

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 5th January, 2022 in the The Capesthorne Room - Town
Hall, Macclesfield SK10 1EA

PRESENT

Councillor A Stott (Chair)

Councillors D Brown, S Gardiner, N Mannion, B Puddicombe, A Farrall and
J Saunders (for Cllr Clowes)

OFFICERS

Alex Thompson, Director of Finance and Customer Services
Paul Bayley, Director of Environment and Neighbourhood Services
Julie Gregory, Legal Team Manager
Paul Mountford, Democratic Services

OTHER MEMBERS PRESENT

Councillors S Carter (as Chair of the Shareholder Working Group and a
visiting member) and J Clowes (as a visiting member) (both attended via a
Teams link)

APOLOGIES

Councillors Q Abel, S Carter and J Clowes

36 DECLARATIONS OF INTEREST

Councillor D Brown declared a personal interest as a member of the
Shareholder Working Group and as a recipient of a pension from the
Council's pension fund.

Councillor S Gardiner also declared a personal interest as a future
recipient of a pension from the pension fund.

37 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

38 MINUTES OF PREVIOUS MEETING

RESOLVED

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

39 DRAFT CAPITAL STRATEGY 2022-26

The Sub-Committee considered the draft Capital Strategy for 2022-26.

The Sub-Committee had oversight of the Capital Strategy and was being asked to comment on the current strategy during the MTFFS consultation period.

Members made the following comments in relation to the draft Capital Strategy:

- The review of forecast spending in order to improve capital planning and reduce slippage in the capital programme was welcomed.
- Capital investment in highways infrastructure could be used as a way of reducing pressure on the revenue budget for highways maintenance.
- Whilst it was noted that the Assets Board and the Capital Programme Board were not decision-making bodies, consideration should be given to the question of member oversight and whether the existing governance arrangements provided the required level of visibility under the new committee system.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the current Cheshire East Council Capital Strategy as set out in Appendix 1;
2. notes that officers will continue to review the Capital Strategy during the Medium Term Financial Strategy consultation period; and
3. notes the activities to date in developing the revised Capital Strategy as detailed in the background section to the report.

40 DRAFT INVESTMENT STRATEGY 2022/23

The Sub-Committee considered the draft Investment Strategy 2022/23 in light of the ongoing budget consultation document.

The report set out the Council's approach to managing investments in 2022/23.

Members referred to the consultation by CIPFA aimed at reducing speculative investment which could cause unnecessary risk in the delivery of services. In this respect, the Director of Finance and Customer Services gave an assurance that the Council was not at risk as a result of its current investment activities.

RESOLVED (unanimously)

That the Sub Committee notes the draft Investment Strategy for 2022/23 as set out in Appendix 1 to the report.

41 DRAFT RESERVES STRATEGY 2022/23

The Sub-Committee considered the draft Reserves Strategy 2022/23 as part of the consultation process for the Medium Term Financial Strategy.

The report provided information about the requirements to maintain financial reserves and to provide statements on the types of reserves and current and predicted balances. The Strategy identified the potential use of reserves in the medium term.

Members wondered whether the current level of General Reserves at 3.6% was adequate or should be reviewed. The Director of Finance and Customer Services advised that the Council's reserves, whilst low, had remained at the same level for years. The Council was required to apply certain financial stress tests laid down by CIPFA to ensure that its reserves position was robust and sustainable. The Council's external auditors were satisfied that the reserves had been set in the proper manner.

Members asked about the level of reserves held by neighbouring and comparator authorities. The Director undertook to provide the information for all members of the Sub-Committee.

RESOLVED

That the Sub-Committee notes the draft Reserves Strategy for 2022/23 as set out in Appendix 1 to the report.

42 DRAFT TREASURY MANAGEMENT STRATEGY 2022/23

The Sub-Committee considered the draft Treasury Management Strategy 2022/23, as part of the performance management framework, during the Consultation Period of the Medium Term Financial Strategy.

It was noted that despite significant disruption to financial markets and the Council's cashflows due to the pandemic, there was no material amendment required to the Treasury Management Strategy.

Members asked whether the Council should be making loans to other local authorities. The Director of Finance and Customer Services advised that lending to other local authorities was a useful way of earning income on surplus cash.

RESOLVED (unanimously)

That the Sub-Committee notes the draft Treasury Management Strategy for 2022/23 as set out in Appendix 1 to the report.

43 MEDIUM TERM FINANCIAL STRATEGY 2022/23 - 2025/26

The Sub-Committee considered the Medium-Term Financial Strategy 2022 to 2026 as part of the budget consultation.

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 July 2021. 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.

Appendix 1 to the report contained the Budget Engagement document, including the survey questions that had been used during the consultation period, which closed 4th January 2022.

The Provisional Settlement announced on 16th December 2021 had varied the assumptions contained in the Budget Engagement document. The Director of Finance and Customer Services provided a verbal update on the changes announced and the impact on the estimated funding envelope. The allocations to local government were only for the next financial year. For Cheshire East Council, this amounted to about £6m more for one year than was currently in the consultation document.

In response to a question from members, the Director of Finance and Customer Services confirmed that the figure of £2.1m available in 2023/24 as a result of the Central Pension adjustment was part of the overall balanced position and had already been allocated. He added that as a result of an aggressive increase in pension contributions over recent years, the pension fund had improved significantly, and there was no longer any need to pursue such an aggressive policy.

