

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Tuesday, 25th June, 2024 in the Committee Suite 1,2 & 3, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor N Mannion (Chair)
Councillor L Anderson (Vice-Chair)

Councillors D Brown, J Clowes, B Drake, R Fletcher, S Gardiner and F Wilson

OFFICERS IN ATTENDANCE

Adele Taylor, Interim Director of Finance and Customer Services
David Brown, Director of Governance and Compliance
Julie Gregory, Legal Officer
Rachel Graves, Democratic Services Officer

For Item 12 only:

Tom Shuttleworth, Director of Environment and Neighbourhoods
Chris Allman, Director of Transformation
Deborah Upton, Senior Governance Lawyer

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillors R Kain and C O'Leary.
Councillors R Fletcher and S Gardiner attended as substitutes.

2 DECLARATIONS OF INTEREST

In the interests of openness, Councillors R Fletcher, S Gardiner, and N Mannion declared that they were as future beneficiaries of the local government pension scheme.

Councillor N Mannion declared that in his capacity as Chair of the Finance Sub Committee he acted as the Council's shareholder in relation to the Wholly Owned Companies.

3 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 22 March 2024 be approved as a correct record.

4 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

5 FINAL OUTTURN 2023/24

The Sub-Committee considered a report which provided an overview of the Cheshire East Council Outturn for the financial year 2023/24.

Referring to the PFI payments, which had been inherited from Cheshire County Council, it was asked how much longer the Council had to pay these. Officers undertook to provide a written response.

The report referred to the grants received, and it was asked if details could be provided on all the grants the Council received. The Chief Finance Officer undertook to provide a written response but noted that the Council received hundreds of grants, some very small and other very large.

Reference was made to underspends due to vacancies not being filled and it was noted whilst this helped the budget position it was not sustainable.

It was noted that the first quarter review 2024/25 report would be brought to the September meeting of the Sub Committee.

RESOLVED (by majority): That the Sub Committee

- 1 note the overall financial performance of the Council in the 2023/24 financial year, as contained within the report, as follows:
 - a) a Net Revenue Overspend of £8.5m against a revised budget of £356.2m (2.4% variance) funded by drawdown from General Reserves.
 - b) General Reserves closing balance of £5.6m
 - c) Capital Spending of £136.9m against an approved programme of £171.1m (18% variance)
- 2 note the content of each of the following annexes:
 - a) Annex 1 – Financial Stability section provides information on the overall financial stability and resilience of the Council. Further details are contained in the appendices:
 - Appendix 1 Adults and Health Committee
 - Appendix 2 Children and Families Committee
 - Appendix 3 Corporate Policy Committee
 - Appendix 4 Economy and Growth Committee
 - Appendix 5 Environment and Communities Committee
 - Appendix 6 Highways and Transport Committee
 - Appendix 7 Finance Sub Committee
 - Appendix 7a Update to the Treasury Management Strategy
 - Appendix 7b Update to the Investment Strategy
- 3 Recommend to Council the approval of the Children and Families Committee Supplementary Capital Estimates (SCE) over £1,000,000 and Capital Virements over £5,000,000 in accordance

with the Financial Procedure Rules, as detailed in Annex 1: Appendix 2, Section 4, Table 4.

- 4 Recommend to Council the approval of the Highways and Transport Committee Supplementary Capital Estimate (SCE) over £1,000,000 as detailed in Annex 1: Appendix 6, Section 4, Table 4.
- 5 Note the Environment and Communities Committee Capital Budget reductions, as detailed in Annex 1: Appendix 5, Section 4, Table 3.
- 6 Note the Highways and Transport Committee Capital Budget reductions as detailed in Annex 1: Appendix 6, Section 4, Table 5.

6 MEDIUM TERM FINANCIAL STRATEGY ASSUMPTIONS AND REPORTING CYCLE FOR 2024/25 TO 2028/29

The Sub-Committee considered a report which set out the baseline assumptions for net revenue expenditure and core funding, to assist with development of the Medium-Term Financial Strategy 2025 to 2029.

The Sub-Committee was being asked to approve the assumptions and to form a Working Group to review them further over the summer with the aim of feeding back in September.

The Sub-Committee was also being asked to approve the financial reporting timetable at Appendix C to the report.

