

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 1st December, 2021 in the Council Chamber, Municipal
Buildings, Earle Street, Crewe CW1 2BJ

PRESENT

Councillor A Stott (Chair)
Councillor S Carter (Vice-Chair)

Councillors D Brown, J Clowes, S Gardiner, N Mannion, B Puddicombe and
J Nicholas (for Cllr Abel)

OFFICERS

Alex Thompson, Director of Finance and Customer Services
Peter Skates, Director of Growth and Enterprise
David Brown, Director of Governance and Compliance
Joanne Sutton, Acting Head of Integrated Commissioning
Julie Gregory, Legal Team Manager
Paul Mountford, Democratic Services

OTHER MEMBERS PRESENT

Councillors B Evans and J Saunders

APOLOGIES

Councillors Q Abel

The Chair welcomed Councillor N Mannion to his first meeting as a member of the Sub-Committee.

24 DECLARATIONS OF INTEREST

Councillor N Mannion declared a personal interest in relation to a matter referred to in Item 10, an Appendix to the Asset Management report which contained exempt information and would be considered in Part 2 of the meeting. Councillor Mannion would provide specific details of the declaration when the meeting had moved into Part 2.

Councillor S Gardiner declared a non-pecuniary and non-prejudicial interest in relation to a piece of land referred to in Item 10 which was currently the subject of a planning application which would be considered by the Strategic Planning Board. The land was also situated within his ward. Councillor Gardiner made the declaration both as local ward member and as the Vice-Chair of the Strategic Planning Board.

Councillor B Puddicombe declared a personal interest in relation to a matter to be considered in Part 2.

25 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

26 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 22nd September 2021 be approved as a correct record.

27 2021/22 FINANCIAL YEAR REVIEW

The Sub-Committee considered a report outlining how the Council was managing resources to provide value for money services during the 2021/22 financial year. The report set out the financial performance of the Council with and without the impact of Covid-19.

Further details of how the Council was performing in 2021/22 were set out in Annex 1 to the report.

Arising from members' consideration of the report, the following comments were made:

- There was a need for the relevant service committees to address significant overspends and underspends arising from, among other things, increasing social care costs, reduced car park income and staff recruitment and retention issues.
- It was recognised that each service committee had responsibilities to work with officers to manage its allocated budget.
- Members noted the potential implications of the national local government pay award, which had not been fully factored into the budget for this year as a public sector pay freeze had been assumed.
- Consideration should be given to whether the assumptions underlying the budget remained realistic or required further review.
- It was noted that the non-domestic rates and Council tax collection rates had improved although the full impact of non-domestic rates had yet to be determined.
- The position with the General Reserves would be kept under review, and it may be necessary to consider further financial savings in future to ensure that the Reserves remained at an appropriate level.
- Members noted that the overall position with the budget, excluding Covid-related expenditure, represented a projected variance of less than 1% which had been achieved in challenging circumstances.

Arising from the discussion, the Director of Finance and Customer Services undertook to ask the Council's Corporate Leadership Team to consider the options for addressing staff recruitment and retention.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the contents of the report and each appendix;
2. approves:
 - (a) supplementary revenue estimates for general purpose grants coded centrally up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1 of the report, Section 3 Corporate Grants Register, Table 1; and
 - (b) capital virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1, Section 5 Capital Strategy, Table 5;
3. recommends that Council approve:
 - (a) fully funded supplementary revenue estimates for general purpose grants coded centrally over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1 of the report, Section 3 Corporate Grants Register, Table 1;
 - (b) 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 3 Corporate Grants Register, Table 2; and
 - (c) supplementary capital estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 1, Section 5 Capital Strategy, Table 6;
4. recommends that Service Committees:
 - (a) note the financial update and forecast outturn relevant to their terms of reference;
 - (b) note that officers will seek to improve outcomes and the financial outturn across all Committees to mitigate the overall forecast overspend of the Council; and
 - (c) approve 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 2-7, Section 3 Corporate Grants Register, Table 2.

28 WHOLLY-OWNED COMPANY BUSINESS PLANS

The Sub-Committee considered the report of the Shareholder Working Group The Shareholder Working Group which had met on 24th November 2021 to consider the Ansa Business Plan 2021-2024 and a report on wholly-owned company governance and decision-making responsibilities in light of recent public interest reports. The report was presented by the Working Group's Chair, Councillor S Carter.

In their presentation, Ansa had referred to risk management measures, including ensuring service continuity during the critical winter operating period (mindful of the effects of the Covid-19 pandemic on staff), and noting their proposal to make exceptional incentive payments to their employees. In accordance with the Shareholder Agreement, this required Shareholder approval. Payments would be funded from company profits and were estimated to cost in the order of £50,000.

Councillor Carter had, at the Sub-Committee's request, discussed with Ansa a proposal for a dividend. The company representatives undertook to discuss the matter with their Board.

It was proposed that the Shareholder Working Group would meet again to complete its review of the Ansa business plan, consider the implications of the ASDV review in relation to Orbitas, and complete the review of the public interest reports. The Working Group would then report back to the Sub-Committee's next meeting in January under part 2 of the agenda to enable a full discussion to take place. A final decision on Orbitas would be taken by the Corporate Policy Committee.

