

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Monday, 3rd November, 2025 in the Committee Suites 1, 2, 3 -
Delamere House, Crewe, CW1 2JZ

PRESENT

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

Councillors L Anderson, D Brown, A Burton, J Clowes, S Gardiner and
J Rhodes

OFFICERS IN ATTENDANCE

Tracy Baldwin, Strategic Finance Manager
Chris Benham, Director of Finance
Nikki Bishop, Democratic Services Officer
Ashley Hughes, Executive Director of Resources and S151 Officer
Sal Khan, Interim Director - Finance Improvement
Chris Lunn, Democratic Services Officer
Kevin O'Keefe, Interim Director of Law and Governance (Monitoring Officer)
(Virtual attendance)

26 APOLOGIES FOR ABSENCE

Apologies were received from Councillors B Drake, C O'Leary and
R Vernon.

Councillors A Burton, J Clowes and J Rhodes were present as substitutes.

The Chair welcomed Councillor L Anderson to the Finance Sub-Committee.

27 DECLARATIONS OF INTEREST

Councillor D Clark, in the interests of openness and transparency,
declared an interest as a Cheshire Pension Fund recipient.

Councillor S Gardiner, in the interests of openness and transparency,
declared an interest as a potential beneficiary of the Cheshire Pension
Fund.

Councillor J Clowes, in the interests of openness and transparency,
declared an interest as a Cheshire Pension Fund recipient.

Councillor Anderson, in the interests of openness and transparency,
declared an interest as a Trustee of Everybody Health and Leisure.

Councillor S Gardiner, in the interests of openness and transparency, declared an interest as a Member of the Strategic Planning Board (SPB). Councillor Gardiner sought clarification as to whether he would need to leave the room during consideration of agenda item 6 - Medium Term Financial Strategy Consultation 2026/27 - 2029/30, as there was a reference to the redevelopment of Crewe that the SPB would link to. The Interim Director of Law and Governance (Monitoring Officer) advised Councillor Gardiner that he was correct to declare, but the nature of the interest was non-prejudicial and therefore Councillor Gardiner would not be required to leave the room during consideration of the item.

Following consideration of agenda item 5, in the interests of openness and transparency, Councillor D Brown declared an interest in agenda item 8 – The Liquidation of Cheshire Energy Network Ltd – as he was a director of the company. Councillor Brown would leave the room during consideration of the item and would not participate in the debate/vote.

28 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 10 September 2025 be agreed as a correct record and signed by the Chair.

29 PUBLIC SPEAKING/OPEN SESSION

There were no registered speakers.

30 SECOND FINANCIAL REVIEW 2025/26

The committee considered the report which set out the Second Financial Review 2025/26 position based on income, expenditure and known commitments as at the end of August 2025. It also identified actions that were being taken to address adverse variances to urgently address the Council's financial sustainability.

The Second Financial Review 2025-26 (FR2) reported a forecasted revenue outturn position as an adverse variance of £2.345m, after the application of planned use of Exceptional Financial Support (EFS) of £25.261m.

Councillor D Brown joined the meeting at 14:06.

It was noted that the value of additional mitigation plans to improve the overall forecast, which had not been reflected as delivered at FR2, were estimated at £1.933m, giving an improved overall forecast of £0.412m 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 £21.191m adverse.

The committee agreed that the overall forecasted revenue overspend of £2.345m remained a significant financial challenge for the Council when considered in addition to the planned use of EFS of £25.261m. It was noted that the Council's reserves (£27.131m) were insufficient to cover the forecasted revenue outturn for 2025/26 without further action.

The committee noted that, in summary, improvements were being made and positive outcomes being achieved, but it was acknowledged that significant further work was required.

The committee queried the term 'temporary virement' in recommendation three. It was clarified that this referred to an authorised transfer of funds that was in-year and affected only the current financial year. At the end of the financial year, the transfer of funds would be reversed and would revert to their original state.

The committee raised concerns around the significant pressures on Adult Social Care budgets, rising healthcare costs and provision of care that may not be eligible for NHS Continuing Healthcare funding. The report referenced budgets in relation to mental health and cognitive care, including dementia. The committee queried the level of NHS contributions and potential future financial pressures. It was clarified that there had been pressure from the NHS in terms of Continuing Healthcare over the summer months. Assessments were complex and once agreed the funding would be backdated. A breakdown of NHS-funded elements was requested for a future meeting, which officers would look into.

The committee welcomed improvements in the financial position from FR1 to FR2 but also stressed the need for continued effort from officers and members on service committees, as there was still significant progress to be made. Reference was made to Adult Social Care and Children's Services where there was a statutory responsibility to deliver support, which it was important to recognise.

