

OPEN

Highways and Transport Committee

Thursday, 23 January 2025

Medium Term Financial Strategy Consultation 2025/26 - 2028/29 Provisional Settlement Update (Highways & Transport Committee)

**Report of: Adele Taylor, Interim Executive Director of Resources
(s151 Officer)**

Report Reference No: HTC/24/24-25

Ward(s) Affected: All Wards

For Decision or Scrutiny: Both

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 2025/26 to 2028/29. 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 Council 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 6 February 2025.

- 5 Final approval of the 2025/26 budget will take place at full Council on 26 February 2025 following recommendation from the Corporate Policy Committee.
- 6 This report is being considered in full by all Service Committees. However, please note that Appendix C Provisional Local Government Finance Settlement and Appendix D Council Tax Benchmarking and scenarios are to be scrutinised by the Finance Sub Committee but are being included as overall context for all other committees.

Executive Summary

- 7 Financial and corporate strategies underpin how Cheshire East Council will allocate resources, achieve the Cheshire East 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.
- 8 Committees are responsible for overseeing the achievement of the Council's priorities contained within the Plan. Resources for the 2024/25 financial year, including Revenue, Capital and Reserves were allocated by the Finance Sub-Committee in March 2024, following the budget Council that approved the overall budget in February 2024. All resources are allocated to a specific Service Committee or the Finance Sub-Committee.
- 9 The November 2024 Corporate Policy Committee received a report on the overall medium term financial position and list of proposed budget changes at that time, but they did not go far enough to balance the budget for 2025/26. At that time the reported budget gap for 2025/26 was £31.4m.
- 10 The Corporate Policy Committee also noted the approach to budget consultation and engagement. The majority of proposals do not require formal consultation as they are achievable within existing policies or do not require any statutory consultation. However, it is good practice to give all stakeholders the opportunity to provide feedback on the proposals and draft budget, to help generate additional ideas and provide Members with insights into the potential wider impacts of their decisions.
- 11 Stakeholders, businesses and residents are invited to give feedback on the overall approach to budget setting including the principles, from 19 December 2024 to 19 January 2025. Feedback will be provided to this committee verbally as the consultation will still be running and live, and to the other service committees during January. There will also be an opportunity during the January cycle of committee meetings to give formal feedback, from each committee, to the Corporate Policy Committee, ahead of the full Budget Council meeting in February 2025.

- 12 Since November there have been various funding announcements that have improved the reported position including the better than anticipated funding for the Extended Producer Responsibility of £7m for 2025/26. There has also been a favourable early forecast for the new pension scheme triannual valuation period which will be announced in March 2025 and comes into effect in April 2026. This will have the effect of reducing pension contributions from 2026/27 when compared to the previous MTFS in February 2024. There are however other announcements and impacts that are not favourable and these have also been built into the model.
- 13 The Provisional Local Government Settlement was received on 18 December 2024. This resulted in an improvement to the funding envelope when compared to the November position by £4.5m. This includes the Employers National Insurance grant (£3.0m estimate) that sits outside of the specific confirmed funding announcements at this time. The actual grant allocation will be announced as part of the Final Local Government Settlement in February 2025 and at that time it will then be included in the Core Spending Power total. It should be noted that the grant is only anticipated to cover around 80% of the estimated additional direct costs (c.£3.7m).
- 14 Appendix C sets out the Core Spending Power funding announcements and comparison to the net funding envelope as reported to the Corporate Policy Committee in November 2024.
- 15 The latest funding position and other movements identified above, has the result of improving the forecast gap for 2025/26 by £6.1m and is now £25.3m as per the table below.

