

Highways and Transport Committee

Agenda

Date:	Tuesday 30th January 2024
Time:	10.00 am
Venue:	Capesthorne Room, Macclesfield Town Hall

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

It should be noted that Part 1 items of Cheshire East Council decision meetings are audio recorded and the recordings will be uploaded to the Council's website

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Apologies for Absence**

To note any apologies for absence from Members.

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any disclosable pecuniary interests, other registerable interests, and non-registerable interests in any item on the agenda.

3. **Public Speaking/Open Session**

In accordance with paragraph 2.24 of the Council's Committee Procedure Rules and Appendix on Public Speaking, set out in the [Constitution](#), a total period of 15 minutes is allocated for members of the public to put questions to the committee on any matter relating to this agenda. Each member of the public will be allowed up to two minutes each to speak, and the Chair will have discretion to vary this where they consider it appropriate.

Members of the public wishing to speak are required to provide notice of this at least three clear working days' in advance of the meeting.

For requests for further information

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4. **Medium Term Financial Strategy Consultation 2024/25 - 2027/28 Provisional Settlement Update** (Pages 3 - 18)

To consider the proposals within the budget consultation relating to the Committee's responsibilities.

Membership: Councillors C Browne (Chair), L Braithwaite, R Chadwick, P Coan, A Coiley, L Crane (Vice-Chair), H Faddes, A Gage, C Hilliard, A Moran, H Moss, J Priest and M Sewart

OPEN

Highways and Transport Committee

Tuesday, 30 January 2024

**Medium Term Financial Strategy
Consultation 2024/25 - 2027/28
Provisional Settlement Update**

Report of: Alex Thompson, Director of Finance and Customer Services (s151 Officer)

Report Reference No: HTC/25/23-24

Ward(s) Affected: All Wards

Purpose of Report

- 1 The Highways and Transport Committee is being asked to provide feedback, as consultees, on the development of the Cheshire East Medium-Term Financial Strategy 2024/25 to 2027/28. Feedback is requested in relation to the responsibilities of the Committee.
- 2 The Medium-Term Financial Strategy (MTFS) sets out how the Council will resource the achievement of the Corporate Plan and the budget change proposals within that report are subject to consultation and approval on an annual basis.
- 3 Developing the MTFS requires a wide range of stakeholder engagement. Members are key stakeholders in their capacity as community leaders and also have specific responsibilities as decision makers in setting the Council's budget.
- 4 All feedback will be collated and provided as evidence to the Corporate Policy Committee on 13 February 2024.
- 5 Final approval of the 2024/25 budget will take place at full Council on 27 February 2024 following recommendation from the Corporate Policy Committee.

Executive Summary

- 6 Financial strategies underpin how Cheshire East Council will allocate resources, achieve the Corporate Plan and provide in the region of 500 local services every day. The strategies must be affordable, based on robust estimates and balanced against adequate reserves.
- 7 Committees are responsible for overseeing the achievement of the Council's priorities contained within the Corporate Plan. Resources for the 2023/24 financial year, including Revenue, Capital and Reserves were allocated by the Finance Sub-Committee in March 2023, following the budget Council. All resources are allocated to a specific Service Committee or the Finance Sub-Committee.
- 8 The reports received by Committees in November 2023 set out the indicative budget envelopes for Committee budgets for 2024/25. The reports recommended that officers work with Members to develop further proposals to enable budgets to be set within each envelope for 2024/25.
- 9 The indicative budget envelopes for 2024/25 for all Committees were set as follows:

	2023/24 Original Approved budget	2024/25 Revised indicative budget envelope*	2024/25 Roll forward proposals	2024/25 Target growth/ savings	2023/24 Pay inflation shortfall	2024/25 Overall Committee target
	£m	£m	£m	£m	£m	£m
Adults and Health	136.3	137.7	+6.1	-5.5	+0.8	+1.4
Children and Families	79.1	89.0	+2.9	+6.4	+0.6	+9.9
Corporate Policy	41.0	41.2	+1.0	-1.2	+0.4	+0.2
Economy and Growth	25.0	27.0	+2.4	-0.7	+0.2	+2.0
Environment and Communities	48.3	47.2	-0.3	-1.6	+0.7	(1.1)
Highways and Transport	11.0	12.3	+1.5	-0.4	+0.1	+1.3
Finance Sub (Central)	12.4	18.4	+6.1	-	-	+6.0
TOTAL	353.1	372.7	+19.6	-2.8	+2.8	+19.6

Note 1 - Full list of budget proposals for 2024/25 is included at Appendix A

Note 2 – there may be roundings present in the table totals and when compared to Appendix A due to the presentation to one and three decimal places respectively.

