable to an exiting employer are based on employers contributions rather than funding levels. The determination of exit credit

values is therefore separate to the calculation of a closing valuation – a surplus does not automatically lead to an exit credit payment.

**Finance Sub-Committee****7 June 2023****Appointments to Working Groups and representatives to observe Wholly-owned Company Boards****Report of: Director of Governance and Compliance****Report Reference No: FSC/8/23-24****Ward(s) Affected: No specific wards****Purpose of Report**

- 1 The purpose of this report is to invite the Finance Sub-Committee to agree its appointments to working groups and to appoint shareholder representatives/observers to the boards of the Council's wholly-owned companies.

**Executive Summary**

- 2 The Finance Sub-Committee has previously established a number of working groups to undertake detailed work on its behalf and report back. It has also appointed shareholder representatives/observers to the boards of the Council's wholly-owned companies as one of a series of measures designed to improve the governance arrangements of those companies.
- 3 Following the election of a new Council, it is now necessary for the Sub-Committee to re-appoint to those bodies.

**RECOMMENDATIONS**

The Finance Sub-Committee is recommended to

1. make appointments to the following working groups as detailed in the report:
  - Finance Sub-Committee (ASDV Governance Review) Working Group
  - Shareholder Working Group
  - Business Rates Working Group
2. appoint shareholder representatives to attend and observe the boards of the following wholly-owned companies:

- Ansa
- Orbitas
- Tatton Park Enterprises

## Background

### 4 **Finance Sub-Committee (ASDV Governance Review) Working Group**

5 The Finance Sub-Committee, at its meeting on 7<sup>th</sup> September 2022, considered a report proposing immediate changes to governance and reporting arrangements of the Council's wholly-owned companies following a review of recently-published CIPFA good practice guidance on local authority-owned companies and the findings of Public Interest Reports on the governance arrangements of various local authority companies.

6 Arising from that report, the Sub-Committee appointed a working Group of 7, comprising 5 elected members and 2 officers (representing the Finance and Legal services respectively), to undertake a full review of the structure and governance of the Council's wholly-owned companies, and to report back to the Sub-Committee. The terms of reference of the Working Group are set out in the Appendix to this report for information.

7 The Working Group has met on a number of occasions and its work is nearing completion. However, it is necessary to re-appoint the Working Group following the election of a new Council.

8 The Working Group previously comprised members with experience of reviewing the Council's ASDVs. Membership of the Working Group was therefore not restricted to this Sub-Committee.

9 In terms of political group representation, the Working Group comprised the following:

2 Conservative

2 Labour

1 Independent

10 This accords with the proportionalities following the Borough Council elections.

11 *It is recommended that the Finance Sub-Committee (ASDV Governance Review) Working Group be re-appointed to complete the review of the Council's ASDV governance arrangements, based on the proportionalities set out above. If named individuals cannot be provided at the meeting, these should be notified to the Head of Democratic Services and Governance.*

12 **Appointment of Shareholder Representatives as observers of Wholly-owned Company Boards**

13 As part of its review of ASDV governance arrangements on 7<sup>th</sup> September, the Sub-Committee agreed to appoint a member of the Sub-Committee to observe the board of each Council-owned company as a shareholder representative. Committee must be clear these are **not** directors or replacement for any company director.

14 It is now necessary to re-appoint shareholder representative to observe the boards following the election of a new Council.

15 *The Sub-Committee is recommended to appoint a member of the Sub-Committee as an observer of each of the company boards:*

- *Ansa*
- *Orbitas*
- *Tatton Park Enterprises*

16 **Shareholder Working Group**

17 At its meeting on 9<sup>th</sup> November 2022, the Committee received a report which sought to re-establish a Shareholder Working Group to review the Business Plans of Ansa Environmental Services and Orbitas Bereavement Services, for the period 2023/24-2026/27, and related performance reports. The terms of reference of the Shareholder Working Group are set out in the Appendix for information.

18 The Sub-Committee appointed a Shareholder Working Group comprising the same chair and members as the working group established by the Sub-Committee on 7<sup>th</sup> September 2022 to review the governance arrangements of wholly-owned companies, along with supporting officers as set out in the terms of reference.

19 In terms of political group representation, the Working Group comprised the following:

2 Conservative

2 Labour

1 Independent

20 This accords with the proportionalities following the Borough Council elections.

21 The Shareholder Working Group is required to meet on a number of occasions throughout the year to review the business plans and performance of each wholly-owned company, and to report back to this Sub-Committee.

22 *It is recommended that the Shareholder Working Group be re-appointed for the current municipal year, based on the proportionalities set out above. If*

*named individuals cannot be provided at the meeting, these should be notified to the Head of Democratic Services and Governance.*

**23 Business Rates Working Group**

24 At its meeting on 8<sup>th</sup> March 2023, the Sub-Committee agreed to establish a Business Rates Working Group to review the extent of Discretionary Relief available to local businesses and how that relief impacted both business and the Council. The Working Group would report back to the Sub-Committee, making recommendations for change where appropriate. The terms of reference of the Working Group are set out in the Appendix for information.

25 The Working Group was to comprise three members of the Finance Sub-Committee with the following composition: 1 Conservative; 1 Labour; 1 Independent Group. Nominations were to be submitted to the Head of Democratic Services and Governance in due course, following the Borough elections.

26 *It is recommended that the Business Rates Working Group be appointed for the current municipal year, based on the proportionalities set out above. If named individuals cannot be provided at the meeting, these should be notified to the Head of Democratic Services and Governance.*

**Consultation and Engagement**

There has been no consultation in relation to this report. The report relates to previous decisions of the Sub-Committee and the need to appoint to various bodies in accordance with the rules of political proportionality where these apply and in accordance with the agreed terms of reference of each body.

**Reasons for Recommendations**

27 In accordance with the Constitution, the Finance Sub-Committee is responsible for the appointment of the bodies referred to in this report.

**Other Options Considered**

12

Option	Impact	Risk
Do nothing	Not appointing to these bodies would negatively affect the Council's ability to make effective decisions in an open and transparent manner.	Failure to appoint these bodies could adversely affect the operational efficiency and accountability of the Council's wholly-owned companies.

## Implications and Comments

### *Monitoring Officer/Legal*

- 28 The appointment to working groups allows members to engage, understand and consider complex issues outside of a formal committee but retaining the assurance that the working group will report back to the committee when necessary for decisions.
- 29 The appointment of a representative as observer of any board is not an appoint as director. It reflects an interim proposal agreed by the committee pending a wider review of company governance arrangements.

### *Section 151 Officer/Finance*

- 30 There are no financial implications that require an amendment to the Medium-Term Financial Strategy.

### *Policy*

- 25 There are no direct policy implications.

<b>An open and enabling organisation</b>
--

Ensure that there is transparency in all aspects of council decision-making
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### *Equality, Diversity and Inclusion*

- 26 There are no direct equality, diversity and inclusion implications.

### *Human Resources*

- 27 There are no direct human resources implications.

