

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Monday, 2nd June, 2025 in the Council Chamber, Municipal
Buildings, Earle Street, Crewe CW1 2BJ

PRESENT

Councillor D Clark (Chair)
Councillor G Marshall (Vice-Chair)

Councillors T Dean, B Drake, S Gardiner, C Hilliard, C O'Leary and R Vernon

OFFICERS IN ATTENDANCE

Ashley Hughes, Executive Director of Resources and S151 Officer
Sal Khan, Interim Director of Finance and Deputy S151 Officer
Tracy Baldwin, Principal Accountant
Peter Skates, Director of Growth and Enterprise
Julie Gregory, Acting Head of Legal Services
Nikki Bishop, Democratic Services Officer

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillor D Brown. Councillor T Dean was present as substitute.

2 DECLARATIONS OF INTEREST

Councillor S Gardiner declared a personal interest in relation to agenda item 11 (Option Agreement – Land at Longridge, Knutsford). Cllr Gardiner confirmed that he had previously been involved in a planning appeal relating to the site, as a member of the Council's Strategic Planning Board Committee and had given evidence as a witness in support of the appellant. Councillor Gardiner would therefore leave the room during consideration of the item and would not participate in the debate/vote.

Councillor G Marshall declared a personal interest in relation to agenda item 11 (Option Agreement – Land at Longridge, Knutsford). Cllr Marshall confirmed that he was a member of the Council's Strategic Planning Board Committee and as the site would be subject to a third-party planning application in the future, he would leave the room during consideration of the item and would not participate in the debate/vote.

Councillor T Dean, in the interests of openness and transparency, declared, in relation to agenda item 11 (Options Agreement – Land at Longridge, Knutsford) that he had previously been aware of the planning application and the land options however he had no part in any decision-making to date.

3 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 10 March 2025 be agreed as a correct record and signed by the Chair.

4 PUBLIC SPEAKING/OPEN SESSION

Ms D Jamison addressed the committee in relation to agenda item 11 (Options Agreement – Land at Longridge, Knutsford). Ms Jamison raised five points for the committee to consider, as summarised below:

1. Ms Jamison highlighted the administrative error in relation to the blue line of Appendix 1. Ms Jamison stated that whilst a revised plan was issued to members, this needed to go further and match the masterplan.
2. The committee were urged to carefully consider the recommendations of the officer report and asked that the committee retained control by refusing delegation and seeking a further report to committee for scrutiny.
3. It was stated that the committee had the right to refuse and/or amend any terms of the new agreement as a result of the previous agreement expiring.
4. Clarification was sought in relation to which clauses would be changed and/or added to the new agreement and if the agreement remained as one between Cheshire East Council and Dewscope.
5. Finally, Ms Jamison stated the importance of the benefit/loss to the council being stated throughout the planning process based on the original agreement, as not doing so, could lead to development delay.

In response, the Chair thanked Ms Jamison for her comments/questions which would be considered during the debate on this item. The Chair asked officers to provide a written response to the questions submitted by Ms Jamison.

5 FINAL OUTTURN 2024-25

The committee considered the report which provided an overview of the council's final outturn for the financial year 2024-25. The committee noted that, prior to the application of Exceptional Financial Support (EFS) and a proposed £7.8m transfer to reserves, the 2024-25 service outturn position was an adverse variance of £9.8m, reflecting an underlying improvement since Financial Review Quarter 3 (FR3) of £18.3m.

The committee agreed that whilst improvement on the FR3 position was positive, the overspend of £9.8m remained a significant financial challenge for the council. It was noted that significant cost pressures in both Adults and Children's services remained a key issue.

The committee queried the RAG ratings used in Annex 1 – Section 2 and how these had been applied. It was confirmed that:

- Red Rating: Low Confidence – there were significant issues and would likely to require additional decisions to bridge the gap.
- Amber Rating: Medium Confidence – savings proposals were at risk but could be recovered / mitigated within scope of original decision.
- Green Rating: High confidence that the saving proposal was on track with no concerns on the current forecast.