** virements between Committees during 2023/24 will revise the figures for the 2024/25 permanent budgets and will be set out within the MTFs budget report.

- 10 Work by members and officers has been undertaken since these meetings to put forward key change proposals for 2024/25 that help to align budgets to these targets, exceeding targets wherever possible.
- 11 The key budget change proposals are contained within the Budget Consultation survey which was launched on 9 January 2024. The consultation is due to run until 28 January 2024. Feedback received up to the close of 22 January will be shared with all members as soon as is available.
- 12 The budget items identified in the consultation were insufficient to ensure long term financial viability for the council. It is therefore necessary to raise additional income or reduce expenditure further and additional general themes/options were put forward in the consultation for consideration of how to achieve this. The consultation proposals are summarised in the table below:

Proposal details included at Appendix A	Overall Committee target £m	Budget change proposals (growth) £m	Budget change proposals (savings) £m	Shortfall (-) / exceeding (+) target £m
Adults and Health	+1.4	+10.8	(9.7)	+0.3
Children and Families	+9.9	+15.6	(5.7)	-
Corporate Policy	+0.2	+2.5	(5.2)	+2.9*
Economy and Growth	+2.0	+4.9	(1.6)	(1.3)
Environment and Communities	(1.1)	+8.2	(8.2)	(1.1)
Highways and Transport	+1.3	+5.8	(1.0)	(3.5)
Finance Sub (Central)	+6.0	+14.6	-	(8.6)
Finance Sub (Funding)	-	-	(18.2)	(1.4)
TOTAL	+19.6	+62.4	(49.6)	(12.7)

*includes cross cutting savings proposal of £3.2m relating to agency and overtime costs which will be apportioned across service committees

- 13 Committees should aim to put forward additional change proposals to either meet or exceed their committee target to ensure that an overall balanced position for the Council can be recommended by Corporate Policy to full Council on 27 February 2024.
- 14 The Provisional Local Government finance settlement was received on 18 December 2024. There was no material impact on the target funding envelope for the Highways and Transport Committee.

RECOMMENDATIONS

The Highways and Transport Committee are being asked to:

- (a) Recommend to the Corporate Policy Committee, for their meeting on 13 February 2024, all proposals within the budget consultation, as related to the Committee's responsibilities, for inclusion in the Council's budget for 2024/25.
- (b) Identify further budget change proposals, as related to the Committee's responsibilities, that could assist Corporate Policy Committee in presenting an overall balanced budget to Council for 2024/25.

Background

- 15 The Council's financial resources are provided from a combination of local taxes, government grants, investment returns on assets and other direct contributions from individuals or organisations. Financial plans are based on estimated spending and income over the next four years and the report of the Chief Finance Officer brings Members' attention to the processes and risks associated with developing these estimates.
- 16 The Council aims to achieve value for money based on Economy (how much we pay for things), Efficiency (how well we use things) and Effectiveness (how we use things to achieve outcomes). Public feedback and internal and external scrutiny create the necessary framework to hold the Council to account for achieving these aims.
- 17 All councils are legally required to set a balanced budget each year and the immediate focus will be on balancing the 2024/25 financial year rather than on the whole medium term as has been the case previously. This reflects the extremely challenging circumstances all councils are facing currently.
- 18 The budget consultation is based on the Provisional Local Government Finance Settlement for 2024/25. This was released on 18 December 2023. The final settlement is expected in early February 2024 with a debate by Members of Parliament in the House of Commons expected in mid-February (after the publication date of this report to Committee) to agree the final position.
- 19 The provisional settlement set out the Core Spending Power for the authority, based on the assumption that council tax will be increased in line with the maximum allowable before a referendum would have to be held (4.99%). Some of the grants included in the Core Spending Power

calculation are ringfenced for use within the relevant service. There was no material impact on the target funding envelope for the Highways and Transport Committee.

- 20 Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 27 February 2024.

Consultation and Engagement

- 21 This report forms part of the consultation process for Members on the budget setting for 2024/25. Each committee will receive a report covering their own area of responsibilities.
- 22 All feedback from each Committee will be presented to the Corporate Policy Committee. That Committee will then make recommendations on spending and income estimates for 2024/25 to the full Council meeting on 27 February 2024.
- 23 This report and other committee meeting debates will form part of a series of engagement events with wider stakeholders to gather opinion and collate feedback on the final budget for 2024/25.