### *Risk Management*

- 28 Failure to appoint the bodies referred to in this report could adversely affect the operational efficiency and accountability of the Council's wholly-owned companies.

### *Rural Communities*

- 29 There are no direct implications for rural communities.

### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

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

*Public Health*

31 There are no direct implications for public health.

*Climate Change*

32 There are no direct implications for climate change.

<b>Access to Information</b>	
Contact Officer:	Paul Mountford <a href="mailto:Paul.mountford@cheshireeast.gov.uk">Paul.mountford@cheshireeast.gov.uk</a>
Appendices:	The Appendices to this report set out the terms of reference of the following working groups as approved by the Finance Sub-Committee: <ul style="list-style-type: none"> <li>▪ Finance Sub-Committee (ASDV Governance Review) Working Group</li> <li>▪ Shareholder Working Group</li> <li>▪ Business Rates Working Group</li> </ul>
Background Papers:	The background papers used in preparing this report are committee reports and minutes, all of which are published and available for inspection on the Council's website.

## **APPENDIX 2**

### Finance Sub Committee Working Group

#### TERMS OF REFERENCE

#### **1. Purpose of the Finance Sub Committee Working Group (“the Group”):**

- 1.1. The Group will carry out a Governance Review of Cheshire East Council Wholly Owned Companies (“WOCs”) and report back to the Finance Sub-Committee (“the Sub-Committee”) who may make further recommendations to Corporate Policy Committee.
- 1.2. The Group will:
  - 1.2.1. Review current governance arrangements in place for the WOCs against the Local Authority Review Guidance and toolkit, and CIPFA Guidance.
  - 1.2.2. Report its findings including any risks apparent from this review and as part of its report offer up suggestions as to any revisions to the current governance arrangements in order to mitigate any such risks.

#### **2. Membership**

- 2.1. The Group shall normally consist of 5 persons:
  - 2.1.1.3 elected members, drawn from the Finance Sub-Committee, the chair of the group shall be appointed by the Sub Committee.
  - 2.1.2.1 Officer representing Finance
  - 2.1.3.1 Officer representing legal.

#### **3. In Attendance**

- 3.1. To support the work of the Group the Chair may invite additional individuals to attend each meeting as follows
  - 3.1.1. Officers representing the Commissioning in services; depending on the WOC being reviewed.
  - 3.1.2. Directors from the respective WOCs.
  - 3.1.3. The Shareholder Representative who attends the respective WOC Board.

#### **4. Functions**

- 4.1. The core function of the Group is to:
  - 4.1.1. Follow best practice and learning from other Councils and recently published guidance and include:
    - the company governance in relation to the shareholder requirements as set out in the shareholder agreement which must be update following merger of companies and the advent of the committee system. It will consider reserved matters, control and reporting to the shareholder committee.
    - The selection, training, number of and skills of directors.
    - shareholder representation on the Boards.

- the role of the Council as shareholder in holding the company to account on its business plan objectives and the adequacy of the plans.
- Transparency, publication and reporting.
- The governance and reporting structure to the Committee and Finance Sub Committee in the varied roles of a) a committee of the Council b) as shareholder, c) appropriate scrutiny function and holding directors to account.
- Clear separation of roles between the council as shareholder and the company.
- Minimising the scope for conflicts of interest, proper consideration to a conflict of interest policy;
- Role of the Audit and Governance Committee in overseeing the effectiveness of the governance arrangements and giving assurance in the annual governance statement
- The Special Areas for Consideration (included as an appendix this Terms of Reference).

4.1.2. Provide assurance that the governance arrangements are legally and CIPFA compliant

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

## **5. Frequency of Meetings**

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

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

## **6. Administration**

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

## **7. Principal Information needs**

- Special Interest Reports (Contained in the appendices and links to the Report to Finance Sub-Committee 7 September 2022).
- Local Authority Review Guidance and Toolkit (September 2021).
- CIPFA Guidance (Local Authority Companies: a good practice guide, 2022)
- Articles of Association of the respective WOCs
- Shareholder Agreements for the respective WOCs
- Suggested Areas for Consideration

**“SUGGESTED AREAS FOR DETAILED CONSIDERATION”**

1. The company governance in relation to the shareholder requirements as set out in the shareholder agreement.

In order to consider whether the shareholder’s requirements are being met (as set out in the shareholder agreement), it is helpful first to define what is meant by company or corporate, governance.

The definition adopted by the Institute of Chartered Secretaries and Administrators (ICSA), the professional body for company secretaries, is:

‘Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.

The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board’s actions are subject to laws, regulations and the shareholders in general meeting.’ (This is from the Cadbury Report (1992) page 14.)

**Current Position**

The Council as shareholder must undertake a review of the shareholder agreement. The Council system of governance has changed, and the documentation no longer reflects current structures of the council or roles and responsibilities. The minimum is to update references to cabinet and portfolio holders.

a) Shareholder agreements.

The Council should seek further specialist legal advice in the redrafting of the Shareholder agreements to provide appropriate safeguards for the Council as shareholder. It is thought this will be the first review of their appropriateness since inception.

b) Control

The separate legal entity that a company enjoys, raises issues of control. The Council is the shareholder and funder of the companies, and should, pursuant to the Shareholder Agreements, have a high level of control. This needs testing against current activities to assess if the level of control is and if this remains appropriate.

c) Risk

The Council is taking the risk with the activity of the companies. This is particularly acute when the companies provide statutory services and undertake non delegable duties on behalf of the council. In these situations, companies (often irrespective of cost) can not be permitted to fail. This limits the perceived benefits of a limited liability undertaking or commercial risk taking.

The Council appoints the Directors, who deliver against their Business Plans and are (since the change in governance) accountable to the Finance Sub Committee. The Council funds the activity of the companies, through contractual or service agreements using taxpayers money.

The Council also provides some 'traded services' to the companies. Significantly, these services **do not** include the company secretary role, legal, financial or other roles.

The review should compare current business plan submission with other business in these sectors and other council owned business.

2. A clear process for decisions, performance and risk reporting from the companies through to Members in the Finance Sub-Committee and Audit and Governance Committee. To Officers through reporting to the corporate leadership team.

### **Current Position**

There is no formal reporting to CLT, in the last year Finance sub committee have been undertaking significant engagement as shareholder. Consideration should be given to how this may link together to improve Council and company planning.

3. The role of the Council as shareholder in holding the company to account on its business plan objectives

The Council has the role of holding the companies to account for delivery against their business plan objectives. The professional body for local authority lawyers, Lawyers in Local Government (LLG) issued a Code of Practice for the Governance of Council Interests in Companies in (2018). It refers to the option of a Shareholder Group to hold the Board to account with the inclusion of commercial expertise if necessary. The Shareholder Group is currently Finance Sub Committee and consideration should/could be given to enhanced their role through bespoke training and the adding of some external commercial expertise to the Shareholder Group, as a non-voting co-optee. (Local Government Act 1972 S.102)

4. Shareholder representation on the Boards

There is currently no definitive advice of the makeup of the Boards of Council owned companies. The Committee system has no executive leadership (Cabinet) and the best mechanism for providing direction to companies in the absence of an elected executive should be carefully reviewed. There are currently no professional officers (save for the shell remnants) or non-executive directors with industry expertise in any Cheshire East Company and consideration should be given to reviewing the expertise available to both the council and the company.

