

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 6th July, 2022 in Committee Suite 1, 2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

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

Councillors C Browne (for Cllr Warren), J Clowes, S Gardiner, N Mannion and
B Puddicombe

OFFICERS

Alex Thompson, Director of Finance and Customer Services
David Brown, Director of Governance and Compliance
Deborah Nickson, Legal Team Manager (People)
Lianne Halliday, Senior Manager – Procurement
Paul Mountford, Democratic Services

APOLOGIES

Councillors D Brown and M Warren

The Chair announced that Councillor Mark Goldsmith had ceased to be a member of the Sub-Committee owing to his recent appointment as a Director of Orbitas. Councillor Mick Warren had been appointed in his place but had been unable to attend this meeting.

12 DECLARATIONS OF INTEREST

There were no declarations of interest.

13 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

14 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 1st June 2022 be approved as a correct record.

15 PROVISIONAL FINANCIAL OUTTURN 2021/22

The Sub-Committee considered a report providing the pre-audited overview of the Cheshire East Council outturn for the financial year 2021/22. The report also proposed treatment of year-end balances that

reflected risks identified in the Medium-Term Financial Strategy approved by Council in February 2022.

The report included a narrative from the Council's Draft Group Accounts, to highlight financial performance within the year, as well as associated appendices to show how the Council had achieved against the priorities contained within the Corporate Plan as well as other important financial matters.

The Chair placed on record her thanks and appreciation to the Director of Finance and Customer Services and the Finance Team for their work in producing the outturn report.

Members commented as follows in relation to the report:

- There was concern that whilst the Council's finances were being managed in an efficient and transparent way, there were numerous projects within the capital programme that were not proceeding as planned. The Director of Finance and Customer Services advised that, owing to the upheaval of the pandemic and subsequent movements within the labour market, both the Council and its contractors were facing capacity issues at the present time, as had been highlighted previously. There was also a need to reprofile planned projects in view of the current high rate of inflation. Each service committee would be asked to review its programmes and priorities with a view to officers updating committees in the September/October cycle. On the specific question of staff recruitment and retention, the Director undertook to take the matter away for further consideration and report back both to this and other service committees.
- Whilst the proposed increase in the level of General Reserves was welcomed, members asked if there was a benchmark to which councils should work based on a specific number of days' operating costs, as happened in certain other sectors. The Director of Finance and Customer Services responded that there had never been a benchmark for councils in relation to reserves but that the Corporate Plan had set a target of £20M for General Reserves. He undertook to ascertain how the Council was benchmarking against neighbouring and comparator authorities and report back.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the overall financial performance of the Council in the 2021/22 financial year, as contained within the report, as follows:
 - (a) a Net Revenue Underspend of £1.1m against a revised budget of £297.4m (0.4%);
 - (b) an increase in General Reserves from £11.5m to £12.6m (further recommendation at 3.5.3); and

(c) Capital Spending of £84.5m against an approved programme of £144.9m (58.4%);

2. notes the contents of each of the following appendices:

Appendix 1 – Narrative from the Draft Group Accounts – providing context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2021 to 31 March 2022;

Appendix 2 – Grants and Requests for Supplementary Revenue Estimates – including details of revenue grants received during 2021/22 and providing supplementary revenue requests relating to grants received in addition to existing budget;

Appendix 3 - Debt Management – providing a debt summary by directorate;

Appendix 4 – Capital Outturn and Requests for Supplementary Capital Estimates and Virements – including an update on the capital programme and details requests for supplementary capital estimates and virements;

Appendix 5 – Reserves Strategy – which details the reserve outturn position;

Appendix 6 – Treasury Management Strategy – year-end Treasury Management report including an economic outlook, borrowing and investing strategies and treasury management indicators; and

Appendix 7 – Investment Strategy – providing details about different types of investments that the Council holds;

3. approves supplementary revenue estimates up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2, Table 1;

4. approves supplementary capital estimates up to and including £1,000,000 and Capital Virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 4, Annex C; and

5. recommends to Council approval of:

(a) fully-funded supplementary revenue estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2, Table 1; and

- (b) the virement of £2.3m in 2022/23 from the Medium-Term Financial Strategy Reserve to the General Reserve as detailed in Appendix 5, paragraph 4.

