

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Wednesday, 7th September, 2022 in Committee Suite 1, 2 & 3,
Westfields, Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor A Stott (Chair)
Councillor S Carter (Vice-Chair)

Councillors D Brown, J Clowes, S Gardiner, N Mannion, B Puddicombe and
M Warren

OFFICERS

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

22 DECLARATIONS OF INTEREST

There were no declarations of interest.

23 PUBLIC SPEAKING/OPEN SESSION

There were no public speakers.

24 MINUTES OF PREVIOUS MEETING

RESOLVED

That the minutes of the meeting held on 6th July 2022 be approved as a correct record.

25 REVIEW THE MEDIUM-TERM FINANCIAL STRATEGY RESERVE

The Sub-Committee considered a report on the use of the Medium-Term Financial Strategy (MTFS) reserve to date and its forecast use within the MTFS 2022 to 2026. The purpose of the report was to improve the Sub-Committee's awareness of the approach to managing the Council's MTFS Reserve, including its creation and ongoing governance.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the reporting to date in respect of the MTFS reserve;

2. notes the forecast movements within the reserve over the next four years; and
3. notes the level of the reserve as part of the overall Reserves Strategy, having regard to the s.25 Report of the Chief Financial Officer (Annex A to the report).

26 **WORK PROGRAMME**

The Sub-Committee reviewed its work programme for 2022/23.

Officers reported that an item would be added to the work programme for the November meeting to appoint a working group to review the business plans of the wholly-owned companies.

Members discussed whether an item should be added to the work programme to consider the impact on the Council's finances and services of the developing cost of living crisis. On reflection, it was agreed that this would be a cross-cutting issue affecting all Council services and should probably sit with the Corporate Policy Committee. The Chair suggested that this should perhaps be addressed as part of the MTFs process rather than as a discrete agenda item.

With regard to the currently unallocated item relating to Section 106/CIL Oversight, members commented on the need for this to be allocated to a meeting as soon as possible and for information on S106 monies to be readily available.

RESOLVED (unanimously)

That subject to the proposed amendments and additional items discussed at the meeting, the work programme be noted.

27 **PROCUREMENT PIPELINE**

The Sub-Committee considered an update report on the procurement pipeline for the Council, the contracts awarded since April 2022 and procurement activity. The detailed waivers referred to in the report would be considered in Part 2 of the meeting.

At its meeting on 6th July 2022, the Sub-Committee had appointed a working group comprising Councillors Councillor S Carter, J Clowes and N Mannion to review several completed procurements and report back to the Sub-Committee. The working group had met on 5th August, with Councillor Mannion acting as chair. Councillor Mannion reported that the working group had considered an overview of the current procurement process, preparations for changes required by new legislation currently going through Parliament, and a close look at a small range of varied procurement exercises. The quality and clarity of the process was seen to be very good, with consistent application and compliance across the

authority. The group was also satisfied that the lessons learned were being accepted and that preparation for the forthcoming post-Brexit changes were well understood and implemented. The working group felt that there would be potential value in holding another such review at a future date. Councillor Clowes added that any changes to the procurement process would need to be reflected in the Constitution.

The Chair thanked the working group for its work.

RESOLVED (unanimously)

That the Sub-Committee

1. notes the procurement pipeline of activity in Appendix 1 to the report;
2. approves the two new pipeline projects in Appendix 1 as business as usual;
3. notes the contracts awarded by the Council since April 2022, Appendix 2;
4. notes the reason for seven waivers approved between 1st June 2022 and 31st August 2022 (13 in total in 2022/23); and
5. notes the report of the procurement working group.

28 COMMENCEMENT ASDV GOVERNANCE REVIEW

The Sub-Committee considered a report proposing immediate changes to governance and reporting arrangements of the Council's wholly-owned companies following a review of recently-published CIPFA good practice guidance on local authority-owned companies and the findings of Public Interest Reports on the governance arrangements of various local authority companies. Appendix 4 to the report contained exempt information and would be considered in Part 2 of the meeting.

Kevin Melling, Managing Director of Ansa and Orbitas, attended the meeting and, at the invitation of the Chair, spoke on this matter.

Members commented that the review of governance arrangements should include Tatton Park Enterprises.

RESOLVED (unanimously)

That the Sub-Committee

1. supports the contents of the CIPFA Guidance (Local Authority Companies: a good practice guide, 2022), Public Interest Reports and the Governance reports (Appendix 3 to the report);

2. agrees the appointment of a member of the Finance Sub-Committee as a shareholder representative and an observer to the board of each company, with access to all information, the members appointed being:

Councillor A Stott - Ansa
Councillor D Brown - Orbitas
Councillor S Gardiner - Tatton Park Enterprises

3. agrees that all Directors of wholly-owned companies immediately receive formal training and that both Cheshire East Council and each company provides the shareholder with a programme of training and implementation dates;
4. agrees that arrangements be put in place for:
 - (a) quarterly reporting of Company Accounts to the Corporate Leadership Team (CLT) and the Shareholder (via the Shareholder Working Group); and
 - (b) annual reporting of Company Accounts to the Audit and Governance Committee;
5. agrees the terms of reference for the governance review at Appendix 2, subject to an amendment to provide that a working Group of 7, comprising 5 elected members and 2 officers (the latter representing the Finance and Legal services respectively), be appointed to undertake a full review of the structure and governance of the Council's wholly-owned companies in line with the Guidance (and toolkit for undertaking strategic and governance reviews), following which a further report will be brought before the Committee;
6. agrees that the working group referred to in resolution 5 comprise the following elected members:

Councillor D Brown
Councillor S Carter
Councillor S Handley
Councillor S Pochin
Councillor L Smetham
7. confirms the closure of Cheshire East Residents First (CERF) and delegates authority to the Director of Governance and Compliance, in consultation with the working group where appropriate, to make any consequential changes to the governance structure of the Council's ASDVs, their respective governance documents (including the Shareholders Agreements) and the Constitution of the Council as necessary in order to implement the revised arrangements.

29 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 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.

30 COMMENCEMENT ASDV GOVERNANCE REVIEW

The Sub-Committee considered Appendix 4 to the ASDV Governance Review report.

RESOLVED

That the Appendix be noted.

31 PROCUREMENT PIPELINE

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

With regard to a waiver referred to on page 295 of the agenda, members asked if there was funding from the CCG. Officers undertook to provide a written response.

RESOLVED

That the details of individual waivers be noted.

The meeting commenced at 2.00 pm and concluded at 3.36 pm

Councillor A Stott (Chair)