A director of a company has a legal duty to promote the best interests of that company. This can conflict with their other roles. Cheshire East Council has no conflict-of-interest policy, but members have a duty to resolve any such conflicts. This has implications for councillors who have links to the shareholder, or a political group, or a service committee that benefits from service provided by the company. Recent examples include service committees asking companies to undertake activities on behalf of the council.

The LLG Code of Practice is clear, that although conflicts of interest can be waived by the company, as a matter of law they cannot in a local authority setting. A Councillor & Director would always have to resolve a conflict of interest in favour of the company. That is because they have a legal duty at all times to act in the best interests of the company. The LLG Code of Practice therefore counsels against Councillor Directors being appointed, which is consistent with previous Government guidance on the same issue.

This is echoed in some of the recent public interest reports issued for considering some of the problems that Council companies have encountered, including Nottingham, Croydon and Liverpool.

The Robin Hood Energy (RHE) Ltd public interest report into the governance arrangements by Grant Thornton (<https://www.nottinghamcity.gov.uk/media/2835756/report-in-the-public-interest-rhe.pdf>) focused amongst other things on the role of councillors on the board.

There is no Corporate Leadership Team (CLT) representation on the Board. Best practice suggests that if appointing a senior officer to the Board of a Council owned company, that should not be the Chief Executive, the Section 151 Officer or the Monitoring Officer so as not to conflict with their statutory roles.

A full detail review should be undertaken to ensure the company board structure properly reflects the current best practice and the best outcomes for the residents of Cheshire East.

## 5. Clear separation of roles.

It is appropriate for the council to look at the relationship with the companies through the traded service and insurance provision. These should be reviewed considering the guidance and conflicts of interest identified and where appropriate resolved.

## 6. Role of the Audit and Governance Committee

During the last 12 months of Committee cycle there has been no proposals for Audit & Governance to consider the governance arrangements or to seek assurance they remain fit for purpose. The review should give consideration supporting and defining an effective role for A&G and the annual governance statement.

This may include consideration of the company finances when considering the council's accounts

There have been some high-profile Council company failures, e.g. Nottingham City Council's Robin Hood Energy which will cost the local taxpayers an estimated £38 million in losses.

Audit and governance issues have a role to ensure the correct structure is in place. This review could be used to provide assurance around the governance and the audit framework.

## 7. Role of Scrutiny.

The current changes in governance structure has changed the mechanism of the scrutiny function. Finance Sub Committee is the primary committee as shareholder and is responsible to the initial scrutiny of the company. Local government scrutiny function is not found in a commercial environment and the potential to create tension with the shareholder function exists. It is suggested any review should give careful thought to value and positioning of Scrutiny as a check and balance to the risks from company/commercial approach.

This could be coupled with regular performance reporting against the Business Plans to either a Task Group or Sub-Committee.

## References

Cadbury Report (1992) (The Committee on the Financial Aspects of Corporate Governance)

LLG Code of Practice for Local Authority Companies (2018)

House of Commons Briefing Paper (2019) Local Government Alternative models of service delivery

Performance of municipally owned corporations: Determinants and mechanisms (2019) Voorn, B. et al

Organizational Publicness and Mortality: Explaining the Dissolution of Local Authority

Companies (2020) Andrews, R.

Public Interest Reports London Borough of Croydon, Liverpool City Council and Nottingham City Council.

DRAFT



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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 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. Otherwise support the Sub-Committee in dispensing its responsibilities as the Shareholder in respect of the Council.

### **2. Membership**

2.1. The Group shall consist of the following members:

2.1.1. 5 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.

### **3. In Attendance**

3.1. To support the work of the Group the Chair may invite additional individuals to attend each meeting as follows. The individuals may provide information and advice to the Working Group; and will not have voting rights.



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- 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.

##### **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;
- 4.3.2. Review any proposals to make a significant capital or revenue investment in any of the Council's WOCs;
- 4.3.3. Specifically reviewing any proposal by a WOC to submit a 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



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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 November to December 2022 and make recommendations to the Sub-Committee on any 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

End

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**Terms of Reference – Business Rates Discretionary Reliefs Working Group**

**Title of Review:** Discretionary Reliefs

**Status:** Draft Terms of Reference

**Committee:** Finance Sub-Committee

**Directorate:** Corporate

**Service:** Revenues

**Date:** 8<sup>th</sup> March 2023

**Background:**

Business rates form an essential element of Cheshire East funding contributing £49.1M to the 2022/23 budget. This is equivalent to 15% of the Council's net revenue budget.

Central Government set a range of Business Rates "reliefs" for specific businesses, both mandatory and at the discretion of the Local Authority. During its meeting on 9th November Members expressed a wish to review the range and value of Discretionary Reliefs awarded by Cheshire East.

**Objective of Review:**

To understand the extent of Discretionary Relief available to local businesses and how those reliefs impact both business and the council. To make recommendations for change where appropriate.

**Scope of Review:**

The review is limited to the Council's Discretionary Reliefs

**Approach to the review:**

Principal activities will include:

- Communication / Liaison with relevant officers who will support the group with technical knowledge
- Reviewing relevant supporting information

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- Understanding current policy
- Considering improvements to policy

**Timing of the review:**

Not yet known

**Reporting:**

The working group will report to Finance Sub-Committee

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**Work Programme – Finance Sub Committee – 2023/24**