16 UK SHARED PROSPERITY FUND - CHESHIRE EAST ALLOCATION

The Sub-Committee received an oral report from the Director of Finance and Customer Services in relation to the UK Shared Prosperity Fund and the funding allocation to Cheshire East Council.

The matter was due to be considered by the Corporate Policy Committee on 14th July 2022 and the report to that Committee had been circulated to members of the Finance Sub-Committee for information. The report sought recommendations to Council on 20th July 2022 to provide delegated authorities to approve a UK Shared Prosperity Fund Investment Plan for 2022-25 for submission to Government, accept the Cheshire East allocation of up to £13,121,309 and approve any amendments to the Investment Plan as required to deliver the programme.

Members commented as follows in relation to the report:

- In noting the proposed delegations to officers, members expressed the wish to see details of the projects that came forward under the scheme.
- Members asked if there was a specific scoring mechanism for determining the allocation of funds. The Director of Finance and Customer Services undertook to pursue this with a view to officers providing further details at the Corporate Policy Committee meeting.
- There was a need to ensure that the officer team set up to administer the scheme was properly resourced.
- Members asked how the funding allocation to the Council compared with the funding the Council received previously under the European Social Fund. The Director of Finance and Customer Services undertook to provide a written response to members of the Sub-Committee.
- In devising projects under the Fund, consideration needed to be given to issues such as rural deprivation which was significant in scale but widely dispersed geographically.

RESOLVED

That the report be noted.

17 WORK PROGRAMME

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

In noting that there were currently only two items on the work programme for September, the Director of Finance and Customer Services advised that it may be possible to bring forward the following currently unscheduled reports to the September meeting:

Review of the Impact of Public Interest Reports
Review of the Medium Term Financial Strategy Reserve

Members commented as follows in relation to the report:

- It was hoped that the unscheduled item on S.106 / CIL Oversight would be brought forward at the earliest opportunity.
- It was suggested that a progress report/update on the UK Shared Prosperity Fund be brought to a future meeting. The Director of Finance and Customer Services advised that this could form part of a comprehensive report on The Grants Register and could be scheduled for September or the following cycle.

RESOLVED (unanimously)

That subject to the proposed amendments and additional items discussed at the meeting, the work programme be noted.

18 PROCUREMENT PIPELINE

The Sub-Committee considered an update report on the procurement pipeline for the Council, the contracts awarded since April 2022 and procurement activity.

The Sub-Committee had requested the establishment of a Procurement Working Group to review several completed procurements and report back to the Sub-Committee. To ensure that the Procurement Working Group was provided with sufficient scope and guidance, the Sub-Committee was asked to confirm formal terms of reference as set out in the report.

Members commented as follows in relation to the report:

- It was hoped that there would be a significant reduction in the numbers of waivers in the future in line with pre-pandemic levels.
- Members again asked if there were any implications for the procurement process arising from the Procurement Bill which was currently before Parliament. Officers advised that it was too early to say at this stage but the progress of the Bill was being closely monitored.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the procurement pipeline of activity in Appendix 1 to the report;
2. approves the 3 new pipeline projects in Appendix 1 as business as usual;
3. notes the contracts awarded by the Council since April 2022 in Appendix 2;

4. approves the Terms of Reference for the Procurement Working Group as set out in Appendix 3, subject to the Group normally consisting of 5 members, including 3 elected members drawn from the Finance Sub-Committee;
5. appoints the following members of the Finance Sub-Committee to the Procurement Working Group:

Councillor S Carter
Councillor J Clowes
Councillor N Mannion
6. notes the reason for 11 waivers approved between 1st February 2022 and 31st May 2022 (37 in total in 2021/22, 6 in total in 2022/23).

19 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 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.

20 PROCUREMENT PIPELINE

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

RESOLVED

That the details of individual waivers be noted.

21 WHOLLY-OWNED COMPANIES MATTERS

The Sub-Committee received an oral update from the Director of Governance and Compliance on a number of issues relating to the Council's wholly-owned companies.

RESOLVED

That the update be noted.

The meeting commenced at 2.00 pm and concluded at 3.45 pm

Councillor A Stott (Chair)