The committee welcomed business case briefings and highlighted interest in capital projects going forward. It was stressed that Adult Social Care and Dedicated Schools Grant outcomes depended on the pace of transformation, and all committees needed to monitor progress closely between now and April 2026. Reference was made to the governance changes that would be implemented in May 2026.

The committee took the opportunity to thank the finance team for the report and their continued hard work and efforts. It was acknowledged that service departments were working hard with the finance team to develop mitigation plans and implement the necessary budget changes. The committee recognised the challenges faced and commented that the tasks ahead could not be underestimated.

RESOLVED (unanimously):

That the Finance Sub Committee:

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £2.345m against a revised budget of £360.198m (0.65%). To note the contents of Annex 1, Section 2 of the report 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.
2. Note the in-year forecast capital spending of £167.700m against an increased capital budget of £208.491m.
3. Approve the temporary virement of £1.415m budget from the Place Directorate to the Transformation budget, this relates to in year savings delivered of £1.039m to offset third party spend and £0.376m fees and charges.
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 of the report.
5. Note the Capital Virements above £500,000 up to and including £5,000,000 as per Annex 1, Section 4, Table 4 of the report to be approved in accordance with the Council's Constitution.
6. Note the Capital Budget Reductions as per Annex 1, Section 4, Table 5 of the report.
7. Note the available reserves position as per Annex 1, Section 5 of the report.

At this point in the meeting, Councillor Brown declared an interest in agenda item 8 ('Liquidation of Cheshire Energy Network Ltd') and advised that he would leave the room for the duration of that item. The Interim Director of Law and Governance (Monitoring Officer) read out an excerpt from the Members' Code of Conduct and confirmed that this would be the appropriate course of action.

31 MEDIUM TERM FINANCIAL STRATEGY CONSULTATION 2026/27 - 2029/30

The committee received an update on the development of the Medium-Term Financial Strategy (MTFS) for 2026–2030. Members noted that the Council continued to face significant financial challenges, with a forecasted budget gap of £18.2m for 2026/27, reduced from £33.3m following recent refinements.

The committee was referred to paragraph 8 of the report and requested to take into consideration information that referred to future years' financial positions, which outlined the potential for significant risk and uncertainty that could not be reflected in the current figures provided.

The report outlined key updates to financial assumptions, including revised growth allocations for Adult Social Care and Children's Services, the introduction of a 5% vacancy factor across staffing budgets, above-inflation increases in fees and charges, and the reprofiling of transformation pump priming budgets funded through capital receipts. Additional service budget adjustments and contingency for inflation were also highlighted.

In relation to fees and charges, the committee was informed about price elasticity and its impact on service charges, essentially how changes in price affected demand. An example cited was the enhanced mobile registration service for births at hospital bedsides, which was considered relatively price inelastic as those who could afford it were likely to pay regardless of cost. In contrast, fees for core services should be set to encourage usage.

Regarding the 5% vacancy factor, it was explained to the committee that a £7m cross-cutting workforce saving for 2026/27 would be delivered through a 5% vacancy factor, which was a mechanism for achieving the previously approved saving – it was not an additional reduction. There was currently no separate budget for vacancy factor, though it was apparent that services were already using vacancy control to manage budgets. Analysis of FR2 indicated an average delivery of approximately 4% across the authority, with variations by service area. It was noted that roles such as social workers, waste operatives, and care workers were not likely to be expected to be held vacant to meet this factor. Further discussion regarding the proposals would take place at relevant service committees.

The committee considered the draft savings proposals, which totalled £57.8m for 2026/27, with further savings planned through to 2029/30.

In terms of consultation, the committee noted that service committees would receive reporting on the budget for 2026/27 and the MTFS, with specific risks relating to their budgets described in those reports. These would be provided as background information to the next meeting of this committee in January 2026. For the public, a programme of engagement activity would take place during November and December 2025 to support the 2026/27 budget setting and consultation process.

The committee noted that, in relation to Exceptional Financial Support (EFS), without this the Council would have been at risk of entering Section 114 proceedings. The Best Value Notice contained four key actions, all of which needed to be delivered.

The committee queried blank entries in Table 4 (page 125) for financial years 2028/29 and 2029/30, and the reference to Outbound Mail (page 133). It was clarified that at the time of publication, further options were still to be identified for Children and Families, Corporate Policy, and Corporate Policy – Council Wide Transformation. Future transformation

plans would provide clear accountability and ownership. Regarding Finance Sub-Committee - Central Budgets, the figure of £14.95m reflected the application of increased capital receipts, which would reduce to £10m by 2029/30. This assumed that by 2029/30, flexible use of capital receipts would no longer be required to drive transformation. Officers would continue to monitor this position. The Outbound Mail budget line would also be subject to ongoing review.