| Table 1: Summary position for 2025/26 to 2028/29 | Revised Budget 2024/25 £m | Estimated Net Budget 2025/26 £m | Estimated Net Budget 2026/27 £m | Estimated Net Budget 2027/28 £m | Estimated Net Budget 2028/29 £m |
|---|--------------------------------------|--|--|--|--|
| Childrens | 89.0 | 98.5 | 103.6 | 109.3 | 115.7 |
| Adults | 137.5 | 158.9 | 157.8 | 159.3 | 160.8 |
| Place | 92.5 | 91.4 | 95.5 | 97.0 | 104.1 |
| Corporate | 41.5 | 42.6 | 47.0 | 48.8 | 50.3 |
| Council Wide Transformation savings | | -13.5 | -34.2 | -45.2 | -45.2 |
| Total Service Budgets | 360.5 | 377.9 | 369.7 | 369.2 | 385.7 |
| <i>CENTRAL BUDGETS:</i> | | | | | |
| Capital Financing | 28.5 | 38.2 | 41.9 | 45.3 | 46.8 |
| Income from Capital Receipts | -1.0 | -1.0 | -1.0 | -1.0 | -1.0 |
| Contingency Budget | 0.0 | 9.3 | 20.6 | 26.7 | 33.1 |
| Risk Budget | 0.0 | 0.0 | 3.5 | 1.9 | 0.7 |
| Pension adjustment | 0.0 | -0.7 | -0.7 | -0.7 | -0.7 |
| Use of (-) / Top up (+) Reserves | -12.2 | 5.0 | 5.0 | 5.0 | 5.0 |
| Total Central Budgets | 15.2 | 50.7 | 69.2 | 77.1 | 83.8 |
| TOTAL: SERVICE + CENTRAL BUDGETS | 375.7 | 428.6 | 438.9 | 446.4 | 469.6 |
| <i>FUNDED BY:</i> | | | | | |
| Council Tax | -287.1 | -307.3 | -325.6 | -345.0 | -365.5 |
| Business Rate Retention Scheme | -56.6 | -57.1 | -57.1 | -57.1 | -57.1 |
| Revenue Support Grant | -0.4 | -0.8 | -0.8 | -0.8 | -0.8 |
| Specific Unring-fenced Grants | -31.6 | -38.0 | -34.1 | -34.1 | -34.1 |
| TOTAL: FUNDED BY | -375.7 | -403.2 | -417.7 | -437.1 | -457.6 |
| Funding Position (+shortfall) | 0.0 | 25.3 | 21.3 | 9.3 | 12.0 |

- 16 An urgent report was received by full Council on 11 December 2024, which was necessitated following a request from the Ministry of Housing, Communities and Local Government (MHCLG) received on 4 December 2024 to submit a formal request and supporting evidence for any Exceptional Finance Support (EFS) for future years by Friday 13 December 2024. At the same time, any revisions to previous in-principle decisions also needed to be submitted for the current year.
- 17 The revised gap for 2025/26 of £25.3m contained in the table above now revises down the Exceptional Financial Support required for 2025/26 by £6.1m. The paper also gave delegated permission to the S151 officer to liaise with MHCLG on any changes following the finance settlement which she will continue to do to advise them of the changes.
- 18 As well as being in the form of a capitalisation directive, Exceptional Financial Support could also take the form of increased Council Tax above the current referendum limit of 4.99%. There is no current policy in place in this regard.
- 19 However, as part of the recent Policy Statement from central government, it was announced that, where a council is in need of exceptional financial support and views additional council tax increases as critical to maintaining their financial sustainability, the government will continue to consider requests for bespoke referendum principles. Local proposals will be considered on a case-by-case basis. In considering any requests, the government will take account of councils' specific

circumstances, for example their existing levels of council tax relative to the average, the potential impact on local taxpayers, and the strength of plans to protect vulnerable people.

