

# **CHESHIRE EAST COUNCIL**

Minutes of a meeting of the **Finance Sub-Committee**  
held on Thursday, 9th January, 2025 in the Council Chamber, Municipal  
Buildings, Crewe, CW1 2BJ

## **PRESENT**

Councillor D Clark (Chair)  
Councillor L Anderson (Vice-Chair)

Councillors D Brown, J Clowes, B Drake, R Kain, A Coiley and S Gardiner

## **OFFICERS IN ATTENDANCE**

Adele Taylor, Interim Executive Director of Resources and S151 Officer  
Paul Goodwin, Director of Finance and Deputy S151 Officer  
Peter Skates, Director of Growth and Enterprise  
Chris Hindle, Head of Infrastructure  
Lianne Halliday, Head of Procurement  
Julie Gregory, Interim Head of Legal Services  
Nikki Bishop, Democratic Services Officer

## **34 APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Ken Edwards and Chris O'Leary. Councillors Alan Coiley and Stewart Gardiner were present as substitutes.

## **35 DECLARATIONS OF INTEREST**

Councillor Stewart Gardiner, during consideration of item 10 – Disposal of a Residential Development Site Leighton Green, Minshull New Road, Crewe, declared that participating in the debate would compromise his position as the Strategic Planning Board Chairman. Councillor Gardiner left the room during the debate and vote on this item.

During consideration of the Work Programme, Councillors Dawn Clark and Stewart Gardiner, in the interests of openness and transparency, declared that they were beneficiaries of the Cheshire Pension Fund.

## **36 MINUTES OF PREVIOUS MEETING**

### **RESOLVED:**

That the minutes of the meeting held on Thursday 7 November 2024 be approved as a correct record and signed by the Chair.

### **37 PUBLIC SPEAKING/OPEN SESSION**

There were no members of the public registered to speak.

### **38 THIRD FINANCIAL REVIEW OF 2024/25**

The committee considered the report which provided an update on the current forecast outturn position for the financial year 2024-25 based on income, expenditure and known commitments as at the end of October 2024. The Third Financial Review (FR3) forecast revenue outturn was reported as an adverse variance of £18.3m (prior to the application of any Exceptional Financial Support) which was an improvement of £1.8m from Financial Review 2 (FR2). It was agreed that whilst there had been some improvement, the forecast overspend of £18.3m remained a significant financial challenge for the Council and that the level of reserves was insufficient to cover the current forecasted revenue outturn for the year, without any further action.

The committee sought clarity on the proposal to utilise the £17.6m conditional Exceptional Financial Support (EFS) to balance the forecasted year-end overspend, and also the information set out within appendix D of the Medium-Term Financial Strategy report (item 6) relating to council tax. It was confirmed that EFS in general could take the form of either a capitalisation direction (which could be funded through borrowing, or using capital receipts), or through requesting flexibility around setting council tax rates.

The 2024-25 council tax had been set at 5% (being 3% general council tax; and 2% for adult social care precept). Consequently, it was clarified that any EFS utilised in respect of the 2024/25 financial year would be in the form of a capitalisation direction (enabling the Council to achieve a balanced outturn, via the capitalisation of revenue budget pressures).

It was also clarified that the ability to set higher council tax rates was only announced as a potential option, for local authorities needing exceptional financial support, very recently at the end of November 2024 as part of the Finance Policy just ahead of the Provisional Local Government Finance Settlement. Local authorities would not be able to raise taxes by a higher amount than the referendum limit of 5%, without first gaining permission from the Ministry of Housing, Communities and Local Government (MHCLG) to have flexibility for a higher limit. It was confirmed that no decision had been made in relation setting a higher rate of council tax in Cheshire East, and that doing so would remain a decision for Full Council.

The recommendations were proposed and seconded and following the debate a recorded vote on recommendation 2 was requested with the following results:

## **FOR**

Councillors Lata Anderson, Dawn Clark, Alan Coiley and Brian Drake.

## **NOT VOTING**

Councillors David Brown, Janet Clowes, Stewart Gardiner and Reg Kain.

The motion was declared carried with 4 votes for and 4 not voting.

The committee voted on recommendations 1, 3, 4, 5 and 6 together. Recommendation 2 was voted upon separately.