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/1/23-24	7 <sup>th</sup> June 2023	Procurement Pipeline	To receive an update on the procurement pipeline of the Council, procurement activity to date and progress with the Council's procurement system implementation.	Director of Finance and Customer Services (s151 Officer)	No	No	Yes	An open and enabling organisation	Yes in part, paras 1, 2 & 3
FSC/2/23-24	7 <sup>th</sup> June 2023	Extra Care Housing PFI Schemes	To receive an oral update on the Extra Care Housing PFI schemes. – Part 2	Director of Finance and Customer Services (s151 Officer)/Jo Sutton Verbal Update	No	No	Yes	An open and enabling organisation	Yes, paras 3 and 5
FSC/3/23-24	7 <sup>th</sup> June 2023	Proposed Company Matters	To receive an oral update. – Part 2	Director of Governance and Compliance (Monitoring Officer) Verbal Update	No	No	Yes	An open and enabling organisation	Yes, paras 3 and 5
FSC/4/23-24	7 <sup>th</sup> June 2023	Medium Term Financial Planning Assumptions and Financial Planning and Reporting Cycle 2023/24	To set out the Financial Cycle reporting timetable for 2023/24 for approval by Finance Sub Committee. The timetable includes all in year monitoring and decision reports for both Cheshire East and Companies finances.  To set out the current financial assumptions underpinning the four year MTFS that was approved at full Council in February 2023. The report will allow members to review and comment on the assumptions for the coming MTFS period 2024-28.	Director of Finance and Customer Services (s151 Officer)	No	No	Yes	An open and enabling organisation	No
FSC/5/23-24	7 <sup>th</sup> June 2023	Companies Draft Financial Statements 2022/23	The purpose of this report is to present the financial outturn of Ansa Environmental Services Ltd and Orbitas Bereavement Services Ltd for the year 2022/23	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/6/23-24	7 <sup>th</sup> June 2023	Local Government Pension Scheme and Cheshire Pension Fund	The purpose of this report is to inform the Sub Committee about the Local Government Pension Scheme, its importance in respect of the Council's financial planning and reporting, and to introduce the first in a series of briefing notes of items presented to the Cheshire Pension Fund Committee.	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/7/23-24	7 <sup>th</sup> June 2023	Draft Statement of Accounts 2022/23	The purpose of this report is to present the pre-audited Statement of Accounts for 2022/23, the report also provides confirmation that the accounts will be published on the Council's website . The report provides committee members with an early summary of the accounts, which will help them in advance of any formal responsibility to approve the accounts.	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/8/23-24	7 <sup>th</sup> June 2023	Appointments to Working Groups and Wholly-owned Company Boards	To invite the Finance Sub-Committee to agree its appointments to working groups and to appoint shareholder representatives/observers to the boards of the Council's wholly-owned companies.	Director of Governance and Compliance (Monitoring Officer)	No	No	No	An open and enabling organisation	No
FSC/9/23-24	6 <sup>th</sup> Sept 2023	Asset Acquisition and Disposal	To receive a report on the Council's acquisitions and disposals of property.  To note or approve activity as required by the Constitution.  To note the impact of this activity on the MTFS.  To note the development of the Council's Asset Management Plan via the Economy and Growth Committee	Director of Growth and Enterprise/Peter Skates & Andy Kehoe	Internal Only	No	Yes	An open and enabling organisation	Yes, part exempt, para 3

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/10/23-24	6 <sup>th</sup> Sept 2023	Debt Management - Annual	To provide Members with an update on the current debt position across the Council and to provide assurance on debt management	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	
FSC/11/23-24	6 <sup>th</sup> Sept 2023	Business Rates Discretionary Relief Review	To agree membership and TOR for the Business Rates Discretionary Relief working Group	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	
FSC/12/23-24	6 <sup>th</sup> Sept 2023	Procurement Pipeline	To receive an update on the procurement pipeline of the Council, procurement activity to date.  To establish a Working Group to review several completed procurements over the past 12 months. The purpose of the group will be to analyse several past procurements and report back to the Committee on their observations and any proposals for change.	Director of Finance and Customer Services (s151 Officer)/Lianne Halliday	No	No	Yes	An open and enabling organisation	Yes in part, paras 1, 2 & 3
FSC/13/23-24	6 <sup>th</sup> Sept 2023	Subsidy Control	TBC	Director of Governance and Compliance (Monitoring Officer)					
FSC/14/23-24	6 <sup>th</sup> Sept 2023	First Financial Review of 2023/24	To note and comment on the First Financial Review and Performance position of 2023/24, including progress on policy proposals and material variances from the MTFS and (if necessary) approve Supplementary Estimates and Virements.  The Committee will be asked to: - Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals.. - Note or Approve any mitigating action as a consequence of the performance in 2022/23 - Note or Approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.	Director of Finance and Customer Services (s151 Officer)	No	No	Yes	An open and enabling organisation	No
FSC/15/23-24	6 <sup>th</sup> Sept 2023	s.106 / CIL Oversight	Consider the impact of Developer Contributions (s.106 and Community Infrastructure Levy) on the MTFS.  <i>(Note: Final structure of report dependent upon activity in this area by the Environment and Communities Committee)</i>						
FSC/16/23-24	6 <sup>th</sup> Sept 2023	Financial Management Code	The purpose of this report is to inform the Sub Committee of the current status of the Council's compliance with CIPFA's Financial Management Code and to advise on next steps.	Director of Finance and Customer Services (s151 Officer)	No	No	Yes	An open and enabling organisation	No
FSC/17/23-24	6 <sup>th</sup> Sept 2023	Medium Term Financial Planning Assumptions – Feedback from Task Group	To set out the current financial assumptions underpinning the four year MTFS that was approved at full Council in February 2023. The report will allow members to review and comment on the assumptions for the coming MTFS period 2024-28	Director of Finance and Customer Services (s151 Officer)	No	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/18/23-24	1 <sup>st</sup> Nov 2023	Second Financial Review of 2023/24	<p>This report outlines how the Council is managing resources to provide value for money services during the 2023/24 financial year. The purpose of the report is to note and comment on the Second Financial Review and Performance position of 2023/24 and approve Supplementary Estimates and Virements.</p> <p>The Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals..</li> <li>- Note or Approve any mitigating action as a consequence of the performance in 2022/23.</li> <li>- Note or Approve items to be considered as part of the 2023 to 2027 MTFS</li> </ul> <p>Note or Approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.</p>	Director of Finance and Customer Services (s151 Officer)	No	No	Yes	An open and enabling organisation	No
FSC/19/23-24	1 <sup>st</sup> Nov 2023	Medium Term Financial Strategy Consultation 2024/25 - 2027/28	<p>All Committees were being asked to provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2023. Responses to the consultation would be reported to the Corporate Policy Committee to support that Committee in making recommendations to Council on changes to the current financial strategy.</p> <p>The Sub-Committee will be asked to:</p> <ul style="list-style-type: none"> <li>- Note the 2023 to 2027 MTFS proposals as related to the Committee responsibilities.</li> <li>- Provide feedback on the proposals as consultees</li> </ul>	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/20/23-24	1 <sup>st</sup> Nov 2023	Feedback from Business Rates	Feedback from Business Rates Discretionary Relief working group	Director of Finance and Customer Services (s151 Officer)		No	Yes	An open and enabling organisation	
FSC/21/23-24	1 <sup>st</sup> Nov 2023	Companies Business Plans	The purpose of this report is to enable the Sub Committee, as representing the Council as Shareholder, to consider the medium term business plans of the Council's wholly owned companies	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/22/23-24	1 <sup>st</sup> Nov 2023	Cheshire Pension Fund Briefing (Financial Review 1)	The purpose of this report is to present the latest in a series of briefing notes in respect of key items being presented to the Cheshire Pension Fund Committee	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/23/23-24	17 <sup>th</sup> Jan 2024	Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update	<p>All Committees were being asked to provide feedback in relation to their financial responsibilities as identified within the Constitution and linked to the budget alignment approved by the Finance Sub-Committee in March 2023. Responses to the consultation would be reported to the Corporate Policy Committee to support that Committee in making recommendations to Council on changes to the current financial strategy.</p>	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	Yes	No	Yes	An open and enabling organisation	No