- 20 Appendix D sets out some benchmarking data on the level of Council Tax and Core Spending Power at Cheshire East compared to the average of our statistical nearest neighbouring authorities. The appendix also highlights the amount of Council tax foregone as a result of accepting the Council Tax freeze grant during the period 2011/12 to 2015/16. This committee should consider the information and scenarios provided and the impacts a request could have on the overall financial sustainability of the council.
- 21 The full list of draft budget changes and a short explanation of each item is included at Appendix A.
- 22 Appendix B details the proposed list of new Capital Growth Items - summarised in the table below:

| Capital Growth Requests | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | Total £000 |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Adults | - | - | - | - | - |
| Children & Families | - | - | - | - | - |
| Corporate | 5,356 | 3,505 | 3,554 | 200 | 12,615 |
| Economy & Growth | 1,758 | 3,451 | 3,916 | 6,899 | 16,024 |
| Environment & Neighbourhood | 7,402 | 250 | 250 | - | 7,902 |
| Highways & Transport | 8,130 | 12,422 | 12,883 | 11,501 | 44,936 |
| | 22,646 | 19,628 | 20,603 | 18,600 | 81,477 |
| Funded by | | | | | |
| Government Grants | 8,918 | 800 | 800 | 800 | 11,318 |
| External Contributions | 1,042 | | | | 1,042 |
| Revenue Contributions | 6,110 | | | | 6,110 |
| Capital Receipts | | | 60 | | 60 |
| Prudential Borrowing | 6,576 | 18,828 | 19,743 | 17,800 | 62,947 |
| | 22,646 | 19,628 | 20,603 | 18,600 | 81,477 |

- 23 The revenue implications of the capital growth and funding EFS from borrowing can be seen in the table below:

| Capital Financing Budget (CFB) Position | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | 2028/29 £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| CFB requirement for Current programme | 32,148 | 35,958 | 37,065 | 37,855 | 37,612 |
| Additional requirement for Capital growth requests | - | 545 | 1,578 | 3,457 | 5,527 |

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Additional requirement for EFS to fund current gap | - | 1,700 | 3,277 | 3,990 | 3,704 |
| | 32,148 | 38,203 | 41,921 | 45,302 | 46,844 |

Note: Additional requirement for EFS to fund current gap: This is based on a capital repayment profile of 20 years and is subject to any further guidance and also consideration of the strategic approach to balancing the 2025/26 budget and MTFs 2025/26-2028/29.

RECOMMENDATIONS

The Highways and Transport Committee is being asked to:

- a) Recommend to the Corporate Policy Committee, for their meeting on 6 February 2025, all proposals within Appendix A, as related to the Committee's responsibilities, for inclusion on the Council's budget for 2025/26.
- b) Identify any 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 2025/26.
- c) Note the capital growth items listed in Appendix B and the revenue implications noted in paragraph 23. These will be reviewed by the Capital Review Programme Board in January before a final list is brought to Corporate Policy committee in February.
- d) Note the contents of Appendix C – Provisional Local Government Settlement 2025/26 (Finance Sub Committee).
- e) Note the contents of Appendix D – Council Tax benchmarking and scenarios (Finance Sub Committee) and consider what the impact of any requests for a change of Council Tax policy would be

Background

- 24 The Council's financial resources are provided from a combination of local taxes, government grants, investment returns on asset 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.
- 25 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.

- 26 All councils are legally required to set a balanced budget each year and therefore the immediate focus will be on balancing the 2025/26 financial year rather than on the whole medium term. This reflects the extremely challenging circumstances all councils are currently facing.
- 27 The Council's general budget pressures are associated with a number of factors, including, but not limited to:
- (a) Demand-led pressures, including those for statutory adult and child social care services for those most in need of our support, continuing to rise beyond the rate of funding increases;
 - (b) The ongoing impact of inflation and interest rates on all aspects of our budget, including revenue spend, borrowing costs and cost of capital schemes, as well as the revenue costs of our deficit on the Dedicated Schools Grant from the impact of increased SEND costs;
 - (c) Revisions to funding mechanisms;
 - (d) The need to invest in improvements within Children's Services.
- 28 Strategic Finance Management Board introduced weekly meetings, chaired by the S151 Officer and has led on a number of key tasks to urgently reduce spend and identify additional savings, including:
- (a) Line-by-line reviews of all budgets to further identify immediately any underspends and/or additional funding;
 - (b) Stop any non-essential spend;
 - (c) Actively manage vacancies, particularly agency usage and reduce any overspends on staffing as soon as possible;
 - (d) Review of Section 106 legacy budgets, the effects of which are partly reflected in the FR3 forecast outturn as a one-off contribution to reserves;
 - (e) Review of capital receipts available and potential surplus assets that can be sold (for best consideration);
 - (f) Identification of any other areas of discretionary spend including grants awarded, where spend can be reduced or stopped;
 - (g) Review Debt management/overall level of bad debt provision – work undertaken to date, focussing on the Adult Social Care bad debt provision, has identified through adopting a new approach to reviewing and monitoring these debts, an improvement (reduction) of the Council's bad debt provision of £1.07m, further work is ongoing and will be updated at Outturn.