Reasons for Recommendations

- 24 In accordance with the Constitution, Committees play an important role in planning, monitoring and reporting on the Council's finances. Each Committee has specific financial responsibilities.
- 25 The Council's annual budget must be balanced. The proposals within it must be robust and the strategy should be supported by adequate reserves. The assessment of these criteria is supported by each Committee having the opportunity to help develop the financial proposals before they are approved by full Council.

Other Options Considered

- 26 The Council has a legal duty to set a balanced annual budget taking regard of the report from the Chief Finance Officer. As such options cannot be considered that would breach this duty. Any feedback from the Committee must still recognise the requirement for Council to fulfil this duty.
- 27 There is no option to "do nothing". The Council has statutory obligations to provide certain services, which would be unaffordable if the Council failed to levy an appropriate Council Tax.

Implications and Comments

Monitoring Officer/Legal

- 28 The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.

Section 151 Officer/Finance

- 29 The Council's financial resources are agreed by Council on an annual basis and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively, and that business planning and financial decision making are made in the right context.
- 30 Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. If spending associated with in-year delivery of services is not contained within original forecasts for such activity it may be necessary to vire funds from reserves.
- 31 The requirement to use reserves to fund annual spending is not sustainable. The unplanned use of financial reserves will therefore require the Council to deliver a greater level of future savings to replenish reserve balances and reduce the level of risks associated with the development of the Reserves Strategy in future.
- 32 The risk associated with the scale of the current financial challenges, in line with many councils in England, is that the Council could act illegally, triggering the requirement for a Section 114 report from the Chief Financial Officer. Illegal behaviour in this context could materialise from two distinct sources:
- (a) Spending decisions could be made that exceed the available resources of the Council. This would unbalance the budget, which is unlawful.
 - (b) Spending decisions to restrict or hide pressures could be made that avoid an immediate deficit, but in fact are based on unlawful activity.
- 33 The consequences of the Council undermining a budget with illegal activity, or planned illegal activity, is the requirement to issue a s.114 report. Under these circumstances statutory services will continue and existing contracts and commitments must be honoured. But any spending that is not essential or which can be postponed must not take place.

- 34 Further consequences would be highly likely and could include the appointment of Commissioners from the DLUHC, and potential restrictions on the decision-making powers of local leaders.

Policy

- 35 The existing Corporate Plan and the refreshed plan due to be approved later in 2024 will drive and inform Council policy and priorities for service delivery. The priorities and actions may have direct policy implications and will be considered on a case-by-case basis.

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Equality, Diversity and Inclusion

- 36 Under the Equality Act 2010, decision makers must show “due regard” to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation;
 - (b) Advance equality of opportunity between those who share a protected characteristic and those who do not share it; and
 - (c) Foster good relations between those groups.
- 37 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.
- 38 Having “due regard” is a legal term which requires the Council to consider what is proportionate and relevant in terms of the decisions they take.
- 39 The Council needs to ensure that in taking decisions on the Medium-Term Financial Strategy and the Budget that the impacts on those with protected characteristics are considered. The Council undertakes equality impact assessments where necessary and continues to do so as proposals and projects develop across the lifetime of the Corporate Plan. The process assists us to consider what actions could mitigate any adverse impacts identified. Completed equality impact assessments form part of any detailed Business Cases.
- 40 The proposals within the MTFs include positive and negative impacts. A separate Equality Impact Assessment for the budget as a whole is routinely included in the full MTFs report each year.

- 41 The Corporate Plan's vision reinforces the Council's commitment to meeting its equalities duties, promoting fairness and working openly for everyone. Cheshire East is a diverse place and we want to make sure that people are able to live, work and enjoy Cheshire East regardless of their background, needs or characteristics.

Human Resources

- 42 Consultation on the budget change proposals will include staff. Any changes involving staff will be managed in consultation with staff and Trade Unions.

Risk Management

- 43 Cheshire East recognises that in pursuit of its objectives and outcomes, it may choose to accept an increased degree of risk. Where the Council chooses to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before developments are authorised, that it has sufficient risk capacity and that sensible measures to mitigate risk are established.
- 44 The Council also establishes a level of reserves that are adequate to protect the Council against financial risks, such as emergencies, which are not specifically budgeted for in individual years.
- 45 The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. The full Budget Report will include a revised Reserves Strategy for 2024/25 to provide further detail on estimated balances and the application of reserves in the medium term.

Rural Communities

- 46 There are no direct implications for rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 47 Budget change proposals and further mitigations that need to be identified which will affect the Children's area of the budget have been set out in the report to the Children and Families Committee.

Public Health

- 48 There are no direct implications for Public Health due to the nature of this budget being ringfenced.