Reference	Committee Date	Report title	Purpose of Report	Report Author /Senior Officer	Consultation and Engagement Process and Timeline	Equality Impact Assessment Required and Published (Y/N)	Part of Budget and Policy Framework (Y/N)	Corporate Plan Priority	Exempt Item and Paragraph Number
FSC/24/23-24	17 <sup>th</sup> Jan 2024	MTFS Strategies -Investment Strategy	To note and comment on the Council's Investment Strategy in light of the ongoing budget consultation document and to set out the Council's approach to managing investments in 2024/25.  The Sub-Committee will be asked to: - Consider the appropriateness of the current strategy in light of associated performance and emerging guidance. - Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/25/23-24	17 <sup>th</sup> Jan 2024	MTFS Strategies - Treasury Management Strategy	The Treasury Management Strategy details the activities of the Treasury Management function in the forthcoming year 2024/25. To review the draft Treasury Management Strategy as part of the performance management framework.	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/26/23-24	17 <sup>th</sup> Jan 2024	MTFS Strategies - Capital Strategy	The Capital Strategy is a key document for the Council and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides a framework within which the Council's capital investment plans will be delivered.  The Sub-Committee will be asked to: - Consider the appropriateness of the current strategy in light of associated performance and emerging guidance. - Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/27/23-24	17 <sup>th</sup> Jan 2024	MTFS Strategies - Reserves Strategy	To provide information about the requirements to maintain financial reserves and to provide statements on the types of reserves and current and predicted balances.  The Sub-Committee will be asked to: - Consider the appropriateness of the current strategy in light of associated performance and emerging guidance. - Consider and comment on any proposed amendments to the Strategy as part of the development of the MTFS	Director of Finance and Customer Services (s151 Officer)	Yes	No	Yes	An open and enabling organisation	No
FSC/28/23-24	17 <sup>th</sup> Jan 2024	Asset Acquisition and Disposal	To receive a report on the Council's acquisitions and disposals of property.  To note or approve activity as required by the Constitution.  To note the impact of this activity on the MTFS.  To note the development of the Council's Asset Management Plan via the Economy and Growth Committee	Director of Growth and Enterprise/Peter Skates & Andy Kehoe	Internal Only	No	Yes	An open and enabling organisation	Yes, pat exempt, para 3

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/29/23-24	17 <sup>th</sup> Jan 2024	Third Financial Review for 2022/24	To provide information on the Council's performance against the financial strategy during the 2022/23 Financial Year.  The Sub-Committee will be asked to: - Note the financial performance in 2022/23 as it relates to: income and expenditure of Revenue and Capital budgets; movement in reserves; achievement of MTFS proposals across all Committees.. - Note or Approve any mitigating action as a consequence of the performance in 2022/23 in relation to the Committees responsibilities. - Note or Approve items being considered as part of the 2023 to 2027 MTFS - Note or Approve financial management transactions, such as virement and supplementary estimates, as required by the Constitution.	Director of Finance and Customer Services (s151 Officer)	No	No	Yes	An open and enabling organisation	No
FSC/30/23-24	17 <sup>th</sup> Jan 2024	Cheshire Pension Fund Briefing (Financial Review 2)	The purpose of this report is to present the latest in a series of briefing notes in respect of key items being presented to the Cheshire Pension Fund Committee.	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/31/23-24	17 <sup>th</sup> Jan 2024	Procurement Pipeline	To receive an update on the procurement pipeline of the Council, procurement activity to date.  To receive feedback from the Procurement Working Group on their observations and any proposals for change	Director of Finance and Customer Services (s151 Officer)/Lianne Halliday	No	No	Yes	An open and enabling organisation	Yes in part, paras 1, 2 & 3
FSC/32/23-24	6 <sup>th</sup> March 2024	Service Budgets 2024/25	The purpose of the report is to set out the allocation of budgets for 2024/25, for all Committees, following Council's approval of the Medium Term Financial Strategy in February 2024	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No
FSC/33/23-24	6 <sup>th</sup> March 2024	Procurement Pipeline	To receive an update on the procurement pipeline of the Council, procurement activity to date.	Director of Finance and Customer Services (s151 Officer)/Lianne Halliday	No	No	Yes	An open and enabling organisation	Yes in part, paras 1, 2 & 3
FSC/34/23-24	5 <sup>th</sup> June 2024	Cheshire Pension Fund Briefing (Financial Review 3)	The purpose of this report is to present the latest in a series of briefing notes in respect of key items being presented to the Cheshire Pension Fund Committee	Director of Finance and Customer Services (s151 Officer)/Paul Goodwin	No	No	Yes	An open and enabling organisation	No

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## Finance Sub-Committee

07 June 2023

### Procurement Pipeline

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**Report of: Alex Thompson, Director of Finance and Customer Service, S151**

**Report Reference No: FSC/1/23-24**

**Ward(s) Affected: All**

#### **Purpose of Report**

- 1 The purpose of this report is to enable Finance Sub Committee to fulfil its responsibilities in relation to the oversight of the procurement pipeline of the Council. This report provides an update of the pipeline of procurement activity, an update on the Contract Management System (Atamis), confirms the contracts awarded by the Council since April 2023 and provides an update on the number of cases where and reasons why procurement activity has required the use of waivers.
- 2 This report supports the Council being open and working transparently with its residents, businesses, and partners.
- 3 **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.
- 4 **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.
- 5 **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.

## Executive Summary

- 6 The report provides an overview of procurement activity across the council during 2023 – 2024 financial year. This includes the pipeline of high value procurement activity, all contracts awarded since 1<sup>st</sup> April 2023 which is also available on the Councils transparency pages, the number, and reasons for waivers to the Contract Procedure Rules and the number of non-adherences to the Contract Procedure Rules.
- 7 This report also provides an update on the Councils Contract Managements system which is a cloud based system that supports the commissioning, procurement and contract management life cycle.

### RECOMMENDATIONS

The Finance Sub Committee is recommended to:

1. Approve the 2 pipeline projects in Appendix 1 column H as business as usual.
2. Note the reason for 2 waivers approved between 1<sup>st</sup> February 2023 and 31<sup>st</sup> March 2023 (24 in total in 2022/23).
3. Note the reason for 1 non-adherence approved between 1<sup>st</sup> February 2023 and 31<sup>st</sup> March 2023 (4 in total in 2022/23).
4. Note the update on the contract management system.

## Background

- 8 The sub-committee has responsibility for the oversight of 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.
- 9 To ensure compliance with the PCR's, the Constitution and the Commissioning Framework a procurement pipeline of work is maintained which the Committee should review as part of their responsibilities. This is attached at Appendix 1.
- 10 The procurement pipeline provides a list of all the Council's scheduled procurement activity above £1m. The Committee should be reassured that significant decisions are well managed and therefore consider

reviewing important or valuable contracts. The pipeline is also available on the [Cheshire East Transparency Pages](#).