- Completed Rating: Saving proposal had been delivered and no further action was required.

It was noted that the council proposed to increase its general reserves position at outturn through borrowing £17.6m through EFS. Reassurance was sought on the interest rates being paid on EFS. It was confirmed that reserves would be increased through £5.3m Earmarked 'Change Reserves' to respond to the steps that would be necessary to support the delivery of the transformation change programme and improvement activity required through 2025-26 and 2026-27. £2.5m increase in the General Fund Reserves had been identified to increase financial resilience into 2025-26 and future years. However, the reserves were still not at an adequate level and the issue of financial sustainability remained a key risk. This had also been highlighted as a key risk by the External Auditors.

It was clarified that, if the above additions to Reserves of £7.8m were made at out-turn, the annual revenue budget saving against the Capital Financing Budget would be £250K p.a.

- The calculation of the interest on EFS Borrowing £17.6m was calculated at the PWLB Annuity Rate 4.86%.
- The average interest rate on investments in 2024/25 was 5.10% (Annex 1, Section 6, para 6.31)

It was confirmed that the questions and detailed responses submitted by Councillor O'Leary would be circulated to the committee.

The committee noted the capital financing budget and anticipated interest costs on borrowing. The committee queried if the repayments were fixed or variable as having variable payments would make a significant difference to the cost to the council. Officers committed to providing a written response.

RESOLVED (unanimously):

1. Note the overall financial performance of the Council in the 2024/25 financial year, as contained within the report, as follows: a) A Net Revenue Overspend of £17.6m against a revised budget of £365.8m (4.8% variance) funded by conditional Exceptional Financial Support (Capitalisation Direction) via borrowing. b) General Reserves closing balance of £6.3m. c) Capital Spending of £88.4m against an approved programme of £215.8m (59% variance).
2. Note the contents of Annex 1.
3. Recommend to Council to approve the Supplementary Revenue Estimate (SRE) Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1.
4. Approve the Adults and Health Committee Supplementary Revenue Estimates (SRE) Request for Allocation of Additional Grant Funding (Specific Purpose) over £500,000 up to £1,000,000 as per Annex 1, Section 3, Table 2.
5. Approve the Children and Families Committee Supplementary Revenue Estimates (SRE) Request for Allocation of Additional Grant Funding (Specific Purpose) over £500,000 up to £1,000,000 as per Annex 1, Section 3, Table 2.

6. Approve the Supplementary Capital Estimates (SCE) and Capital Virements between £500,000 and £1,000,000 in accordance with Financial Procedure Rules for the following Committee's as detailed in Annex 1, Section 5, Table 4 • Children & Families • Highways & Transport • Economy & Growth • Environment & Communities
7. Recommend to Council to approve the Supplementary Capital Estimates (SCE) over £1,000,000 in accordance with Budget and Policy Framework Rules as detailed in Annex 1, Section 4, Table 5.
8. Approve the new Reserves in the Reserves Section (Annex 1, Section 5, Table 1) which includes proposed movements to reserves.

6 MEDIUM TERM FINANCIAL STRATEGY ASSUMPTIONS - UPDATE 2026/27 TO 2029/30 (FINANCE SUB COMMITTEE)

The committee considered the report which set out the baseline assumptions for net revenue expenditure and core funding, to assist with the development of the Medium-Term Financial Strategy 2026 to 2030. The report provided early planning oversight for each service committee as part of the 2026-27 budget setting process. The committee noted that further details relating to the 2026-27 Fair Funding Review and Business Rates Retention Reset would be received following the Spending Review announcement by the Chancellor on 11 June. This review would set out three-year budgets for local authorities covering the period 2026-27 to 2028-29.