## **RESOLVED (unanimously):**

That the Finance Sub Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £18.3M against a revised budget of £390.5m (4.7%) and note the contents of Annex 1, Section 2 and the progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and also note the actions being undertaken to address any adverse variances from the approved budget.
3. Note the in-year forecast capital spending of £144.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.
4. Note the available reserves position as set out in Annex 1, Section 5.
5. Recommend to Full Council the approval of the Supplementary Revenue Estimate request for Allocation of Additional Grant Funding over £1,000,000 as set out in Annex 1, Section 3, Table 1.
6. Note the Capital Virements above £500,000 up to and including £5,000,000 as set out in Annex 1, Section 4, Table 4 will be approved in accordance with the Council's Constitution.

## **RESOLVED (by majority):**

That the Finance Sub Committee

2. Approve the utilisation of the £17.6m conditional Exceptional Financial Support to balance the forecast overspend at the year-end in order to protect and minimise the use of reserves.

**39 MEDIUM TERM FINANCIAL STRATEGY CONSULTATION 2025/26 - 2028/29 PROVISIONAL SETTLEMENT UPDATE (FINANCE SUB COMMITTEE)**

The Sub Committee considered the report which provided an update on the development of the Medium-Term Financial Strategy (MTFS) 2025-26 to 2028-29. Final approval of the 2025-26 budget would take place at Full Council on 26 February 2025, following a recommendation from the Corporate Policy Committee on 6 February 2025. Councillor Clowes read out a statement from Councillor C O’Leary, a member of the Sub Committee who was unable to attend the meeting, in relation to this item.

The committee noted the creation of a contingency budget line in the MTFS which had been created to cover inflation risks across the council including changes resulting from recent national budget announcements impacting local contractors. It was highlighted that this included commissioned services across the council and that this sum continued to be reviewed as new information was shared. As part of the budget report considered by the Corporate Policy Committee on 6 February this would set out, should any contingency budget be required in-year, how this would be appropriately vired. The risk budget line within the MTFS recognised the risk of unachievable budget savings or growth demands exceeding estimates. It was important, in light of the council’s low reserves, that the council had the ability to set aside monies should risks arise.

The committee debated the ‘Smoothing MTFS Reserve’ and felt that there was a lack of transparency and clarity around this. It was therefore proposed, seconded and subsequently carried unanimously that:

*‘The Finance Sub Committee request that the Corporate Policy Committee consider the MTFS smoothing reserve to be disaggregated and returned to general reserves’.*

It was noted that pay inflation continued to add financial pressure. The committee considered the estimated impact of the next pay award. An amendment was proposed, seconded and subsequently carried unanimously that:

*‘The Finance Sub Committee request that the Corporate Policy Committee looks at the reserve situation and considers if they are adequate and have capacity to cover any above anticipated inflationary pay award in the region of a further 3% of what has been budgeted for’.*

*The committee considered and debated upon the benchmarking data set out in Appendix D relating to Council Tax. Concerns were raised by some committee members in relation to an increase above the current 5% and the pressures this would place upon local residents and Town and Parish Councils.*

The recommendations, as amended, were proposed and seconded and following the debate a recorded vote on recommendation A was requested with the following results:

**FOR**

Councillors Lata Anderson, Dawn Clark, Alan Coiley and Brian Drake.

**AGAIANT**

Councillors David Brown, Janet Clowes, Stewart Gardiner and Reg Kain.

The Chair exercised her powers to give a casting vote. The motion was therefore declared carried with 5 votes for and 4 against.

**RESOLVED (by majority):**

That the Finance Sub Committee

- A) Recommend to the Corporate Policy Committee, for their meeting on 6 February 2025, all proposals within Appendix A, as related to the Committee's responsibilities, for inclusion on the Council's budget for 2025/26.

**RESOLVED (unanimously):**

That the Finance Sub Committee

- B) Note the capital growth items listed in Appendix B and the revenue implications noted in paragraph 23. These will be reviewed by the Capital Review Programme Board in January before a final list is brought to Corporate Policy committee in February.
- C) Note the contents of Appendix C – Provisional Local Government Settlement 2025/26 (Finance Sub Committee).
- D) Note the contents of Appendix D – Council Tax benchmarking and scenarios (Finance Sub Committee).
- E) Recommend that the Corporate Policy Committee consider the MTFs smoothing reserve to be disaggregated and returned to general reserves.
- F) Recommend that the Corporate Policy Committee looks at the reserve situation and considers if they are adequate and have capacity to cover any above anticipated inflationary pay award in the region of a further 3% of what has been budgeted for.

*The meeting adjourned for a comfort break at 11.58 and reconvened at 12.10pm.*

#### 40 **ENTERPRISE CHESHIRE AND WARRINGTON FINANCIAL REVIEW**

The committee considered the report which set out the financial performance of Enterprise Cheshire and Warrington (ECW), a jointly owned company with Cheshire West and Chester and Warrington Borough Councils. Overall net positive financial position for the year was noted.

