

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 7th June, 2023 in the Council Chamber - Town Hall,
Macclesfield, SK10 1EA

PRESENT

Councillor N Mannion (Chair)

Councillors J Clowes, R Kain, C O'Leary, F Wilson, L Braithwaite (for Cllr Drake), C Browne (for Cllr Gorman) and S Gardiner (for Cllr Brown)

OFFICERS

Alex Thompson, Director of Finance and Customer Services
David Brown, Director of Governance and Compliance
Tom Shuttleworth, Interim Director of Environment and Neighbourhoods
Julie Gregory, Legal Team Manager - Place/Corporate
Paul Mountford, Democratic Services

ALSO PRESENT

Kevin Melling, Managing Director of Ansa

APOLOGIES

Councillors D Brown, M Gorman and B Drake

1 DECLARATIONS OF INTEREST

Councillors S Gardiner and N Mannion declared an interest in an item on the agenda relating to the Local Government Pension Scheme and Cheshire Pension Fund, as future beneficiaries of the local government pension scheme.

2 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 8th March 2023 be approved as a correct record.

3 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

4 MEDIUM TERM FINANCIAL STRATEGY ASSUMPTIONS AND REPORTING CYCLE 2024-28

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 2024 to 2028.

The Sub-Committee was being asked 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 B to the report.

Officers responded as follows to questions raised by members:

- The difference between the assumed and actual council tax collection rates for last year was more a result of individuals paying later rather than not paying. Therefore, the assumptions for this year were considered appropriate and any variations that occurred would be managed through use of the Collection Fund Reserve.
- The legislation on secondary homes had not yet been passed. If it were, there would be 12 months' notice to the owners of such properties.
- With regard to pension contributions, the Council was now in excess of 95% funded and did not need to continue to increase contributions as an employer.
- £5.2M was drawn down from the MTFS Reserve to meet the 2022/23 overspend. There was still money within the Reserve and the situation would be closely monitored to determine whether any increase in the Reserve was required.
- There was no material financial benefit to the Council from the change in the treatment of leisure services by HMRC with regard to the reclaiming of VAT.

RESOLVED

That the Sub-Committee

1. by majority, approves the budget assumptions underpinning the Medium-Term Financial Strategy for 2024-28, as set out in Appendix A1 to the report;

In accordance with Procedure Rule 2.34, the following councillors asked that the minutes of the meeting record that they voted against the motion:

Councillor J Clowes
Councillor S Gardiner
Councillor C O'Leary

2. approves 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 meeting of the Sub-Committee, the group to be made up of at least four members of the Sub-Committee, including Councillors J Clowes and C O'Leary, with other nominations being submitted to the

Head of Democratic Services and Governance, and the chair be appointed by the Working Group;

3. approves the financial reporting timetable for 2023/24 as set out in Appendix B.

5 DRAFT PRE-AUDITED STATEMENT OF ACCOUNTS 2022/23 AND OUTTURN UPDATE 2022/23

The Sub-Committee considered a report which provided the pre-audited overview of the Cheshire East Council Outturn for the financial year 2022/23.

Officers responded as follows to questions raised by members:

- With regard to the overspend on Adult and Health services and whether this was likely to be a recurring overspend, there had been a net increase of £15M in the budget for the current financial year.
- As with other local authorities, the Council had an overspend on SEND compared to the High Needs funding block within the Dedicated Schools Grant. The Council must treat the accumulated overspending as a negative, and unusable, reserve. The Council continued to be in conversation with the Government and the matter had also been discussed at a recent County Councils Network meeting.

RESOLVED

That the Sub-Committee

1. notes the summarised position of the accounts for year ended 31st March 2023 as set out in the report at Appendix 1;
2. notes the dates in relation to the approval process for the Statement of Accounts;
3. agrees to the setting up of an informal session with the Officers to allow Members of the Sub-Committee the opportunity to discuss in more detail the Statement of Accounts and to report such discussions back to the Sub-Committee; and
4. notes the overall financial performance of the Council in the 2022/23 financial year, as contained within the report, as follows:
 - (a) A Net Revenue Overspend of £6.0m against a revised budget of £318.7m (1.9% variance) funded by the drawdown of £5.2m from the MTFS Earmarked Reserve and a reduction in the planned contribution of General Reserves by £0.8m.
 - (b) General Reserves closing balance of £14.1m.

- (c) Capital Spending of £116.4m against an approved programme of £125.2m (7.0% variance).

6 DRAFT PRE-AUDITED FINANCIAL STATEMENTS - WHOLLY-OWNED COMPANIES 2022/23 AND OUTTURN UPDATE 2022/23

The Sub-Committee considered a report which confirmed that the Council's wholly-owned companies (WOCs) would publish, on their websites, their pre-audit Summary Financial Statements for year ended 31st March 2023, alongside the Council's 2022/23 Group Financial Statements.