The committee welcomed the proposal to form a Working Group to further review assumptions over the summer with the aim of feeding back to the committee in September. It was highlighted that this Working Group would be open to all members of the Finance Sub Committee to attend.

The committee noted that the Council Tax Support Scheme budget increased each year in line with the council tax percentage increases. The committee requested that a review of the Council Tax Support Scheme be added to the Work Programme to allow the committee the opportunity to review the scheme and identify if it was financially sustainable. The committee also suggested a review of the empty homes premium could assist in revenue income whilst reducing the number of empty properties across the borough. It was felt that Cheshire East undercharged significantly for properties left empty for 2-5 years, when compared to other authorities.

The committee queried the costs of the Cheshire and Warrington Combined Authority Mayoral 2026 Elections, noting that the Cheshire and Warrington Joint Committee had recently approved a budget of £1.275m to fund the necessary activities for devolution. It was clarified that this budget did not cover the costs of elections, and that any costs incurred by each authority for the 2026 Mayoral Elections would be reimbursed by the Combined Authority at its inception. The committee sought clarity on the interest rates and terms that would be applied. Officers committed to providing a written response.

The committee sought clarity on transformation savings, noting that these were wrapped up in total service budget lines. The committee agreed it would be

helpful to have a detailed breakdown to allow scrutiny, openness and transparency.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Approve the budget assumptions underpinning the Medium-Term Financial Strategy for 2026-30, for planning purposes, as set out in Appendix A1 and Appendix A2.
2. Approve the setting up of a Finance Sub-Committee Assumptions Working Group to meet informally with the Chief Finance Officer/S151 to review the current assumptions and any information released regarding the Fairer Funding and Business Rates reset changes with the aim of feeding back to the September committee meeting. The group is to be made up of at least four members of the Sub-Committee.
3. Note the predicted shortfall for 2026/27 as shown in Table 1 and 4. All Committees areas are being asked to start to develop plans in preparation for budget consultation and engagement events in the autumn of 2025 to start to address the new year gap.
4. Approve the MTFFS timeline for 2025/26 as set out in Appendix B.

7 FINANCIAL MANAGEMENT CODE UPDATE (FINANCE SUB COMMITTEE)

The committee considered the report which updated on the status of the council's compliance with CIPFA's Financial Management Code. The committee also noted the update provided on progress made against the self-assessment and action plan, previously presented to the committee in September 2024.

The committee noted standard M: "*The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions*" and agreed that more consideration of evidence and financial consequences was needed in officer reports to committee. The committee noted the ongoing work to improve report-writing and agreed that this issue should be feedback to the Governance and Decision-Making Task and Finish Group to ensure that options are appropriately set out for committee members.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Note the update on the action plan in Appendix 3.
2. Note the revised 2024/25 self- assessment position (as at the end of 2024/25) in Appendix 2 – Cheshire East Council's current level of compliance with the CIPFA Financial Management Code Framework, and
3. Approve the Action Plan as presented in Appendix 3.

8 FINANCE LEADERSHIP IMPROVEMENT PLAN INCLUDING PROGRESS OF ACTIONS FOLLOWING THE CIPFA ASSURANCE REVIEW

The committee considered the report in relation to progress made against the Financial Leadership Improvement Plan which was commissioned by the Council and MHCLG to provide assurance on the council's financial management.

The committee welcomed the report, and the update provided in relation to the action plan. It was noted the recommendation 8 'Members and officers did not have sufficient understanding of local government finance and the current financial pressure to constructively engage' was of concern. It was agreed that training / briefing sessions should be developed for the Finance Sub Committee, and members more widely, to assist members in enhancing their financial management understanding and skills. Officers confirmed that this was a key priority, and the first step was to understand the current levels of knowledge/skills across members before developing in-house training. It was also highlighted that there was a significant amount of resource available online which members could take advantage of (LGA/CIPFA).

