

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 10th September, 2025 in the The Capesthorne Room -
Town Hall, Macclesfield, SK10 1EA

PRESENT

Councillor D Clark (Chair)
Councillor G Marshall (Vice-Chair)

Councillors D Brown, B Drake, S Gardiner, T Dean and R Vernon

OFFICERS IN ATTENDANCE

Ashley Hughes, Executive Director of Resources and S151 Officer
Chris Benham, Director of Finance
Tracy Baldwin, Strategic Finance Manager
Lianne Halliday, Head of Procurement
Julie Gregory, Acting Head of Legal Services
Nikki Bishop, Democratic Services Officer

15 APOLOGIES FOR ABSENCE

Apologies were received from Councillor C O'Leary. Councillor T Dean was present as substitute.

The Chair welcomed Chris Benham, Director of Finance, to his first Finance Sub Committee meeting.

16 DECLARATIONS OF INTEREST

There were no declarations of interest.

17 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 2 June 2025 be agreed as a correct record and signed by the Chair.

18 PUBLIC SPEAKING/OPEN SESSION

There were no registered speakers.

19 FIRST FINANCIAL REVIEW OF 2025/26

The committee considered the report which set out the First Financial Review 2025-26 position based on income, expenditure and known commitments as at the end of June 2025. The First Financial Review 2025-26 (FR1) reported a forecasted revenue outturn position as an adverse variance of £3.1m (after the application of planned use of Exceptional Financial Support £25.3m).

It was noted that the value of additional mitigation plans to improve the overall forecast, which had not been reflected as delivered at FR1, were estimated at £2.8m, giving an improved overall forecast of £0.3m overspend. However, the committee noted that should the mitigations not materialise, alongside further risks identified within the report, the forecasted overspend position could increase to £18.7m adverse.

The committee agreed that the overall forecasted revenue overspend of £3.1m remained a significant financial challenge for the Council when considered in addition to the planned use of EFS of £25.3m. It was noted that the Council's reserves (£26.1m) were insufficient to cover the forecasted revenue outturn for 2025-26 without further action. The committee queried the level of confidence in mitigations materialising before the end of the financial year to ensure a balanced budget could be set in February 2026. It was clarified that work had begun on the Second Financial Review 2025-26 and early indications suggested a stable position. Management controls were in place to ensure mitigation plans remained on track. This included monthly monitoring meetings with senior managers and finance partners and regular briefings within Directorate Management Team meetings and with the Corporate Leadership Team. The committee was assured that should the S151 become significantly concerned with progress and direction of travel, Members would be consulted at the earliest opportunity.

The committee noted that there was ongoing recruitment to fill a number of key vacancies across the Council. Use of consultants had been utilised on an interim basis, particularly within the Change Management Office, to deliver the transformation needed, at pace. Work was underway to add additional, permanent, resource to key services including Children's and Families in order to support the Council's improvement journey to 'Good'.

The committee took the opportunity to thank the S151 Officer and his finance team for their continued hard work and efforts. It was agreed that the FR1 position highlighted significant financial challenges for the Council and Members agreed that they would need to make difficult decisions in the future to set a balanced budget and manage risks.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £3.1m against a revised budget of £440.5m (0.7%).
2. Note the contents of Annex 1, Section 2 and review progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and to understand the actions to be taken to address any adverse variances from the approved budget.
3. Note the in-year forecast capital spending of £205.5m against an increased capital budget of £208.5m. This was adjusted at outturn following an approved MTFS budget of £173m.
4. Recommend to Council to approve the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1.
5. Note that the Adults and Health, Children and Families and Environment and Communities committees will be asked to approve the Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding over £500,000 and up to £1,000,000 as per Annex 1, Section 3, Table 2.
6. Note the Capital Virements above £500,000 up to and including £5,000,000 as per Annex 1, Section 4, Table 4 to be approved in accordance with the Council's Constitution.
7. Recommend to Council to approve the Supplementary Capital Estimate Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 4, Table 5.
8. Note the available reserves position as per Annex 1, Section 5.

20 ENTERPRISE CHESHIRE AND WARRINGTON - FIRST FINANCIAL REVIEW 2025-26

The committee considered the report which set out the First Financial Review of Enterprise Cheshire and Warrington (ECW) for 2025-26. A surplus of £0.1m was reported for FR1.

Enterprise Cheshire and Warrington was largely funded by various government initiatives such as the Growth Hub and Skills Boot Camp. Marketing Cheshire was more commercial in nature.

The committee noted that the combined financial position across Enterprise Cheshire and Warrington had resulted in a forecasted surplus position of just under £0.1m based on Quarter 1 data. Within this, Marketing Cheshire had reported a forecasted surplus of £16,741 compared to a budgeted deficit position of £33,259.

The committee highlighted the Devolution report that would be considered by all Members at the next Full Council meeting and queried how the outcome of the Council meeting could impact Enterprise Cheshire and Warrington – it was queried if Enterprise Cheshire and Warrington would continue to operation if devolution was not supported by Full Council. Equally, it was queried what would happen to the funds held by Enterprise Cheshire and Warrington if Full Council resolved to support devolution. Officers committed to providing a written response.