- 11 A Significant Decision is ““A decision which is likely to result in the local authority incurring non-routine expenditure which is, or the making of non-routine savings which are, significant having regard to the Council’s budget for the service or function to which the decision relates; and / or is likely to be significant in terms of its effects on communities living or working in an area comprising one or more wards or electoral divisions in the area of the Council. For these purposes, savings and expenditure are ‘significant’ if they are equal to or greater than £1,000,000, unless the context requires otherwise”.
- 12 Significant Decisions are decisions that need to go to committee. The definition was simplified to a decision over £1m but this was causing unnecessary activity as the Council has regular ‘business as usual’ decisions over £1m which would still have required routine reports to committee. To ensure alignment with the Council’s vision to be Open the Sub-Committee has responsibility to oversee the procurement pipeline, this means members are sighted on all procurement activity and approve any procurement which is classified as business as usual to ensure the process remains proportionate. This is shown in Appendix 1, column H.
- 13 Column G of the pipeline identifies which procurements are categorised as business as usual and which are categorised as Significant Decisions and require Service Committee approval. This is due to them incurring non-routine expenditure or having a significant effect on communities.
- 14 Oversight is important as in a normal operating year the Council spends more than £350m with external parties which need to be procured in accordance with the PCRs 2015, ensuring value for money and that the Council’s Social Value principles and objectives are achieved.
- 15 The Local Government Transparency Code was published in 2015 which details, amongst other things, the procurement information local authorities are required to publish. Cheshire East Council publishes a monthly spend report which details the previous months spend and on a quarterly basis contracts awarded, a procurement pipeline and purchase card spend. This is all available on the Councils transparency pages. Appendix 2 provides a list of all contracts awarded over £5000 since April 2023. The Council also complies with the Public Contract Regulations and publishes all contracts above £25k on Contracts Finder and Find a Tender.

- 16 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. Waivers are pre-approved variations from the Contract Procedure Rules, and these form part of the procurement process.
- 17 All waivers approved in the periods between Finance Sub-Committees will be presented to the next Committee meeting. The number of waivers to be reported to this committee is 2. These will be considered in part 2 of the agenda.

<b>Waivers</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020 - 2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
	40	20	16	17	25	37	24	0

- 18 Any breach of, or non-adherence to, the Contract Procedure Rules is reported to the Chief Finance Officer and Monitoring Officer on discovery. The relevant Director or their delegated representative are required to outline the reasons for the breach and the steps taken to prevent recurrence. The number of non-adherences to present to this meeting is 1. This will be considered in part 2 of the agenda.

<b>Non-Adherence</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019 - 2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
	33	10	5	1	3	3	4	0

- 19 The Council procured and implemented a new contract management system during 2022. The system is now fully operational and is currently being rolled out to Contract Managers across the council. So far there are 117 colleagues out of 238 Contract Managers named on the register who have been trained and are using the system, 49%.
- 20 The system is a cloud-based software which supports the commissioning, procurement and contract management lifecycle. It is a centralised digital repository for all council contracts with audit trails that provide access to the whole contract. It provides automatic alert notifications to increase contract renewal awareness and contains all contract compliance and accountability.
- 21 Training sessions will continue for Contract Managers and Heads of Service during 2023. These are delivered by a mixture of in person and online training sessions. There is also a suit of eLearning training being

developed to support Contract Managers along with new process and procedure documentation.

## **Consultation and Engagement**

- 22 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.

## **Reasons for Recommendations**

- 23 To ensure compliance with the Public Contract Regulations 2015 (PCRs), the Constitution and the Commissioning Framework a procurement pipeline of work is maintained which the Committee should review as part of their responsibilities. This is attached at Appendix 1.
- 24 Column H of the pipeline identifies which procurements are categorised as business as usual and which are categorised as Significant Decisions and require service committee approval. This is due to them incurring non-routine expenditure or having a significant effect on communities.
- 25 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.
- 26 Waivers are pre-approved variations from the Contract Procedure Rules, and these form part of the procurement process.

## **Other Options Considered**

- 27 There is an option not to publish a pipeline of procurement activity that classifies business as usual activity and significant decisions. This option would lead to all procurement activity requiring detailed reports to Committees in addition to the existing oversight from the Finance Sub-Committee and exception reporting to the Audit and Governance Committee. This would cause additional work for officers having to draft routine reports for committee for business-as-usual expenditure. This option is not recommended as the Finance Sub-Committee can provide suitable assurance that spending is, or is not, routine and within the Budget and Policy Framework.
- 28 The responsibility of the Sub-Committee is to establish a procurement forward plan, which is provided at Appendix 1. Other information such as the past spend, review of waivers and approval of significant decisions could therefore be removed from this report as an alternative option. This option is not recommended as the Corporate Plan supports

transparency which is enhanced by providing additional context around procurement activity.

## **Implications and Comments**

### *Monitoring Officer/Legal*

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

### *Section 151 Officer/Finance*

- 30 The recommendations in this report do not impact on the Council's Medium Term Financial strategy (MTFS).

### *Policy*

- 31 New policies regarding Contract Management and the roles and responsibilities

### *Equality, Diversity and Inclusion*

- 32 All tenders issued by the Council include a Selection Questionnaire which asks bidders to confirm obligations in environmental, social and labour laws. This is a self-declaration which provides a formal statement that the organisation making the declaration has not breached any of the exclusion grounds, including Equality Legislation. If a serious misrepresentation is found in the Selection Questionnaire, bidder may be excluded from the procurement procedure, and from bidding for other contracts for three years.
- 33 All Cheshire East Council contracts have a clause stating "the supplier shall perform its obligations under the Contract in accordance with all applicable equality Law and the Council's equality and diversity policy as provided to the Supplier from time to time".

### *Human Resources*

- 34 There are no direct implications for HR.

### *Risk Management*

- 35 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.

*Rural Communities*

36 There are no direct implications for rural communities.

*Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

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

*Public Health*

38 There are no direct implications for public health.

*Climate Change*

39 Carbon and the environment form part of the Council's Social Value Policy and Framework. How the Council measures the outcomes and performance from the supply chain will be through the Contracts Management Framework.