Climate Change

- 49 The current Corporate Plan has a very strong environmental thread throughout with a specific aim for the Council to be 'Greener'.
- 50 Budget change proposals which would affect the Council's commitment of being carbon neutral by 2025 will be included in the relevant Committee report to which they relate.

Access to Information	
Contact Officer:	Alex Thompson, Paul Goodwin, Honor Field alex.thompson@cheshireeast.gov.uk, paul.goodwin@cheshireeast.gov.uk, honor.field@cheshireeast.gov.uk
Appendices:	Appendix A – Extract from Budget Consultation and Detailed list of proposals
Background Papers:	Outturn Report 2022/23 Medium Term Financial Strategy 2023-27 First Financial Review 2023/24 Second Financial Review 2023/24 Third Financial Review 2023/24

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Extract from Budget Consultation:

Highways and Transport Committee proposals

Details about the purpose and responsibilities of the Highways and Transport Committee can be found [here](#).

The Highways and Transport Committee Budget for 2023/24 is £11.0m. Expenditure is forecast to increase by £5.8 million next year. 86% of this increase is evenly split between the increasing bus services and increasing safety requirements to maintain the Council's highways. Further large growth items relate to deferring savings from parking changes. These are running through due process before delivery can begin and removal of savings relating to street lighting energy as the necessary capital investment is not affordable at present. Flood and water management systems and other inflation factors, such as pay awards, contribute to additional cost pressures.

When reviewing the Council's funding from 1 April 2024 Councillors agreed that the affordable budget for Highways and Transport could increase by £1.2m. As a result Highways and Transport would need to find savings of £4.6 million to reduce the £5.8 million growth pressures to an affordable level of £1.2 million.

Managing large scale change presents financial risks, but the Council has very low reserves to protect against risk. The Council should therefore aim to over-achieve savings targets where possible.

Two savings proposals have been put forward from services overseen by the Highways and Transport Committee, totalling £0.9 million of savings for 2024 / 25, and brief detail of each of these proposals are given below.

More details of how these savings will be delivered will be presented in High level business cases that will be considered by committees in January and February

Proposal HT1: Highway maintenance savings

The Highways service has a net budget of £9.6 million to maintain and improve the road network. The budget plans for 2024/25 include growth of £2.5 million reflecting increasing costs to address: safety-related defects (predominantly potholes); safety assessments of highway trees; increased gully cleansing to reduce flooding; and the costs of dealing with complaints and meeting corporate policy. Highways can achieve savings by revising maintenance practices in winter service, grass cutting, gully emptying and weed treatment, along with the repair of carriageways, footways, highway structures and trees. Savings can be achieved through the reduction of service levels, which means spending less on fuel, maintenance, staffing and materials. Statutory responsibilities will be considered in these revisions.

Potential savings for 2024/25 = £0.75 million

Generally speaking, do you support or oppose this proposal? *Tick one box only*
Your support or opposition for a proposal does not constitute a 'vote' for or against - this consultation informs a decision making process - as such it is important that you provide additional information about why you support, oppose or are not sure.

- Support
- Oppose

Appendix A – Highways and Transport Budget Consultation proposals

- Not sure

Do you have any comments about this proposal? *Write in below*

Proposal HT2: Introduce annual increases to car parking charges

Running costs of the Council's car parks, such as business rates and maintenance, increases each year because of inflation. Changes are being considered to our car parking strategy. Annual increases could also be introduced to increase income alongside other the potential changes.

Potential additional income for 2024/25 = £0.15 million

Generally speaking, do you support or oppose this proposal? *Tick one box only*

Your support or opposition for a proposal does not constitute a 'vote' for or against - this consultation informs a decision making process - as such it is important that you provide additional information about why you support, oppose or are not sure.

- Support
- Oppose
- Not sure

Do you have any comments about this proposal? *Write in below*

Appendix A – Highways and Transport Budget Consultation proposals

Detailed list of proposals:

