

CHESHIRE EAST COUNCIL

Minutes of a meeting of the **Finance Sub-Committee**
held on Thursday, 12th September, 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, B Drake, K Edwards, S Gardiner and R Kain

OFFICERS IN ATTENDANCE

Adele Taylor, Interim Director of Finance and Customer Services
Janet Witkowski, Interim Director of Governance and Compliance
Paul Goodwin, Head of Finance
Rachel Graves, Democratic Services Officer

13 APOLOGIES FOR ABSENCE

Apologies were received from Councillor C O'Leary. Councillor S Gardiner attended as a substitute.

14 DECLARATIONS OF INTEREST

No declarations of interest were made.

15 MINUTES OF PREVIOUS MEETING

RESOLVED:

That the minutes of the meeting held on 25 June 2024 be approved as a correct record.

16 PUBLIC SPEAKING/OPEN SESSION

Councillor S Corcoran addressed the committee in relation to the First Financial Review 2024/25. Cllr Corcoran referred to the forecast overspends of £20m in Adults and £7m in Childrens services and asked what was being done about it. He suggested that future forecasts should include worst case, best case, and most likely scenarios as this would allow an understanding of how big the range of possible outcomes was. He stated that it was a concern to see big variances forecast so soon after the budget had been set. He suggested that the Sub Committee should look at reviewing financial controls and consider what controls there were on payments to ensure that payments outside of the budget had extra scrutiny and how variances to the budget were reported to managers so

that they knew whether they were on budget and what actions were being taken if not.

17 FIRST FINANCIAL REVIEW 2024/25

The Sub-Committee considered a report on the first review of the Cheshire East Council forecast outturn for the financial year 2024/25.

Performance against the 2024/25 Budget within each service committee, and the Finance Sub-Committee was outlined in Table 1 of the report. The Council was forecasting an additional in-year pressure of £26.5m - this was before the application of any exceptional financial support.

It was noted that the report format had been changed so that one finance report with a single set of information would go to each service committee to enable them to consider and see the full financial position.

The Sub Committee asked about the funding of capital programme and in response it was stated that these schemes were funded through several ways, with some grant funded and others by borrowing. Costs would also occur in the revenue account as interest would need to be paid on the money borrowed. Table 2 in the report provided an update on the capital programme cost against those set in the budget and the estimate costs for the next four years. A full review of the capital programme was being undertaken as part of the actions to reduce the overspend. Table 4 in the report set out the forecast borrowing included in the capital programme set out the interest charges on the borrowing and the impact on the revenue budget.

Members sought clarification on the reasons for the overspends in the Children Services and Adults budgets. It was stated that the overspends forecast were the expected overspends at the end of the year if nothing changed. The overspends arose from a number of factors as these services were demand led and more people than anticipated had come to the Council for support. This included an increase in the number of former self-funders seeking local authority funding to meet their care costs. Other factors included the increase in costs of providing care due to increases in the National Living Wage, an increase in the discharge activities from hospitals which affected the pricing and demand of adult social care, and a reduction in acute care beds which meant having to provide care for those with more complex care needs.

The Sub Committee, whilst noting that the Adults and Health Committee and the Children and Families Committee would be considering the first financial review for their areas, were concerned about the overspends and proposed that this be referred up to the Corporate Policy Committee to look at in more details, as these overspends were largely outside the remits of the MTFs.

It was noted that mitigation for the overspending included the selling assets, and it was stated that the Council had an asset disposal programme. The disposal of an asset resulted in a capital receipt, however the Council had to achieve best value for any sold. The market value achieved may be less than the valuation of the asset.

RESOLVED: That the Sub Committee

- 1 note the factors leading to a forecast adverse Net Revenue financial pressure of £26.5m against a revised budget of £387.6m (6.8%), the contents of Annex 1, Section 2 and the progress on the delivery of the MTFS approved budget policy change items, the RAG ratings and latest forecasts, and the actions taken to address any adverse variances from the approved budget.
- 2 note the in-year forecast capital spending of £164.5m 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 note the Capital Virements above £500,000 and up to an including £5,000,000 as per Annex1, Section 4, Table 3 will be approved in accordance with the Council's Constitution.
- 5 note that Council will be asked to approve Supplementary Revenue Estimate Requests for Allocation of Additional Grant Funding over £1,000,000 as per Annex 1, Section 3. Table 1.
- 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 3.
- 8 the Finance Sub Committee recommend to the Corporate Policy Committee the examination of children services and adults as areas for consideration as their performance lies outside the parameters of the MTFS.

The meeting adjourned for a 5-minute break.

18 MEDIUM TERM FINANCIAL PLANNING ASSUMPTIONS

The Sub Committee considered the update report on the development of the Medium-Term Financial Strategy 2025 to 2029.

The budget assumptions had been reviewed on a line-by-line basis by the Sub Committee's Working Group session in August 2024. No specific changes to the assumptions had been identified at the session but it was agreed that additional sessions could be used for further review as more information and certainty came to light. The Working Group had also considered a set of draft budget principles that could be followed to assist focus and clarity when making financial decisions.

The Medium-Term Financial Strategy would need to fully reflect the impact of proposals emerging from the Council's Transformation Programme. The preparation of proposals for the Medium-Term Financial Strategy and the consultation period in order to support Member consideration and the setting of the budget were now more likely to be later than originally planned, with the formal public consultation period more likely to begin in November.

RESOLVED (unanimously): That the Sub Committee

- 1 note the updated information contained in the report in relation to potential improvements in the central funding assumptions.
- 2 note the change in timeline for preparation of the MTFS 2025-29 and the public consultation period, as described in the report, as relating to the consideration of in-year financial pressures and the development of proposals from the Council's Transformation Programme.

19 CIPFA FINANCIAL MANAGEMENT CODE (FM CODE) SELF ASSESSMENT & ACTION PLAN 2023/24

The Sub Committee considered the update report on the progress in implementing the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Management Code.

The 2023/24 self-assessment and draft action plan had been developed following two informal briefings with Sub Committee members in June 2024 at which each Principle and Standard of the Code were discussed in detail.

A further report would be brought to the Sub Committee in January 2025 to update on the latest 2024/25 in year progress against the Action Plan and also provide an updated self-assessment position against the Financial Management Code.

RESOLVED (unanimously): That the Sub Committee

- 1 note the contents of the report and the 2023/24 self-assessment against the principles of the Chartered Institute of Public Finance & Accountancy Financial Management Code and the action plan.
- 2 approve the 2023/24 self-assessment position (as at March 2024) in Appendix 2 to the report - Cheshire East Council's current level of compliance with the Chartered Institute of Public Finance & Accountancy Financial Management Code Framework.
- 3 approve the Action Plan, as presented in Appendix 3 to the report.

20 **WORK PROGRAMME**

The Sub Committee considered its work programme.

It was reported that the November committee would receive a report on the half yearly financial performance of Enterprise Cheshire & Warrington. This would allow time to develop appropriate procedures for financial reporting, and related matters, in respect of the new entity, particularly in the context that it was a jointly owned company and that Cheshire West & Chester and Warrington Councils needed to be equally sighted on such reports, and also in the context of the role of the related Cheshire and Warrington Joint Committee.

It was noted that on future version of the Work Programme items would be identified as those which were for decision and those for scrutiny and that there would be opportunity to identify further areas of scrutiny that the Committee could be involved in, such as policy development.

RESOLVED:

That the Work Programme be noted.

The meeting commenced at 5.00 pm and concluded at 7.41 pm

Councillor D Clark (Chair)