The committee noted that the format, content and frequency of reports to the committee would be developed as the company aligned further to the CIPFA best practice and local authority reporting standards. The committee requested that future reports detailed more information, including: a breakdown of what Cheshire and Warrington do, their key projects/activities, timelines and a summary of potential impact/risks.

The Marketing Cheshire deficit position was noted by the committee. The committee queried what steps ECW would be taking to address this. Officers committed to providing a written response.

The committee noted the revenue income for both ECW and Marketing Cheshire as set out in Section 1 of the report. The committee queried why ECW had two lines for 'interest of idle funds'. Officers committed to providing a written response.

#### **RESOLVED:**

That the Finance Sub Committee

1. Note the information provided in the in-year financial review for Enterprise Cheshire & Warrington.
2. Note that this is the first such report under the new arrangements and the format, content and frequency of reporting to the Sub-Committee will be developed during 2025/26.

#### 41 **WORK PROGRAMME**

The committee considered the Work Programme. The following was noted:

- Enterprise Cheshire and Warrington Financial Review (more detailed report as set out earlier in the meeting) to be added to the Work Programme for the committee to consider as soon as possible. Included in this, the committee requested a definition of what the key programmes were, an overview of timescales for delivery and anticipated benefits.
- The committee referred to the Devolution White Paper and impact on Cheshire Pension Fund. It was suggested that a report be prepared and added to the committee Work Programme.

**RESOLVED:**

That the Work Programme be received and noted.

**42 PROCUREMENT PIPELINE**

The committee considered the report which provided an update on the pipeline of procurement activity, contracts awarded during this fiscal year and an update on the use of waivers.

**RESOLVED (unanimously):**

The Finance Sub Committee

1. Approve the 9 pipeline projects in Appendix 1 column G as business as usual.
2. Note the reason for 2 waivers approved between 1 November 2024 and 30 November 2024 (11 in total in 2024/25).
3. Note the contracts awarded since April 2024, Appendix 2.
4. Note the update on the Procurement Act.

**43 DISPOSAL OF A RESIDENTIAL DEVELOPMENT SITE - LEIGHTON GREEN, MINSHULL NEW ROAD, CREWE**

The committee considered the report which requested permission to proceed with the freehold disposal of the Site (Leighton Green, Crewe) to Persimmon Homes Limited.

The committee noted that the Site was a residential development site with the benefit of outline planning permission for development of up to 400 dwellings. Any sale of the Site would generate a significant capital receipt (conditional on planning).

The committee noted that payments would be phased and sought assurance that there were mechanisms in place to secure payments. This detail would form part of the ongoing negotiations and that there were numerous ways that payment could be secured, including a land charge.

The committee asked questions in relation to the Part 1 report, before moving into Part 2 to consider and debate upon the confidential appendices. The committee moved back into Part 1 for the vote.

**RESOLVED (by majority):**

That the Finance Sub Committee

1. Delegate authority to the Director of Growth and Enterprise to dispose of the Site on terms and conditions to be agreed in consultation with the Governance, Compliance and Monitoring Officer and the Executive Director of Resources and S151 Officer.
2. Delegate authority to the Director of Growth and Enterprise, in consultation with the Governance, Compliance and Monitoring Officer and the Executive Director of Resources and S151 Officer; to complete all legal documentation required to complete the disposal of the Site and including (but not limited to) the completion of any licence or similar agreements and planning agreements required prior to disposal or relating to the Councils retained former landfill area.

#### **44 EXCLUSION OF THE PRESS AND PUBLIC**

##### **RESOLVED (unanimously):**

That the press and public be excluded from the meeting during consideration of the final item on the agenda pursuant to Section 100(A)4 of the Local Government Act 1972 on the grounds that it involves 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.

#### **45 DISPOSAL OF A RESIDENTIAL DEVELOPMENT SITE - LEIGHTON GREEN, MINSHULL NEW ROAD, CREWE**

The committee considered the confidential appendices relating to the Disposal of a Residential Development Site – Leighton Green, Minshull New Road, Crewe.

##### **RESOLVED:**

That the information contained within the appendices be received and noted by the Finance Sub Committee.

#### **46 DRAINAGE - LEIGHTON NORTH WEST CREWE**

The committee considered the Part 2 report relating to Drainage – Leighton Northwest, Crewe.

##### **RESOLVED (unanimously):**

That the Finance Sub Committee

1. Agree the recommendations as set out within the Part 2 report.



The meeting commenced at 10.10 am and concluded at 1.30 pm

Councillor D Clark (Chair)