Reference was made to a table showing how Council tax was spent, and it was suggested that the term 'Place' would be unfamiliar to many people and should be defined.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the MTFs 2022 to 2026 Consultation Document (Appendix 1 to the report) and the proposals relevant to the responsibilities of the Sub-Committee as outlined in the Constitution, as set out in the following paragraphs and on the following pages of the Consultation Document:
 - 26) Minimum Revenue Provision (page 26)
 - 27) Changes to unringfenced specific grant estimates (page 26)
 - 28) Council Tax (page 27)
 - 29) Business Rates Retention Scheme (page 27)
 - 30) Central Pension Adjustment (page 28)
 - 31) Bad Debt Provision – change in provision (page 28)

32) Use of Earmarked Reserves (page 28)

2. notes the impact of the local government financial settlement on the MTFS Consultation Document as reported by the Director of Finance and Customer Services;
3. notes the other elements of the MTFS Consultation Document relating to the responsibilities of the Sub-Committee (including WOC Business Plans, and Reserves levels); and
4. notes that the minutes of this meeting would form the consultation response of the Sub-Committee for consideration by the Corporate Policy Committee.

44 **SHAREHOLDER WORKING GROUP REPORT**

The Sub-Committee considered the report of the Shareholder Working Group on matters considered at its meeting on 20th December 2021. The report was presented by the Chair of the Working Group, Councillor S Carter.

The Working Group had met to consider the following matters:

- The Ansa business plan 2022/23.
- The ASDV review as it related to Orbitas Bereavement Services.
- The implications of recent Public Interest Reports on the Cheshire East Group structure.

The Working Group had considered the Ansa Business Plan in terms of strategy, value for money, impact and risk, control, and service delivery and had concluded that the majority of items considered presented low risks to the Cheshire East Group. The Working Group was reassured that the financial forecast for 2022/23 aligned with the Council's Medium Term Financial Strategy. The Working Group noted that no dividend was forecast for 2021/22, although if profit forecasts from commercial activity were achieved there may be a prospect for dividend payments in future.

With regard to the ASDV review, the Working Group saw a clear benefit from rebranding Orbitas to emphasise its alignment to the Council. Otherwise the working group did not recognise any compelling case for significant change at this point. However, it was recognised that the ongoing uncertainty of the review was counter-productive to the commercial development of the company. It was also clear that there were synergies between the operations of Ansa and Orbitas that could realise tangible benefits if a closer working relationship were developed.

The Working Group had received a presentation that analysed the recommendations of recent public interest reports, related to wholly-owned companies, compared to the current approach at Cheshire East. The Working Group was satisfied that the scale of financial issues identified in the public interest reports had not materialised within the Cheshire East group structure, although it was recognised that there were risks in the

current arrangements. The Working Group concluded that additional analysis was required to understand the options available to further mitigate any risks. It was determined that the most appropriate approach would be to commission a report from the Monitoring Officer.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the update from the Chair on the Ansa business case 2022/23 at Appendix 1 to the report: Shareholder Working Group – WOC Business Plan Review Template;
2. notes the report of the ASDV Review Programme Board as it related to Orbitas Bereavement Services Ltd (Confidential Appendix), and:
 - (a) approves the rebranding of Orbitas to enhance recognition of its role in providing Cheshire East Bereavement Services, this to take effect from 1st April 2022;
 - (b) approves that the company's status within the Cheshire East Group remain unchanged;
 - (c) approves that the Chair of the Finance Sub-Committee write to the board of Orbitas encouraging closer working with Ansa, and requesting written evidence of such within the next six months;
 - (d) approves the inclusion of the Bereavement Services contract on the Procurement Pipeline Report for a period of 5 years, with an extension option for a further 3 years, at a value determined by the commissioner for bereavement services in line with the current Medium Term Financial Strategy; and
3. agrees that an item be added to its work programme entitled 'Review of the impact of Public Interest Reports as they relate to the Cheshire East Group Structure', the target date for this report to be the first meeting of the Sub-Committee in the 2022/23 Financial Year.

45 PROCUREMENT PIPELINE

The Sub-Committee considered an update of the pipeline of procurement activity up to April 2024.

The report included information on contracts awarded by the Council since April 2021 and provided an update on the number of cases where, and reasons why, procurement activity had required the use of waivers.

Details of all waivers, without any information redacted, would be presented to the Sub-Committee in Part 2 of the meeting as they contained commercially sensitive information and/or Officer Details.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the procurement pipeline of activity in Appendix 1 to the report;
2. approves the business-as-usual procurements and the Significant Decisions which require service Committee approval (Appendix 1, column G);
3. notes the contracts awarded by the Council since April 2021 as set out in Appendix 2; and
4. notes that purchase card expenditure above £500 is now published on the Council's transparency pages.

46 RE-PROCUREMENT OF A CONSTRUCTION RELATED CONSULTANCY SERVICES FRAMEWORK 2022-2026

The Director of Finance and Customer Services advised that this item had been placed on the agenda before it had been determined whether or not it involved a significant decision requiring the Sub-Committee's approval. Under the previous item on Procurement Pipeline, the Sub-Committee had approved the business-as-usual procurements which included the re-procurement of a construction-related consultancy services framework. Therefore, no further decisions were required.

47 WORK PROGRAMME

The Sub-Committee considered its work programme for 2021/22.

RESOLVED

That the work programme be noted.

48 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED

That the press and public be excluded from the meeting during consideration of the following item 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.

49 **PROCUREMENT PIPELINE**

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

Members noted that under the previous executive form of governance, Cabinet Portfolio Holders were regularly briefed on waivers within their areas of responsibility. Under the new committee system, there appeared to be no such member oversight. It was suggested that some form of member oversight should be brought into the process, for example the briefing of the relevant committee chair.

The Director of Finance and Customer Services undertook to discuss the matter with the Monitoring Officer, and in addition would see what other local authorities were doing.

RESOLVED

That the Sub-Committee notes the reasons for 17 waivers approved between 1st September 2021 and 30th November 2021 (27 in total in 2021/22).

The meeting commenced at 2.00 pm and concluded at 4.55 pm

Councillor A Stott (Chair)