RESOLVED

That the Sub-Committee

1. notes the update from the Chair of the Shareholder Working Group;
 2. asks the Shareholder Working Group to meet again at its earliest convenience to:
 - (a) complete the review of the Ansa Business Plan by resolving any outstanding matters raised at the meeting of 24th November 2021;
 - (b) review the implications of the ASDV Review as they relate to Orbitas; and
 - (c) complete the review of the Public Interest Reports to identify any implications for CEC and its Group Structure; and
- and report back to the Sub-Committee at its meeting in January; and

3. provides approval as Shareholder to Ansa making exceptional incentive payments to staff linked to performance during the critical winter operating period.

29 **WORK PROGRAMME**

The Committee considered its work programme for 2021/22.

The work programme would be amended to include the report back to the Sub-Committee's meeting in January by the Shareholder Working Group.

RESOLVED

That the work programme be noted.

30 **CARE AT HOME RECOMMISSION**

The Sub-Committee considered a report on a matter referred to it for scrutiny by the Children and Families Committee on 8th November 2021. This related to the redesign and recommissioning of a new Children's Care at Home Purchasing System.

Although not constitutionally required to review the report, the Finance Sub-Committee was being provided with the opportunity to comment on the report, with additional information being provided, before the matter was referred back to the Children and Families Committee for further consideration at its next meeting.

At the invitation of the Chair, Councillor J Saunders, a member of the Children and Families Committee, spoke on this matter.

Members agreed that this was a matter for the Children and Families Committee and that that Committee's officers should be asked to provide answers to the questions raised by the Committee.

RESOLVED

That the Sub-Committee

1. notes the report and recommendations of the Children and Families Committee meeting of 8th November 2021;
2. notes the additional briefing material provided at Appendix 2 to the report;
3. notes that the Care at Home Recommission was not presented as a variation to the Budget Framework approved by Council; and
4. refers the matter back to the Children and Families Committee, together with Appendix 2 and the Sub-Committee's comments.

31 ASSET MANAGEMENT

The Sub-Committee considered a report providing context and activities linked to the Council's assets acquisitions and disposals of land and property.

The report provided information on the property acquisitions and disposals undertaken by the Council in the period 1st April 2020 to 30th September 2021. It also provided information on pending transactions and a potential pipeline of further activity.

A schedule showing active disposals for the balance of the current year and for future years was set out in Appendix D. The Appendix contained commercially sensitive information and would be considered in Part 2 of the meeting.

Members requested a full list of the highways schemes referred to in Appendix A to the report. They also asked to whom the properties referred to in Appendix B had been sold and for what purpose. The Director of Growth and Enterprise undertook to provide the information in writing to all members of the Sub-Committee.

In response to questions by members, officers advised as follows:

- The approach to the sale of assets was full market value subject to any constraints such as community use.
- Income from the sale of assets could not be used for day-to-day expenditure. Capital could be used for revenue purposes in certain one-off cases such as transformation projects but this was not factored into the budget.
- Any income over and above the target of £1m in capital receipts would be used to offset the cost of borrowing.
- Capital receipts did not go into the General Reserves which were a revenue fund.

Councillor N Mannion as Chair of the Economy and Growth Committee reported that the Committee at its meeting on 30th November 2021 had approved the process and timetable for a draft Asset Management Policy to be brought back to the Committee for endorsement.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the acquisition and disposal activity of the Council for the period 1st April 2020 to 30th September 2021, and identified within the Appendices:
 - Appendix A - Summary of Acquisitions
 - Appendix B - Disposals completed in 2020 to 2021 Financial Year.

- Appendix C - Disposals completed in the current Financial Year, 2021 to 2022.
2. notes the pipeline of property transaction activity and the potential impact on the MTFS.

32 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

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

33 ASSET MANAGEMENT

The Sub-Committee considered Appendix D of the Assets Management report.

Having declared personal, non-pecuniary interests earlier in the meeting, Councillors S Gardiner, N Mannion and B Puddicombe specified the nature of those interests, which the officers recorded.

Officers sought approval from the Sub-Committee to proceed with the sale of land in Handforth, detailed on page 173, subject to final valuation.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the contents of the Appendix; and
2. delegates to the Monitoring Officer, in consultation with the Chief Financial Officer and on the advice of the Director of Growth and Enterprise, authority to take all necessary actions to settle on the best terms possible all claims in relation to the land in Handforth as detailed on page 173 of the agenda.

34 EXTRA CARE PFI SCHEME UPDATE

The Acting Head of Integrated Commissioning gave an oral update on renegotiations of the Cheshire Extra Care PFI contract.

A briefing paper was shared with members at the meeting.

RESOLVED (unanimously)

That the update be noted.

35 PROPOSED SHAREHOLDER RESOLUTION

The Director of Governance and Compliance gave an oral update on a matter discussed at the Sub-Committee's meeting on 27th July 2021.

RESOLVED (unanimously)

That the update be noted.

The meeting commenced at 2.00 pm and concluded at 5.24 pm

Councillor A Stott (Chair)