- (h) Any directorate that is identified as being off target by more than 5% is subject to a detailed finance and performance review on a weekly basis through a financial recovery review process. This process has been put in place for Adults Services and Children and Families and is being chaired by the S151 Officer.
- 29 Capital Programme Review was implemented to also try to reduce revenue costs:
- (a) Reduce, delay or remove schemes funded by borrowing;
 - (b) Focus on existing contractual commitments, fulfilling statutory services and public safety requirements;
 - (c) Prioritise the capital projects that will have most beneficial impact on the revenue budget in the medium term;
 - (d) Remove forward funding;
 - (e) Reprioritise use of grants and apply appropriate S106 contributions to schemes.
- 30 Whilst the review has reduced and removed some borrowing from the total programme the new growth asks far outweigh any savings.
- 31 In order for the Council to maintain a more sustainable capital financing budget there must be a reduction in the overall level of borrowing to fund capital programmes. The future aim must be to add less to the total borrowing load in a year than we are paying off in that year so that the total revenue burden from the cost of borrowing starts to fall. If we do not, it will continue to rise.
- 32 At present the cost of borrowing £5 million pounds for 15 years to fund a capital project in 2025/26 will lead to an approximate revenue cost of £475,000 in 2026/27 onwards. This revenue cost is made up of both the interest cost of the borrowing as well as the Minimum Revenue Provision that needs to be made annually to pay back a proportion of the principle amount borrowed.
- 33 A Capital Programme Review Board made up of senior officers is being established in January 2025 and will review the business cases for the capital growth requests that are listed in Appendix B. It is intended that this Board will function in the following ways:
- (a) To be a gatekeeper of new proposals – consider how the request supports overall council objectives, seek assurance on business cases, assess the impact of long-term financial burden for borrowing,

before recommendations are made to CLT then on to Members for approval to be added to the Programme;

- (b) To set clear guidance on strategic priorities for the capital programme and how programmes are to be funded with a view to restricting borrowing except for schemes that meet certain criteria;
- (c) To monitor progress on delivery at a high level, including issues of delays and funding variances; to support delivery by managers but also routine in-year and also 'by exception' issue reporting to Members;
- (d) To consider rolling programmes and future financing options, including reviewing revenue vs capital options to reduce impacts of future borrowing decisions.

34 Capital Receipts Forecast

| Forecast – Prudent View | 2025/26 £m | 2026/27 £m | 2027/28+ £m |
|--|---------------|---------------|----------------|
| Forecast (Prudent view) | 9.07 | 10.94 | 12.75 |
| Already included in MTFS / Capital Programme | (2.25) | (2.75) | (5.0) |
| Additional Receipts Forecast | 6.82 | 8.19 | 7.75 |

35 The table above sets out the latest prudent forecast for future year capital receipts based on the disposal programme. It allows for some slippage /timing differences around actual receipts and adjustments for receipts already included in the currently approved MTFS 2024/25 either within the capital programme or as part of the Capital Financing Budget. As part of the strategic approach to balancing the 2025/26 budget and MTFS for 2025/26-2028/29, consideration will be given to the available capital receipts and their utilisation to support:

- Investment of transformational activities (e.g. revenue growth)
- Funding Exceptional Financial Support costs – instead of additional borrowing
- Invest to save capital projects (E.g. Transformation)

36 An urgent report was received by full Council on 11 December 2024, which was necessitated following a request from the Ministry of Housing, Communities and Local Government (MHCLG) received on 4 December 2024 to submit a formal request and supporting evidence for any Exceptional Finance Support (EFS) for future years by Friday 13

December 2024. At the same time, any revisions to previous in-principle decisions also need to be submitted, for the current year.