RESOLVED

That the Sub-Committee

1. notes the summarised position of the WOC Financial Statements for year ended 31st March 2023 as set out in the report at Appendix 1;
2. notes the dates in relation to the approval process for the Financial Statements;
3. agrees to the setting up of an informal session with the Council's Officers to allow Members of the Sub-Committee the opportunity to discuss in more detail the Financial Statements; and
4. notes the overall financial performance of the WOCs in the 2022/23 financial year, as contained within Appendix 1, as follows:
 - (a) ASDV Reserves increased by £0.462m less £0.291m dividend from TSS to CEC, leaving retained reserves at £1.949m.
 - (b) A further final dividend of £0.106m is due to CEC from TSS in 2023/24.
 - (c) Wholly-Owned Companies Net Core Contract Spending was £37.94m

7 LOCAL GOVERNMENT PENSION SCHEME AND CHESHIRE PENSION FUND

The Sub-Committee considered a report on the Local Government Pension Scheme.

The report described the main items for consideration in Cheshire East's financial planning and reporting for pensions, and how Members would be kept informed of these matters at future meetings.

RESOLVED

That the Sub-Committee

1. notes the contents of the report;
2. notes the Council's processes for making Member appointments to the Cheshire Pension Fund Committee, via the Corporate Policy Committee;
3. notes how pensions matters feature in the Council's ongoing financial planning and reporting arrangements, particularly the pensions-related financial assumptions that will be included in the next review of the Medium Term Financial Strategy; and
4. agrees that its work plan include receiving briefing papers through the year in respect of matters considered at the Pension Fund Committee.

8 APPOINTMENTS TO WORKING GROUPS AND WHOLLY-OWNED COMPANY BOARDS

The Sub-Committee considered a report on the appointment of members to the Sub-Committee's working groups, and 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.

It was noted that the members of the working groups could, where appropriate, be drawn from the wider Council membership but that the chair of each working group should be a member of the Sub-Committee. There was a preference, but not a requirement, for members of the Business Rates Working Group to be members of the Sub-Committee.

RESOLVED (unanimously)

That

1. The following working groups be re-established for the current municipal year on the basis set out in the report, and nominations to the groups be submitted to the Head of Democratic Services and Governance:
 - Finance Sub-Committee (ASDV Governance Review) Working Group
 - Shareholder Working Group
 - Business Rates 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 M Gorman – Orbitas
Councillor J Clowes – Tatton Park Enterprises

9 WORK PROGRAMME

The Sub-Committee considered its work programme for 2023-24.

The Director of Governance and Compliance informed members that there were a number of instances where future scheduled meetings of the Finance Sub-Committee clashed with planning committee meetings, with some members of the Sub-Committee sitting as members of the Northern Planning Committee. Democratic Services officers were considering alternative dates for future meetings of the Sub-Committee. It would then be for the Monitoring Officer in consultation with the Chair to agree any revised dates.

Members asked for an update on Bexton Court and the Stanley Centre, Knutsford, and the negotiations between the Council and the NHS. The Director of Finance and Customer Services undertook to arrange a written response.

RESOLVED

That

1. the work programme for 2023-24 be approved; and
2. officers notify members of the Sub-Committee of the revised dates for future meetings.

10 PROCUREMENT PIPELINE

The Sub-Committee considered a report which provided an update of the pipeline of procurement activity, provided an update on the Contract Management System (Atamis), confirmed the contracts awarded by the Council since April 2023 and provided an update on the number of cases where, and reasons why, procurement activity had required the use of waivers.

The detailed waivers referred to in the report would be considered in Part 2 of the meeting.

Members referred to the member working group appointed last year to consider an overview of the procurement process, including a close examination of a number of specific procurements. Members had found this to be a useful exercise and asked that it be repeated for the coming year. The Director of Finance and Customer Services responded that a suitable session would be provided.

RESOLVED

That the Sub-Committee

1. approves the 2 pipeline projects in Appendix 1, column H to the report as business as usual;
2. notes the reason for 2 waivers approved between 1st February 2023 and 31st March 2023 (24 in total in 2022/23);
3. notes the reason for 1 non-adherence approved between 1st February 2023 and 31st March 2023 (4 in total in 2022/23); and
4. notes the update on the contract management system.

11 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, 3 and 5 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 PROCUREMENT PIPELINE

Some members of the Sub-Committee were unable to access the restricted documents. It was therefore agreed that this item be deferred.

13 PROPOSED COMPANY MATTERS

The Director of Governance and Compliance gave an oral update on a matter relating to service delivery by Ansa. The previous reports on the matter had been made available to members of the Sub-Committee before the meeting. A briefing paper setting out the current position was shared with members at the meeting.

The Director, under authority delegated to him previously, consulted the Sub-Committee on a set of recommendations within the briefing paper.

Kevin Melling, Managing Director of Ansa, was present for this item and addressed members' questions.

Tom Shuttleworth, Interim Director of Environment and Neighbourhoods, was also in attendance for this item as the Director of CERF, the shareholder of Ansa.

Members asked if a suitable communications response could be prepared if needed. The Chair asked the Director to take the matter away for consideration.

RESOLVED (unanimously)

That

1. The update be noted;
2. The recommendations set out in the briefing paper be supported; and
3. Further updates be submitted to future meetings.

At this point, Messrs Melling and Suttleworth left the meeting.

14 **EXTRA CARE HOUSING PFI SCHEMES**

The Director of Finance and Customer Services gave an oral update on the Cheshire Extra Care PFI contract. A briefing paper setting out in detail the background to the matter was shared with members at the meeting.

RESOLVED

That the update be noted.

The meeting commenced at 3.30 pm and concluded at 6.38 pm

Councillor N Mannion (Chair)