RESOLVED:

- 1 That the Finance Sub Committee
- 2 Note the information provided in the in-year financial review for Enterprise Cheshire and Warrington

21 COMPANIES DRAFT FINANCIAL STATEMENTS 2024/25

The committee considered the report which provided an overview of the Council's Wholly Owned Companies (WOCs) pre-audited Financial Statements for 2024-25 and a summary of the outturn position for the companies for the financial year 2024-25. It was noted that this report had recently been presented to the Council's Audit and Governance Committee in July 2025. The final audited Financial Statements would be presented to the Audit and Governance Committee in December 2025.

The committee noted that the WOCs reserves had decreased during 2024-25 leaving retained reserves at £0.848m. The WOC net core contract spending during 2024-25 was £43.611m which was slightly lower than in previous years, this reflected Orbitas services moving back in-house in February 2025.

It was clarified that once WOC services had been returned in-house, the reserves of that company would also be returned to the Council through a dividend payment which had already been taken into account within the Medium-Term Financial Strategy.

RESOLVED:

That the Finance Sub Committee

1. Note the summarised position of the WOC Financial Statements for year ended 31 March 2025 based on the information 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 WOC's in the 2024/25 financial year, as contained within the Appendix 1, as follows:

a. ASDV Reserves increased by £0.334m, retained reserves are £0.848m.

b. b. Wholly Owned Companies Net Core Contract Spending was £43.611m.

22 MEDIUM TERM FINANCIAL PLANNING ASSUMPTIONS - UPDATE (FINANCE SUB COMMITTEE)

The committee considered the report which updated on the development of the Medium-Term Financial Strategy (MTFS) 2026-2030 which had been further informed by Members of the Sub Committee Working Group which met in August 2025.

It was reported that whilst MHCLG had given a decision in principle to the Council in relation to Exceptional Financial Support for 2025-26, final confirmation was awaited. The conditions of use remained the same as previously agreed with MHCLG around capitalisation to deliver revenue budget transformation improvement. The costs of borrowing would be taken over a 20-year period. Members raised concerns in relation to the costs of borrowing however noted that without the application of EFS the S151 officer would not be able to provide a Section 25 Statement at the end of the year.

The committee noted that there had been further refinement to some of the budget assumptions and resulting values since the MTFS was approved in February 2025, as set out within the report. The committee queried the capital programme review to reduce the borrowing costs associated with the current MTFS planned programme by a third. It was agreed that informal conversations would commence next week at the officer Capital Board Review and members of the Sub Committee Working Group would be consulted prior to formal proposals being put to the committee at a public meeting.

The committee queried why the contingency budget had increased so significantly for 2026-27 compared to 2025-26. It was clarified that the 2026-27 contingency line included additionality for one off funding for transformation (£15m) and further transformation for Children's Services (£10m) along with other risks. Officers confirmed that there was a detailed breakdown of this which would be circulated to the committee.

An amendment was proposed by Councillor Gardiner, seconded and subsequently carried by a majority, in relation to recommendation 2, as set out below.

Amendment 1 - Recommendation 2

Work with officers and members to bring forward further budget change proposals to assist with presenting a balanced budget for 2026/27 (making use of Exceptional Financial Support) to the Corporate Policy Committee for consultation in November 2025.

A second amendment, which was accepted as a friendly amendment, was put forward in relation to recommendation 3, as set out below.

Amendment 2 – Recommendation 3

Recommend to Corporate Policy Committee to delegate to the S151 Officer the permission to continue dialogue with MHCLG on the continued use of Exceptional Financial Support over the life of this MTFS (2029-30).

RESOLVED (unanimously):

That the Finance Sub Committee

1. Note the updated budget assumptions for the period 2026/27 to 2029/30 including sensitivity analysis.
2. Work with officers and members to bring forward further budget change proposals to assist with presenting a balanced budget for 2026/27 (making use of Exceptional Financial Support) to the Corporate Policy Committee for consultation in November 2025.
3. Recommend to Corporate Policy Committee to delegate to the S151 Officer the permission to continue dialogue with MHCLG on the continued use of Exceptional Financial Support over the life of this MTFS (2029-30).

23 WORK PROGRAMME

It was highlighted that the 12 January 2026 meeting had now been moved to 30 January 2026.

RESOLVED:

That the Work Programme be received and noted.

24 PROCUREMENT PIPELINE

The committee considered the report which provided an overview of the pipeline of procurement activity, the contracts awarded during the financial year, and an update on the number of cases where and reasons why procurement activity had required the use of waivers.

The meeting adjourned for a 5 minute break at 11.40 am.

The committee noted the contract awarded to the 'Changing Lives Provider' for the provision of Christmas food hampers. It was clarified that

this related to food hampers provided for children and young people who were in receipt of free school meals during 2024. The funding for this provision came from the Holiday Activity Fund Grant from central government.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Approve the 14 pipeline projects in Appendix 1 column G as business as usual.
2. Note the reason for 12 waivers approved between 1 December 2024 and 31 July (18 in total in 2024/25 and 5 for 2025/26).
3. Note the contracts awarded since April 2025, Appendix 2.
4. Note that this paper be presented to the next meeting of the Audit and Governance Committee on 29 September 2025 for assurance with regards procurement waiver compliance and reporting.

The meeting commenced at 10.30 am and concluded at 11.50 am

Councillor D Clark (Chair)