- 37 It was agreed at that meeting that the Chief Executive could finalise and submit a request for exceptional financial support in the form of an in-principle capitalisation direction for 2024/25 for up to £17.6m.
- 38 It was also agreed that the Chief Executive could finalise and submit a request for exceptional financial support in the form of an in-principle capitalisation direction of up to £31.4m for 2025/26 and indications of a potential request of up to £23.7m for 2026/27.
- 39 Approval was also given to delegate to the Interim Executive Director of Resources (S151 Officer) the ability to update those requests once further financial information from the local government finance settlement was received. This will be in consultation with the Chief Executive and will be reported at the earliest opportunity to the relevant committee(s).
- 40 The Provisional Local Government Settlement was received on 18 December 2024. This resulted in a betterment of the funding envelope when compared to the November position by £4.5m. Appendix C sets out the Core Spending Power funding announcements and comparison to the net funding envelope as reported to the Corporate Policy Committee in November 2024.
- 41 The budget is currently based on the Provisional Local Government Finance Settlement for 2025/26. The final settlement is expected in early February 2025 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.
- 42 The provisional settlement set out the Core Spending Power for the authority, based on the assumption that council tax is forecast to 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.
- 43 The latest funding position has the result of improving the forecast gap for 2025/26 by £6.1m and is now £25.3m as per Table 1 in the Executive Summary. The Exceptional Financial Support now required for 2025/26 could be up to £25.3m to balance the budget for 2025/26.
- 44 As well as being in the form of a capitalisation directive, Exceptional Financial Support could also take the form of increased Council Tax above current referendum limit of 4.99%. There is no current policy in place in this regard, however, the recent Policy Statement from central

government noted that it would once again be considering any requests for increases above the standard referendum limit.

- 45 Appendix D sets out some benchmarking data on the level of Council Tax and Core Spending Power at Cheshire East compared to the average of our statistical nearest neighbouring authorities.
- Cheshire East council tax compared to (average of) nearest neighbours – Average band D of all nearest neighbours (NNs): £1,827.30 (CEC is 1.94% lower than the average).
 - Cheshire East core spending power compared to (average of) nearest neighbours – Average CSP per dwelling of all NNs: £2,202.36 (CEC is 5.77% lower than the average).
 - Council Tax income in 2024/25 if using Cheshire West and Chester Band D rate and CEC taxbase: Would equate to an extra £14.7m in 2024/25.
- 46 The appendix also highlights the amount of Council tax foregone as a result of accepting the Council Tax freeze grant during the period 2011/12 to 2015/16.
- 47 Appendix D also shows the amounts of extra Council Tax that could be raised by increases above 4.99% under a number of scenarios.
- 48 Further balancing options:
- Use of available Capital Receipts – consideration will be given to the available capital receipts and their utilisation to support either Transformational activities (revenue or capital) and/or to fund the costs of Exceptional Financial Support.
 - Following a Balance Sheet Review by our Treasury Advisors, Arlingclose Ltd, we are reviewing our current Minimum Revenue Provision (MRP) and Capital Financing Requirement (CFR) policy with a view to bringing it in closer alignment with CIPFA Guidance. Such changes are likely to have a positive impact on our Revenue position during the period of the MTFS and if changes are proposed then these will be reported to the Corporate Policy Committee in February 2025 and the effects of the change on future years will be included within the MTFS.
 - Further identification of savings or generation of income to further reduce the forecast requirement for use of EFS in 2025/26 and 2026/27.

- 49 The full list of draft budget changes and a short explanation of each item is included at Appendix A.
- 50 The list of draft additional Capital Programme changes including a short explanation of each item is included at Appendix B.