In response to members' questions and comments, officers advised as follows:

- the RAG ratings in the report related to budget pressures and were applied by directorates. These ratings were challenged by CEBERT and directorates having to make alternative savings to cover these.
- the monitoring of budgets was undertaken by going through account and cost centre information, line by line, for all budgets across the Council to help identify any trends.
- the MTFS was about delivering the corporate priorities of the Council and the policies supporting these priorities needed to fit the resources available.

The Sub Committee highlighted that the baseline assumptions were the initial interim assumptions for the start of the process, and these would be considered by the Working Group and any changes to them would be reported back to the Sub Committee.

It was requested that the Working Group meet via Teams and that an invite be sent out for the initial meeting to all members of the Sub Committee.

RESOLVED (by majority): That the Sub Committee

- 1 approve the budget assumptions underpinning the Medium Term Financial Strategy for 2025-29, for planning purposes, as set out in Appendix A1 to the report.
- 2 approve the setting up of a Finance Sub Committee Assumptions Working Group to meet informally with the Chief Finance Officer to review the current assumptions with the aim of feeding back to the September committee meeting; the Group to be made up of at least four members of the Sub Committee.
- 3 approve indicative savings targets and budget envelopes for each committee for 2025/26, as shown in Table 7 of the report and Appendix B to the report.
- 4 approve the combined Budget setting and transformation timeline, as set out in Appendix C to the report.
- 5 note the 2024/25 Budget change items progress, as set out in Appendix D to the report.

7 DRAFT PRE-AUDITED FINANCIAL STATEMENTS – WHOLLY OWNED COMPANIES 2023/24 AND OUT-TURN UPDATE 2023/24

The Sub-Committee considered a report which confirmed that the Council's wholly owned companies would publish, on their websites, their pre-audit Summary Financial Statements for year ended 31 March 2024, alongside the Council's 2023/24 Group Financial Statements.

RESOLVED (unanimously): That the Sub Committee

- 1 note the summarised position of the Wholly Owned Companies Financial Statements for year ended 31st March 2024 based on the presentation provided at this meeting and included in this report at Appendix 1.
- 2 note the dates in relation to the approval process for the Financial Statements.
- 3 note the overall financial performance of the Wholly Owned Companies in the 2023/24 financial year, as contained within the Appendix 1, as follows:
 - (a) ASDV Reserves increased by £0.173m, retained reserves are £2.016m.
 - (b) Wholly Owned Companies Net Core Contract Spending was £45.051m

8 APPOINTMENTS TO WORKING GROUPS AND WHOLLY OWNED COMPANY BOARDS

The Sub-Committee considered a report on the appointment of members to the Shareholder Working Group, the appointment of members of the Sub-Committee as shareholder representatives to attend and observe the board meetings of the Council's wholly owned companies and appoint a member to the Joint Extra Care Housing Management Board.

RESOLVED (unanimously): That

- 1 Councillors D Brown, D Jefferay, N Mannion, L Smetham and F Wilson be appointed as members of the Shareholder Working Group.
- 2 the following members of the Sub-Committee be appointed as shareholder representatives to attend and observe the board meetings of the wholly owned companies:

Councillor F Wilson – Ansa
Councillor F Wilson – Orbitas
Councillor J Clowes – Tatton Park Enterprises
- 3 one member of the Finance Sub Committee be nominated to the Joint Extra Care Housing Management Board.

9 WORK PROGRAMME

The Sub-Committee considered its work programme for 2024/25.

Reference was made to the briefing sessions requested at last meeting in March and it was stated with the change of Chief Finance Officer and officer availability, it had not been possible to arrange them, and it was expected that these would held in September.

It was asked if a briefing/training could be held on the management of assets as this was linked financial management. Officers undertook to look into this.

RESOLVED:

That the Work Programme be noted.

10 REPORTING OF URGENT DECISIONS

The Sub Committee received a schedule of an urgent decision taken by the Chief Executive on behalf of the Finance Sub Committee, which was reported for information in accordance with the Council procedure rules.

RESOLVED (unanimously):

That the schedule of the urgent decision be noted.

11 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 Paragraph 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.

12 WHOLLY OWNED COMPANIES STRATEGIC OPTIONS REVIEW - OUTCOMES

The Sub Committee considered a report on the outcomes of the Wholly Owned Companies Strategic Options Review.

RESOLVED (by majority):

That the recommendations as set out in the report be approved.

The meeting commenced at 2.30 pm and concluded at 5.06 pm

Councillor N Mannion (Chair)