RESOLVED (unanimously):

That the Finance Sub Committee

1. Note the contents of the Finance Leadership Improvement Plan.
2. Agrees to receive progress reports on the Plan.

9 APPOINTMENTS TO SUB-COMMITTEES, WORKING GROUPS, PANELS, BOARDS AND JOINT COMMITTEES

The committee received the report which set out appointments to be made by the Sub-Committee for the 2025-26 municipal year.

RESOLVED (unanimously):

1. That Councillor Garnet Marshall be appointed to the Joint Extra Care Housing Management Board for the 2025-26 municipal year.

10 WORK PROGRAMME

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

- Cllr Gardiner gave advance notice of his apologies for the September 2025 meeting.
- That the September 2025 meeting would be the committee's twilight meeting and would start at 5.30pm.

RESOLVED:

That the Work Programme be received and noted.

11 ACQUISITIONS AND DISPOSAL SUMMARY 2024-25

The committee received the report which provided an update on acquisitions and disposals 2024-25. The committee welcomed the report which assisted the committee in understanding the relationship between property transactions and the Medium-Term Financial Strategy.

The committee agreed that the link between the capital and disposal programmes were key and requested that an update be added to the Work Programme more regularly (bi-annually or quarterly) to enable the committee to understand how the programmes were progressing, key challenges, risk and opportunities throughout the financial year.

RESOLVED:

That the briefing report be received and noted.

12 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 3 of the Local Government Act 1972 and the public interest would not be served in publishing the information.

13 ACQUISITIONS AND DISPOSAL SUMMARY 2024-25

The committee considered the Part 2 Appendix (C) of the Acquisitions and Disposal Summary report 2024-25.

RESOLVED:

That Appendix C be received and noted.

The meeting returned to Part 1.

14 OPTION AGREEMENT - LAND AT LONGRIDGE, KNUTSFORD

Councillors G Marshall and S Gardiner left the meeting prior to consideration of this item and did not return.

The committee considered the report which sought approval to enter into a new Option Agreement with Dewscope Ltd to dispose of land at Longridge and North Downs, Knutsford. The new Option Agreement and subsequent disposal would facilitate the development of Local Plan Site 38 (Land South of Longridge, Knutsford) which had an allocation for up to 225 dwellings and would generate a capital receipt for the council.

In response to questions raised in relation to the land highlighted in blue at Appendix 1, officers confirmed that the council would only transfer the minimum amount of land required. As a result, an amendment was proposed, seconded and subsequently carried unanimously in relation to recommendation 2, as set out below in red.

“Delegate authority to the Director of Growth and Enterprise to enter into an Option Agreement and subsequently dispose of the land at Longridge and North Downs, Knutsford on terms and conditions to be agreed in consultation with the Governance, Compliance and Monitoring Officer, the Executive Director of Resources (S151), Executive Director of Place; and the Chair, Vice Chair and Opposition Spokesperson of the Finance Sub Committee.

RESOLVED (unanimously);

That the Finance Sub Committee

1. Approve the entering into the option agreement for the disposal of the land at Longridge and North Downs Knutsford.
2. Delegate authority to the Director of Growth and Enterprise to enter into an Option Agreement and subsequently dispose of the land at Longridge and North Downs, Knutsford on terms and conditions to be agreed in consultation with the Governance, Compliance and Monitoring Officer, the Executive Director of Resources (S151), Executive Director of Place; and the Chair, Vice Chair and Opposition Spokesperson of the Finance Sub Committee.
3. Delegate authority to the Director of Growth and Enterprise, in consultation with the Governance, Compliance and Monitoring Officer and the Executive Director of Resources (S151); to complete all legal documentation required in relation to the Option Agreement and disposal of the land at Longridge and North Downs, Knutsford and including (but not limited to) the completion of any licence or Page 252 similar agreements required prior to disposal or relating to the Councils retained land.

The meeting commenced at 2.03 pm and concluded at 3.37 pm

Councillor D Clark (Chair)