The committee queried the Biodiversity Net Gain (BNG) credit figures identified on page 134. Reference was made to the New Towns Taskforce and proposed plans for development at Adlington, and consideration given to opportunities for BNG in other areas if this was not possible on the Adlington development site. It was explained that this would be revisited if the New Towns Taskforce work was progressed.

RESOLVED (unanimously):

That the Finance Sub Committee:

1. Note the updated budget position for the period 2026/27 to 2029/30 as set out in Table 3 of the report.
2. Note and feedback on the list of budget savings proposals that are contained in the budget consultation launched in November 2025 as contained in Annex 1 of the report.
3. Note the risks identified in paragraph 8 of the report and apply them to their scrutiny of the budget proposals.
4. Note that Corporate Policy Committee have been asked to approve the conditions for successful budget delivery as noted in paragraph 8 of the report.
5. Note that all service committees are being presented with the opportunity to review the savings proposals within their remit as part of the November cycle of meetings.

32 FINANCIAL LEADERSHIP IMPROVEMENT PLAN UPDATE

The committee considered the report which provided an opportunity to scrutinise the activities undertaken to improve financial leadership across Cheshire East Council.

A thematic plan had been established to respond to several external reviews commissioned by both the Council and Ministry of Housing, Communities and Local Government (MHCLG) to provide assurance on financial management. This work was ongoing during 2024/25 and led to a focused plan for 2025/26 being developed and considered in June 2025. This second review of the plan provided the progress as at the end of September 2025.

The report detailed the Council's progress against the Financial Leadership Improvement Plan, which outlined improvement activities aligned with external reviews, including the Corporate Peer Challenge, the

Chartered Institute of Public Finance and Accountability (CIPFA) Assurance Review, and the recent External Audit.

The committee queried the presentation of data in the tables at paragraph 12 (page 139), in particular the use of coloured headings and percentage figures at the bottom of some sections. Concern was expressed over items in the appendix still marked as red or amber, and assurance was sought that these were progressing appropriately. It was clarified that the percentage figure represented the change in the respective movement. The presentation of this information would be reviewed to improve clarity for future reports. Additionally, the committee suggested that RAG rating the available options; reviewing the use of colours and including a symbol key to show progress; and including wider commentary on items likely to slip would enhance the usefulness of the document. It was also requested that A3 paper copies of the report be provided at future meetings.

The committee welcomed the transparency and improvements shown in the reporting and thanked officers for their work.

RESOLVED (unanimously):

That the Finance Sub Committee:

1. Note the content and progress made against the Finance Leadership Improvement Plan.

33 LIQUIDATION OF CHESHIRE ENERGY NETWORK LTD

Prior to consideration of this item, Councillor D Brown left the room.

The committee considered the report which sought approval to undertake the necessary steps with Equans Services Limited to liquidate Cheshire Energy Networks Ltd.

The committee noted that Cheshire Energy Networks Limited was a company that was incorporated on 27 February 2016 as part of a joint venture between Cheshire East Council and Equans Services Limited.

The company had remained dormant since incorporation. With no future business activity envisaged, the joint venture shareholders (Cheshire East Council and Equans Services Limited) had discussed the liquidation of the company as it was no longer required.

A committee decision was required to enable the Directors and Officers to undertake the necessary steps to liquidate the company.

The committee queried the wording in paragraph 12 of the report, specifically the use of the acronym CEC, which appeared to suggest that the Council would make a self-referral of its own interest. Officers clarified that whether referred to as CEC or the Council in this regard, it remained

the case that the Council would carry out all related activities and retain full ownership of the interest in question.

The committee queried whether there had been a direct financial cost associated with establishing the arrangement, and now potentially dissolving it. It was explained that while officer time had been involved in preparing the Statement of Accounts, there was no known direct financial cost.

RESOLVED (unanimously):

That the Finance Sub Committee:

1. Approve that Cheshire Energy Networks Ltd can be liquidated and that Officers and Directors are authorised to take all necessary steps to do so.

Following the vote, Councillor D Brown returned to the room.

34 WORK PROGRAMME

The committee considered the Work Programme.

Reference was made to the January 2026 meeting and the number of reports that had been added to the Work Programme. The committee suggested that the meeting commence earlier to allow an extension to the time available, with a break to be incorporated into the schedule. The officers would take this away.

RESOLVED:

That the Work Programme be received and noted.

The meeting commenced at 2.00 pm and concluded at 3.00 pm

Councillor D Clark (Chair)