<b>Access to Information</b>	
Contact Officer:	Lianne Halliday, Senior Manager Procurement Lianne.halliday@cheshireeast.gov.uk
Appendices:	Appendix 1 Pipeline (spreadsheet) Appendix 2 Contracts (spreadsheet) Appendix 3 CPR Waive Categorisations
Background Papers:	None/Exempt

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Pipeline: Pipeline	Project Status	Date Tender to be advertised	Estimated Contract start date	Overall Project Budget	Department	Finance sub committee approval	Approval required
22 036 Care at Home (Adults)	Pre tender	24/11/2023	04/09/2024	£ 140,000,000.00	Integrated Commissioning Thriving and Prevention	Service Committee - March 22	
22 065 DPS - Home to School & Commercial Transport	Pre tender	05/06/2023	01/09/2023	£ 120,000,000.00	Highways	Service Committee July-22	
24 015 Provision of a Managed Service for Temporary Agency Staff	Pre tender	01/06/2023	01/04/2024	£ 60,000,000.00	Human Resources	BAU	Yes
22 083 Handforth Garden Village Primary Infrastructure Works	Pre tender	02/10/2023	01/02/2024	£ 37,000,000.00	Economic Development	Service Committee Approval Required	
Cheshire Archives Project	Live	16/01/2023	01/07/2023	£ 10,000,000.00	Culture and Tourism	E&G Committee March 23	
23 058 - Domestic Energy Retrofit	Forward plan	01/06/2023	01/07/2023	£ 8,100,000.00	Housing	Service Committee	
Housing Related Support	Pre tender	01/09/2023	01/04/2024	£ 4,000,000.00	Housing	Service Committee Approval Required	
22 098 Supply of Water and Wastewater Services.	Pre tender	01/06/2023	01/04/2024	£ 3,800,000.00	Estates	07/09/2022	
Provision of Fresh Produce and Dairy Products	Pre tender	15/05/2023	01/09/2023	£ 3,300,000.00	Educational Infrastructure and Outcomes	07/09/2022	
Banking Services and Merchant Acquiring	Pre tender	12/05/2023	01/12/2023	£ 3,100,000.00	Finance	08/03/2023	
Apprenticeships DPS	Pre tender	01/06/2023	01/08/2023	£ 3,000,000.00	Human Resources	BAU	Yes
21 110 Chester and Delamere Street Developments	Pre tender	25/07/2023	03/01/2023	£ 2,800,000.00	Housing	Service Committee July 21	
Adult Respite Support (bed based) Service	Forward plan	30/06/2023	01/12/2023	£ 2,500,000.00		Service Committee Approval Required	
23 022 Emotionally Healthy Children & YP	Forward plan	30/09/2023	01/04/2024	£ 2,000,000.00	Health Improvement	Service Committee Approval Required	
TADIC - Conversion of Offices	Live	09/05/2023	19/06/2023	£ 2,000,000.00	Estates	E&G Committee 14th March 23	
Merchant Acquiring	Pre tender	10/03/2023	01/04/2024	£ 2,000,000.00	Finance	08/03/2023	
P490 Adult Numeracy Courses - Multiply Programme	Live	30/11/2022	05/02/2023	£ 1,500,000.00	Integrated Mental Health, Learning and Development and Families	Service Committee July-22	
Banking Services	Pre tender	01/08/2023	01/12/2023	£ 1,200,000.00	Finance	08/03/2023	
23 030 Universal Information & Advice	Forward plan	03/10/2023	03/04/2024	£ 1,108,000.00	Integrated Commissioning New Models of Care	Service Committee Approval Required	

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Contract Ref	Contract: Contract Name	Status	Start Date	End Date	Awarded Value	Department
C0949	Children and Family Support Services	Active	01/04/2023	31/03/2028	£ 22,000,000.00	Integrated Metal Health, Learning and Development and Families
C1991	Springfield School Expansions - Construction Contract	Active	10/04/2023	13/03/2025	£ 6,315,368.09	Educational Infrastructure and Outcomes
C2024	External Financial Auditors	Active	01/04/2023	31/03/2028	£ 775,000.00	Finance
C1056	Supported Lodging Accommodation for Young People	Active	01/04/2023	31/03/2026	£ 588,723.62	Integrated Metal Health, Learning and Development and Families
C1918	Information Technology Research and Advisory Services	Active	01/04/2023	31/03/2026	£ 570,000.00	ICT Strategy
C1478	Fresh Start Accommodation & Support Service	Active	01/04/2023	31/03/2024	£ 516,498.00	Housing
C2007	Buglawton Primary School - Remodelling/Extension of Classrooms LVCS Lot 2 Main	Active	01/05/2023	30/09/2024	£ 477,063.88	Educational Infrastructure and Outcomes
C1897	22 083 Handforth Garden Village Primary Infrastructure Works - Design Opt	Active	06/04/2023	29/09/2023	£ 350,000.00	Economic Development
C1744	Microsoft Unified Support	Active	01/04/2023	31/03/2024	£ 233,232.58	ICT Services
C1066	EDRMS Enhancement & Support Filer Web System	Active	01/04/2023	31/03/2026	£ 190,373.94	ICT Strategy
C1921	Email and Identity Management Architecture Service	Active	12/04/2023	31/03/2024	£ 135,000.00	ICT Services
C1809	P497 Information Assurance and Data Management Programme	Active	03/04/2023	03/04/2024	£ 133,524.00	ICT Strategy
C1794	Strategic IT Research and Advisory Services	Active	01/04/2023	31/03/2025	£ 129,000.00	ICT Strategy
C1826	P499 Adults Childrens and Public Health (ACPH) planning and Programme Consultant	Active	03/04/2023	29/03/2024	£ 114,540.00	Environmental Services
C1749	P498 Adults, Childrens and Public Health (ACPH) support the delivery	Active	03/04/2023	29/03/2024	£ 98,000.00	Environmental Services
C1861	Outdoor Uniforms	Active	01/04/2023	31/03/2027	£ 96,638.40	Culture and Tourism
C1869	P490 Adult Numeracy Courses - Multiply Programme Lot 2	Active	01/04/2023	31/03/2024	£ 96,390.00	Integrated Metal Health, Learning and Development and Families
C1871	P490 Adult Numeracy Courses - Multiply Programme Lot 4	Active	01/04/2023	31/03/2024	£ 96,390.00	Integrated Metal Health, Learning and Development and Families
C1677	P490 Adult Numeracy Courses - Multiply Programme Lot 1	Active	01/04/2023	31/03/2024	£ 96,390.00	Integrated Metal Health, Learning and Development and Families
C2061	NW Crewe package - Cadent gas diversion	Active	01/05/2023	01/10/2023	£ 68,297.45	Infrastructure
C2044	Executive Search and Selection	Active	02/05/2023	31/10/2023	£ 60,900.00	Integrated Metal Health, Learning and Development and Families
C2027	Local Bus Service No. 38 Crewe – Congleton - Macclesfield	Active	23/04/2023	31/03/2024	£ 52,373.00	Strategic Transport and Parking
C1374	Business Process Mapping requirements	Active	01/05/2023	30/04/2026	£ 45,056.00	Business Change
C2020	The Dingle Primary School Expansions PCSO	Active	26/04/2023	10/01/2024	£ 42,378.81	Educational Infrastructure and Outcomes
C2026	Local Bus Service No. 37 Sandbach – Middlewich - Winsford	Active	23/04/2023	31/03/2024	£ 41,430.00	Strategic Transport and Parking
C2010	Broker Fees for Financial Instruments 2023/24	Active	01/04/2023	31/03/2024	£ 40,000.00	Finance
C2008	Broker Fees for Financial Instruments 2023/24	Active	01/04/2023	31/03/2024	£ 40,000.00	Finance
C2011	Broker Fees for Financial Instruments 2023/24	Active	01/04/2023	31/03/2024	£ 40,000.00	Finance
C2009	Broker Fees for Financial Instruments 2023/24	Active	01/04/2023	31/03/2024	£ 40,000.00	Finance
C2022	Vehicle Lease for Renault Trafic	Active	16/05/2023	15/05/2026	£ 24,106.89	Integrated Commissioning New Models of Care
C1790	Safeguarding Adults Board Independent Chair	Active	07/04/2023	06/02/2024	£ 24,000.00	
C1939	Domestic Heating Servicing and Repairs	Active	01/05/2023	30/04/2025	£ 21,000.00	Housing
C1824	Sharepoint Migration Tool - Licences	Active	09/04/2023	08/04/2025	£ 19,271.12	ICT Services
C1912	Copyright Licensing	Active	01/04/2023	31/03/2024	£ 19,014.00	Business Change
C1885	Scope 3 Procurement Carbon Footprint Analysis	Active	03/05/2023	03/05/2024	£ 18,200.00	Environmental Services
C1862	MEB Barn Owl Mitigation	Active	06/04/2023	26/03/2028	£ 18,125.00	Highways
C2077	Apprenticeship - MsC in Education Leadership and Management Level 7	Active	18/05/2023	20/01/2025	£ 14,000.00	Human Resources
C2031	Disability Adaptation Works SR2003740	Active	04/04/2023	04/04/2024	£ 13,904.06	Housing
C2000	Team Support Charge - SIMS Support Unit annual charge	Active	01/04/2023	31/03/2024	£ 12,757.50	Educational Infrastructure and Outcomes
C2035	Disability Adaptation Works SR2993584	Active	18/04/2023	17/04/2024	£ 11,432.98	Housing
C2063	Dental Epidemiological Survey (year 5)	Active	01/04/2023	31/03/2024	£ 10,000.00	Health Improvement
C2046	Badger Vaccination Programme 2023	Active	01/05/2023	31/08/2023	£ 10,000.00	Culture and Tourism
C2016	Topspeed Courier Services	Active	01/04/2023	31/03/2024	£ 10,000.00	Legal
C2002	Lease of Letter Openers	Active	20/04/2023	19/04/2026	£ 9,303.51	Governance and Democratic Services
C2078	Apprenticeship - Commercial Procurement and Supply Level 4	Active	24/04/2023	20/04/2025	£ 9,000.00	Human Resources
C1924	iNetwork Membership Subscription	Active	01/04/2023	31/03/2024	£ 7,960.00	ICT Strategy
C2069	Coventry City Council - West Midlands Teaching Partnership Fee	Active	01/04/2023	31/03/2024	£ 7,894.00	Child in Need and Child Protection
C1903	Renewal of Web-Based Client Relationship Management System	Active	01/04/2023	01/04/2024	£ 7,500.00	Economic Development
C1891	Waterwheels cast and steel drive wheels and triplex chain refurbishment.	Active	01/04/2023	31/05/2023	£ 6,697.00	
C2079	Perception Theatre	Expired - Still Active	01/04/2023	01/05/2023	£ 6,500.00	Adult Safeguarding
C2040	HR Investigation	Active	20/04/2023	26/05/2023	£ 6,300.00	Human Resources
C2041	Training for Civil Enforcement Officers	Active	18/04/2023	14/06/2023	£ 6,270.00	Human Resources
C2043	Training for Civil Enforcement Officers	Active	18/04/2023	14/06/2023	£ 6,270.00	Human Resources
C1999	Guide Dogs Habilitation Services	Active	01/05/2023	31/12/2023	£ 6,100.00	
C2047	LY2 Wild Show	Active	01/05/2023	30/07/2023	£ 6,000.00	Culture and Tourism
C2058	Adelaide School 2 Storey Extension RIBA Stage 1-2 - CRCS Lot 5	Active	02/05/2023	29/02/2024	£ 5,993.00	Educational Infrastructure and Outcomes

