

## **COUNCIL MEETING – 20<sup>TH</sup> JULY 2022**

### **PROVISIONAL FINANCIAL OUTTURN 2021/22**

#### **RECOMMENDATION**

**That Council approve**

- 1. fully-funded supplementary revenue estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2, Table 1; and**
  - 2. the virement of £2.3m in 2022/23 from the Medium-Term Financial Strategy Reserve to the General Reserve as detailed in Appendix 5, paragraph 4.**
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Extract from the Minutes of the Finance Sub-Committee meeting on 6<sup>th</sup> July 2022

#### **15 PROVISIONAL FINANCIAL OUTTURN 2021/22**

The Sub-Committee considered a report providing the pre-audited overview of the Cheshire East Council outturn for the financial year 2021/22. The report also proposed treatment of year-end balances that reflected risks identified in the Medium-Term Financial Strategy approved by Council in February 2022.

The report included a narrative from the Council's Draft Group Accounts, to highlight financial performance within the year, as well as associated appendices to show how the Council had achieved against the priorities contained within the Corporate Plan as well as other important financial matters.

The Chair placed on record her thanks and appreciation to the Director of Finance and Customer Services and the Finance Team for their work in producing the outturn report.

Members commented as follows in relation to the report:

- There was concern that whilst the Council's finances were being managed in an efficient and transparent way, there were numerous projects within the capital programme that were not proceeding as planned. The Director of Finance and Customer Services advised that, owing to the upheaval of the pandemic and subsequent movements within the labour market, both the Council and its contractors were facing capacity issues at the present time, as had been highlighted previously. There was also a need to reprofile planned projects in view of the current high rate of inflation. Each service committee would be asked to review its programmes and priorities with a view to officers updating committees in the September/October cycle. On the specific question of staff recruitment and retention, the Director undertook to take the matter away for further consideration and report back both to this and other service committees.

- Whilst the proposed increase in the level of General Reserves was welcomed, members asked if there was a benchmark to which councils should work based on a specific number of days' operating costs, as happened in certain other sectors. The Director of Finance and Customer Services responded that there had never been a benchmark for councils in relation to reserves but that the Corporate Plan had set a target of £20M for General Reserves. He undertook to ascertain how the Council was benchmarking against neighbouring and comparator authorities and report back.

## **RESOLVED (unanimously)**

That the Sub-Committee

1. notes the overall financial performance of the Council in the 2021/22 financial year, as contained within the report, as follows:

(a) a Net Revenue Underspend of £1.1m against a revised budget of £297.4m (0.4%);

(b) an increase in General Reserves from £11.5m to £12.6m (further recommendation at 3.5.3); and

(c) Capital Spending of £84.5m against an approved programme of £144.9m (58.4%);

2. notes the contents of each of the following appendices:

Appendix 1 – Narrative from the Draft Group Accounts – providing context of the area and its people, commentary on performance and introduces the financial statements of the Council and the wider Group of Companies for the period 1 April 2021 to 31 March 2022;

Appendix 2 – Grants and Requests for Supplementary Revenue Estimates – including details of revenue grants received during 2021/22 and providing supplementary revenue requests relating to grants received in addition to existing budget;

Appendix 3 - Debt Management – providing a debt summary by directorate;

Appendix 4 – Capital Outturn and Requests for Supplementary Capital Estimates and Virements – including an update on the capital programme and details requests for supplementary capital estimates and virements;

Appendix 5 – Reserves Strategy – which details the reserve outturn position;

Appendix 6 – Treasury Management Strategy – year-end Treasury Management report including an economic outlook, borrowing and investing strategies and treasury management indicators; and

Appendix 7 – Investment Strategy – providing details about different types of investments that the Council holds;

3. approves supplementary revenue estimates up to and including £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2, Table 1;
4. approves supplementary capital estimates up to and including £1,000,000 and Capital Virements up to and including £5,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 4, Annex C; and
5. recommends to Council approval of:
  - (a) fully-funded supplementary revenue estimates over £1,000,000 in accordance with Financial Procedure Rules as detailed in Appendix 2, Table 1; and
  - (b) the virement of £2.3m in 2022/23 from the Medium-Term Financial Strategy Reserve to the General Reserve as detailed in Appendix 5, paragraph 4.