

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Thursday, 11th January, 2024 in the Committee Suite 1, 2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor N Mannion (Chair)
Councillor M Gorman (Vice-Chair)

Councillors J Clowes, B Drake, R Kain, C O'Leary, F Wilson and A Harrison
(for Cllr Brown)

OFFICERS

Alex Thompson, Director of Finance and Customer Services
David Brown, Director of Governance and Compliance
Paul Mountford, Democratic Services
Julie Gregory, Legal Team Manager - Place/Corporate
Lianne Halliday, Head of Procurement

ALSO PRESENT

Councillors R Bailey and K Edwards
Kevin Melling, Managing Director of Ansa

APOLOGIES

Councillor D Brown

37 DECLARATIONS OF INTEREST

There were no declarations of interest.

38 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 2nd November 2023 be approved as a correct record.

With the consent of the Chair, Councillor K Edwards spoke in relation to Minute 33, and welcomed the Sub-Committee's support on the financial aspects of S106.

39 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

40 **THIRD FINANCIAL REVIEW 2023/24**

The Sub-Committee considered a report on the third review of the Cheshire East Council forecast outturn for the financial year 2023/24.

Officers advised that recommendations 5 and 6 of the report had been included in error and had been withdrawn. The recommendations would be added to the financial review reports to the Children and Families and Environment and Communities Service Committees.

The Director of Finance and Customer Services advised that the forecast overspend of £18.7m in 2023/24 had now been reduced to £13m. General Reserves stood at just over £14m. Officers would continue to seek to reduce further the projected overspend.

With the Chair's consent, Councillor R Bailey spoke as a visiting member, and referred to the Notice of Motion submitted to December Council calling for an LGA Corporate Peer Challenge review of the Council's forecast overspend. The Director of Governance and Compliance advised that the Notice of Motion had been referred to the Corporate Policy Committee and a report would be included on the agenda for the Committee's meeting on 13th February.

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

- The Council was still in discussion with the Government about the possibility of recovering £8.6m of expenditure incurred in preparation for the now cancelled HS2 Phase 2. The figure was still being treated as capital and was not part of the projected overspend.
- If the Council were unable to reduce the projected overspend to zero by the end of the financial year, reserves would have to be used.
- If the general reserves were reduced to nil, earmarked reserves would have to be utilised instead, regardless of their prior purpose. Additional savings would have to be made to restore reserves to an adequate level.
- The details of what would be included in the terms of reference of a peer review, how long it would take and at what cost, would be included in the report to the Corporate Policy Committee.

RESOLVED

That the Sub-Committee

1. notes the factors leading to a forecast adverse Net Revenue financial pressure of £13.0m against a revised budget of £353.1m (3.7%);
2. notes the forecast and further mitigations needing to be identified, aimed at bringing spending back in-line with budget;

3. notes the in-year forecast Capital Spending of £171.1m against an approved MTFS budget of £214.7m, due to slippage that has been re-profiled into future years;
4. notes the contents of Annex 1 and each of the appendices and note that any financial mitigation decisions requiring approval will be made in line with relevant delegations; and
5. as recommended by the Economy and Growth Committee on the 12th September 2023, unanimously approves a virement of £6.8m from the North Cheshire Garden Village project to create a separate project for the S106 Development obligations that is required by the Local Planning Authority to fund the initial infrastructure works on the site (as detailed in Appendix 7 Finance Sub-Committee, Section 5 Capital Strategy, Table 5.)

41 CHESHIRE PENSION FUND BRIEFING

The Sub-Committee considered a report which summarised the key points in the items presented to the Cheshire Pension Fund Committee on 1st December 2023.

Councillor Gorman, who was a member of the Cheshire Pension Fund Committee, referred again to the need for some of the Fund to be invested in local businesses. A report on the matter was to be submitted to the CPF Committee in February; he asked that a report be brought back to the Finance Sub-Committee.

Whilst sympathetic in principle, members stressed the need for the Fund to act in the best interests of its pensioners. Officers added that the Fund had a responsibility to avoid any investments which posed a risk to its members.

Officers undertook to discuss with the Chair whether to bring a report on the matter back to the Sub-Committee at a future meeting or to arrange an informal briefing for members.

RESOLVED

That the report be noted.

42 WORK PROGRAMME

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

Officers advised that an additional meeting of the Sub-Committee had been arranged for 31st January to discuss the MTFS.

Councillor Gorman advised that the Environment and Communities Committee had set up a member working group to oversee the delivery of

the recommended actions arising from the S106 audit. He suggested that the Finance Sub-Committee should also monitor the process.

Members were mindful that the Sub-Committee had a specific role in ensuring that the S106 monies were used. It was proposed that a report be added to the work programme for the Sub-Committee's meeting in June 2024.

RESOLVED

That subject to the addition of a report on S106 to the Sub-Committee's meeting in June, the work programme be noted.

43 PROCUREMENT PIPELINE

The Sub-Committee considered a report which provided an update on the pipeline of procurement activity, the contracts awarded this fiscal year, and 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.

A meeting of the Procurement Working Group had been held on 5th January 2024. Councillor M Gorman, as spokesperson for the Group, reported that the Group had focussed on risk and value for money, and had looked particularly at procurement over the last 12 months. The Group had asked for a further meeting to consider the boundary between statutory and non-statutory procurement, and the ability for the Council to operate a break clause, where appropriate, in contracts as a way of achieving savings. Councillor Clowes, who also attended the Group meeting, added that members had also asked to consider contracts that 'go wrong' to ensure that the processes for dealing with them were robust.

Councillor Clowes asked for further information on two items in Appendix 2 to the report, items C1600 and C1602, which related to insurance policies. The Head of Procurement undertook to provide a written response to all members of the Sub-Committee.

RESOLVED (unanimously)

That the Sub-Committee

1. approves the 3 pipeline projects in Appendix 1, column H of the report as business as usual;
2. notes the reason for 1 waiver approved between 1st September 2023 and 31st December 2023 (5 in total in 2023/24);
3. notes the contracts awarded since April 2023, Appendix 2;

4. notes the change to the public procurement legislation (paragraph 17 of the report), Public Contract Regulations 2023 and Provider Selection Regime; and

5. notes the feedback from the Procurement Working Group.

44 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 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.

45 PROCUREMENT PIPELINE

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

RESOLVED

That the details of the waiver referred to in the Procurement Pipeline report be noted.

46 ANSA COMMERCIAL OPPORTUNITY

The Sub-Committee considered a report on a commercial opportunity for Ansa Environmental Services Ltd.

Mr Kevin Melling, Managing Director of Ansa, attended for this item.

RESOLVED (unanimously)

That consideration of the proposal be deferred to a date to be determined by officers in consultation with the Chair or Vice-Chair.

The meeting commenced at 10.00 am and concluded at 12.12 pm

Councillor N Mannion (Chair)