Contract Ref	Contract: Contract Name	Status	Start Date	End Date	Awarded Value	Department
C1890	Appliance and Servers - Maintenance and Support	Active	01/04/2023	31/03/2024	£ 4,740.50	ICT Strategy
C1908	Load Balancers Software update	Active	01/04/2023	31/03/2024	£ 4,511.04	ICT Services
C1986	iKiosk Hardware and Software Support	Active	01/04/2023	30/06/2023	£ 4,113.84	Neighbourhood Services
C2049	Disability Adaptation Works SR1793868	Active	26/04/2023	25/04/2024	£ 3,025.00	Housing
C2076	Buglawton Primary School RIBA Stage 5-6 - Lot 3	Active	08/05/2023	28/06/2024	£ 2,385.32	Educational Infrastructure and Outcomes
C1938	CAV Annual support and maintenance	Active	01/04/2023	31/03/2024	£ 1,883.06	ICT Services
C1993	Hardware Support (Bull Escala)	Active	18/04/2023	17/07/2023	£ 1,104.00	ICT Services
C1997	MapInfo Pro-Maintenance	Active	01/04/2023	31/03/2024	£ 769.87	ICT Services
C2030	Domain Lease	Active	15/04/2023	14/04/2025	£ 19.98	ICT Services
C1732	DPS Complex Needs - We Change Lives (WCL)	Active	30/04/2023	25/11/2023	£ -	Integrated Commissioning Thriving and Prevention
C1995	CSP Agreement Everybody Health & Leisure	Active	01/05/2023	14/12/2026	£ -	ICT Strategy
C1740	DPS-AWC_Park Homes (UK) Ltd	Active	30/04/2023	30/11/2024	£ -	Integrated Commissioning Thriving and Prevention
C2032	CAH Adults Framework - Eunha Healthcare Ltd	Active	24/04/2023	03/09/2024		Integrated Commissioning New Models of Care
C1807	HAF - Holiday Activity and Food Programme	Active	03/04/2023	02/04/2024		Early Help and Prevention
C2033	CAH Adults Framework - Homecarers Ltd T/a Starcare Ltd	Active	24/04/2023	03/09/2024		Integrated Commissioning New Models of Care
C1834	22 228 Solar Together	Active	15/05/2023	14/05/2024		Environmental Services
<b>Total</b>	Sum				£ 33,822,719.44	
	Count	72				

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## Appendix 3

**CPR WAIVERS – CATEGORIES FOR INTERNAL REPORTING**

Category Ref	Ref Description
A	Genuine Emergency - which warrant an exception to the requirements of competition
B	Specialist Education or Social Care Requirements
C	Genuine Unique Provider - e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
F	No valid tender bids received; therefore, direct award can be substantiated
G	Lack of Planning
H	Any other valid general circumstances up to the EU threshold
I	No time to undertake a tendering exercise, therefore extension necessary to avoid non-provision of deliverables
J	Procurement from any other source would be uneconomic at this time
K	Added value being offered by the Provider(s)
L	Extension is best option as highlighted in request form
D	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
V	Covid-19 Exemption
E	In-depth Knowledge, skills and capability of project/services already in existence with consultants/providers carrying out related activity – therefore procuring new consultants/skills would be uneconomic given the investment in previous, related work.

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