

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Thursday, 7th November, 2024 in the Committee Suite 1,2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor D Clark (Chair)
Councillor L Anderson (Vice-Chair)

Councillors D Brown, J Clowes, K Edwards, J Rhodes, S Gardiner and R Kain

OFFICERS IN ATTENDANCE

Paul Goodwin, Acting Director of Finance (Deputy S151 Officer)
Lianne Halliday, Head of Procurement
Mandy Withington, Principal Lawyer
Tom Shuttleworth, Interim Director of Environment and Neighbourhoods
Hayley Kirkham, Programme Director
Nikki Bishop, Democratic Services Officer

21 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Chris O'Leary and Brian Drake.
Councillors Stewart Gardiner and Jill Rhodes were present as substitutes.

22 DECLARATIONS OF INTEREST

Councillor L Anderson, in the interests of openness and transparency,
declared an interest in relation to agenda item 11 (Procurement Pipeline –
P2 item).

Councillor S Gardiner, in the interests of openness and transparency,
declared an interest in relation to agenda item 12 (Review of Alliance
Environmental Services – P2 item).

23 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on Thursday 12 September 2024 be
approved as a correct record and signed by the Chair.

24 PUBLIC SPEAKING/OPEN SESSION

There were no registered public speakers.

25 SECOND FINANCIAL REVIEW OF 2024/25

The committee considered the report which provided an update on the forecasted outturn position for 2024-25, based on income, expenditure and known commitments as at the end of August 2024. The committee noted that the Second Financial Review forecast revenue outturn position was an adverse variance of £20.1m which was an improvement of £6.5m from the First Financial Review.

The committee noted the actions being taken to address adverse variances to urgently improve financial sustainability and agreed that whilst there had been some improvement from the First Review, the overspend of £20.1m remained a significant financial challenge for the council. Nationally, many local authorities across the country were facing similar pressures with available financial resources not supporting authorities to keep pace with exceptional levels of inflation, interest rates and increases in cost and demand for services.

The committee considered the position of the adults, health and integration service, and raised concerns around the direction of travel based on forecast performance in the year to date. It was noted that there was greater confidence in the mitigating actions being taken in the service to control overall spending including a reduction in agency staff and scrutiny of high-cost placements.

The committee noted the capital programme budget update and queried if there would be any further reduction in commitments going forward. The committee noted that there was work underway to re-profile capital expenditure and review the capital programme to ensure that capital borrowing remained affordable. An update would be provided to the Corporate Policy Committee in November.

The committee requested a more detailed analysis of agency staff costs and a breakdown of those agency staff covering business as usual work vs temporary work. The committee queried the costs of recruiting agency staff as opposed to permanent staff. Officers committed to providing a written response.

The committee acknowledged the difficult financial challenges facing the authority. It was noted that the forecast did not assume the use of the Exceptional Financial Support that was requested in 2023-24 and 2024-25. The requirements for the EFS borrowing were not yet known however it was anticipated that there would be flexibility in the council's ability to determine its borrowing and repayment strategy. It was noted that whilst the financial stability of the council could impact on borrowing from some lenders, the council would still be able to borrow from the Public Works Loan Board. It was queried if utilising EFS was better than issuing a section 114 notice. Officers committed to providing a written response.

RESOLVED (unanimously):

The Finance Sub Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £20.1m against a revised budget of £395.4m (5.1%), including the contents of Annex 1, Section 2 and progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and the actions to be taken to address any adverse variances from the approved budget.
2. Note the in-year forecast capital spending of £157.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.
3. Note the available reserves position as per Annex 1, Section 5.
4. Recommend to Full Council the approval of the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3, Table 1.
5. Recommend to Full Council the approval of the Supplementary Capital Estimate Request for Allocation of Additional Funding over £1,000,000 as per Annex 1, Section 4, Table 5.
6. Note that the Adults and Health Committee will be asked to approve the Supplementary Revenue Estimate Request for Allocation of Additional Grant Funding over £500,000 up to £1,000,000 as per Annex 1, Section 3, Table 2.
7. Note that the Highways and Transport Committee will be asked to approve the Supplementary Capital Estimate above £500,000 up to and including £1,000,000 as per Annex 1, Section 4, Table 4.
8. Note the Capital Virements above £500,000 up to and including £5,000,000 as per Annex 1, Section 4, Table 4 will be approved in accordance with the Council's Constitution.

26 MEDIUM TERM FINANCIAL STRATEGY UPDATE 2025/26 - 2028/29

The committee considered the report which set out progress on the development of the 2025-29 Medium-Term Financial Strategy. The committee noted that significant work had been undertaken to capture all the proposed budget changes for 2025-26 and over the medium-term, both from the transformation programme work and wider. A number of budget changes had been put forward however, to date, these did not go far enough to balance the budget for 2025-26.

Members noted the key headlines following the October 2024 budget announcements. Members felt it was important to be presented with both

'worst' and 'best' case scenarios in readiness for the local government settlement announcements in December, and that contingency planning was essential.

The committee noted that additional funding had been announced in the budget for local authorities for areas including SEND, Household Support Fund and resource funding for homelessness pressures. Cheshire East's allocation of the additional funding was not yet known however the committee noted that allocation based on a deprivation model was unlikely to assist Cheshire East and suggested that this was raised with MHCLG colleagues, as it would not be a true reflection of the needs of the wider borough.

RESOLVED:

That the Finance Sub Committee

1. Note the progress to date on the development of the MTFs 2025-29.
2. Note that officers will continue to challenge draft proposals and develop further proposals in consultation with Members prior to approval by Full Council.
3. Note that Committees will be presented with the opportunity to review the full set of financial proposals, designed to achieve a balanced budget, as part of their January cycle of meetings prior to recommendations being made to Council for approval.

27 WORK PROGRAMME

RESOLVED:

That the Work Programme be received and noted.

28 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:

That the Finance Sub Committee note the urgent decision taken by the Chief Executive.

29 **PROCUREMENT PIPELINE**

The committee considered the report which provided an update on the pipeline of procurement activity, contracts awarded during the fiscal year and an update on the use of waivers.

The committee noted the register of all contracts awarded and that contract reference C3224 – Crewe Youth Zone Project had been awarded a contract value of £4,739,997. Members requested an update on this and highlighted that this appeared in several other financial documentation with funds for the project coming from a number of different sources. Officers committed to providing a written response.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Approve the 5 pipeline projects in Appendix 1, column H as business as usual.
2. Note the reasons for 5 waivers approved between 1 June 2024 and 31 October 2024.
3. Note the reason for 1 non-adherence between 1 June 2024 and 31 October 2024.
4. Note the contracts awarded since April 2024 (Appendix 2).
5. Note the update on the Procurement Act.

30 **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.

31 **PROCUREMENT PIPELINE**

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

RESOLVED:

That the details of the waiver and non-adherence referred to in the Procurement Pipeline report be noted.

32 REVIEW OF ALLIANCE ENVIRONMENTAL SERVICES - UPDATE

The committee considered the report which provided an update on the review of Alliance Environmental Services.

RESOLVED (unanimously):

That the Finance Sub Committee agree the recommendations as set out within the P2 report.

The meeting commenced at 10.00am and concluded at 13.42pm

Councillor D Clark (Chair)