Reference	Item	Description	2024/25 budget change £m
HT1	Highway maintenance savings	Highways will look to deliver savings through revising maintenance practices in winter service, grass cutting, gully emptying and weed treatment, along with the repair of carriageways, footways, highway structures and trees. Savings will be sought through the reduction of service levels. Statutory responsibilities will be considered in these revisions.	(0.750)
HT2	Introduce annual increases to car parking charges	Running costs of the Council's car parks, such as business rates and maintenance, increases each year because of inflation. Changes are being considered to our car parking strategy. Annual increases could also be introduced to increase income alongside other the potential changes.	(0.150)
Saving included in narrative section (see consultation extract)	Pension Costs Adjustment	This item relates to pension contributions funded by the Council. Contributions can be reduced from 2023/24. This results from a successful financial strategy to secure stability in the funding of future pension liabilities. The effect is a reduction in overheads in pay cost budgets following a change in the employer's contribution rate confirmed by the Cheshire Pension Fund	(0.052)
Saving included in narrative section (see consultation extract)	Highways	Increased time to respond to highway safety-critical incidents, allowing fewer response teams to be required.	(0.031)
Saving included in narrative section (see consultation extract)	Safe Haven outside schools (Parking)	Introduction of CCTV systems to ensure that school gate parking restrictions are effectively and continuously enforced to create Safe Haven outside schools. This approach will begin on a trial basis with the scope to roll out more widely if it proves successful in improving road safety and reducing environmental impacts.	(0.023)
Growth included in narrative section (see consultation extract)	Transport and Infrastructure Strategy Team - Restructure	Implementing a revised structure for the Transport and Infrastructure Strategy Team to meet the requirements updated Government guidelines on local transport planning, Bus Improvement Plans, carbon reduction strategies and alternative technologies including Electric Vehicles. The team will also ensure the Council is best placed to secure specific funding opportunities for local projects through the preparation of business cases and bids.	+0.120
Growth included in narrative section (see consultation extract)	Pay inflation (including additional pay inflation required for 2023/24 shortfall)	This proposal includes incremental increases for eligible staff and nationally negotiated pay awards. Average increases are forecast at c.3% for 2024/25. This may not apply evenly across pay bands due to implications of the Living Wage. The proposal also	+0.312

Appendix A – Highways and Transport Budget Consultation proposals

Reference	Item	Description	2024/25 budget change £m
consultation extract)		recognises the additional impact of the higher than budgeted 2023/24 final pay award.	
Growth included in narrative section (see consultation extract)	Parking - PDA / Back Office System contract	New contract for services to provide modernised Back Office System and supporting technology for Parking Enforcement. These systems enable the Council to issue, process and secure payments of fees for car parking. Updating and maintaining these systems is business critical for Parking Services.	+0.100
Growth included in narrative section (see consultation extract)	Flood and Water Management Act 2010 SuDS & SABs Schedule 3 Implementation (revenue implications of capital)	Creating a Sustainable Drainage Systems (SuDS) Approval Body (SAB) to operate a chargeable pre-application service for planning applications as part of the council's Lead Local Flood Authority duties. The HLBC requires a combination of growth in rev and capital funding for the required staff to deliver the new statutory duties and deliver eventual savings identified.	+0.100
Growth included in narrative section (see consultation extract)	Energy saving measures from streetlights	Delivering substantial energy savings from street lighting will require significant capital funding that is not available at this stage. Undertaking public consultation on the necessary lighting policy changes at this point is not advised. Options for delivering savings are therefore being reviewed.	+0.242
Growth included in narrative section (see consultation extract)	Parking	The Council must meet unprecedented and complex challenges with increasing customer expectations to provide a modern, responsive and equitable parking service. The proposals for parking must align operational arrangements and tariffs with corporate priority outcomes for fairness and transparency, including supporting our Town Centres to recover after the pandemic. These proposals will include options for zonal parking charges. The implementation plan will include further consultation. Options are expected to align to an increase in income, or reduction in costs, over the next two years to maintain the ongoing sustainability of the service.	+0.970 (0.725)
Growth included in narrative section (see consultation extract)	Highways Revenue Services	Increase in costs to address: - Safety-related defects (predominantly potholes) required to be addressed under the safety inspection policy; - Safety assessments of highway trees; - Increased gully cleansing to reduce flooding on roads and pavements; - Consequential costs of dealing with complaints and requirements of corporate policy.	+2.479
Growth included in narrative section (see consultation extract)	Local Bus	Forecast cost pressure on local bus services is approximately £3.5m, which was partially mitigated in 2023/24 from Council Reserves. This is unsustainable and the Council cannot afford to fund local bus services at this level. This initiative seeks savings in the level of supported local bus services that must mitigate the impact of inflation and is a direct response to the loss of Central Government grant. These efficiency savings are considered to be	+2.500 (0.250)

Appendix A – Highways and Transport Budget Consultation proposals

Reference	Item	Description	2024/25 budget change £m
		achievable but there are expected to be negative impacts on residents and service-users due to a reduction in the extent of revenue-supported services in the Cheshire East bus network.	
	Overall Committee Target		+1.272
	Total growth proposals		+5.848
	Total savings proposals		(1.006)
	Shortfall against Target		(3.570)

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