Consultation and Engagement

- 51 This report forms part of the consultation and engagement process for Members on the budget setting for 2025/26. Each committee will receive the same report and will focus on items within their own area of responsibilities.
- 52 The Corporate Policy Committee in November 2024 noted the approach to budget consultation and engagement. Stakeholders, businesses and residents were invited to give feedback on the overall approach to budget setting including the principles, from 19 December 2024 to 19 January 2025. Feedback will be provided to this committee verbally and to the service committees during January. There will also be an opportunity during the January cycle of committee meetings to give formal feedback, from each committee, to the Corporate Policy Committee, ahead of the full Budget Council meeting in February 2025.
- 53 All feedback from each committee will be presented to the Corporate Policy Committee on 6 February. That committee will then make recommendations on spending and income estimates for 2025/26 to the full Council meeting on 26 February 2025.
- 54 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 2025/26.
- 55 Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 26 February 2025.

Reasons for Recommendations

- 56 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.
- 57 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 budget and financial proposals before they are approved by Full Council.

Other Options Considered

- 58 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.
- 59 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 and also consider the allocation of our resources.

Implications and Comments

Monitoring Officer/Legal

- 60 The Council must set the budget in accordance with the provisions of the Local Government Finance Act 1992 and approval of a balanced budget each year is a statutory responsibility. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget and require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.
- 61 The provisions of section 25 of the Local Government Act 2003, require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the chief finance (s.151) officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.
- 62 The Council should therefore have robust processes in place so that it can meet statutory requirements and fulfil its fiduciary duty. It must ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans. Local authorities are creatures of statute and are regulated through the legislative regime and whilst they have in more recent times been given a general power of competence, this must operate within that regime. Within the statutory framework there are specific obligations placed upon a local authority to support communities. These duties encompass general and specific duties and there is often significant local discretion in respect of how those services or duties are discharged. These will need to be assessed and advised on as each circumstance is considered.
- 63 The financial position of the Council must therefore be closely monitored, and Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that new expenditure

is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings or alternative mitigations.

- 64 This report provides an update towards the setting of the budget for 2025/26 and clarifies the proposals going forward. It would be appropriate to consult on the proposals beyond the statutory consultation requirements, if possible, as this may help to facilitate early implementation of proposals once the budget is set.

Section 151 Officer/Finance

- 65 The current financial position and draft budget changes contained within this report provide up-to-date information on the Council's MTFs progress for the period 2025/26 to 2028/29, specifically aimed to setting the budget for 2025/26 which legally has to be completed by March 2025. Further details are contained within the body of this report.

Policy

- 66 The Cheshire East Plan 2021-25, refreshed for 2024/25 approved in July 2024, has driven and informed Council policy and priorities for service delivery. A new Cheshire East Plan 2025-29 is now being developed in parallel to the budget as the MTFs is essentially the resource plan for its delivery. The draft Cheshire East Plan will follow the same timeline as the MTFs and be taken to Corporate Policy Committee and full Council in February 2025. The Plan will set out the vision and priorities for Cheshire East, building on the existing transformation and improvement plans in the short-term and setting out the longer-term ambitions for residents, businesses and visitors.

Equality, Diversity and Inclusion

- 67 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.
- 68 The protected characteristics are age, disability, sex, race, religion and belief, sexual orientation, gender re-assignment, pregnancy and maternity, and marriage and civil partnership.

- 69 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.
- 70 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 Council Plan and the MTFs. 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.
- 71 The proposals within the MTFs may include positive and negative impacts for individuals, groups and communities. A separate Equality Impact Assessment for the budget as a whole is routinely included in the full MTFs report each year.
- 72 The Cheshire East 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

- 73 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

- 74 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.
- 75 The Council needs to reestablish 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.
- 76 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 2025/26 to provide further detail on estimated balances and the application and top up of reserves in the medium term.

Rural Communities

- 77 The budget report, as approved at Council on 27 February 2024, provides details of current service provision across the borough. Appendix A sets out any future impacts for 2025/26 and beyond.

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

- 78 The budget report, as approved at Council on 27 February 2024, provides details of current service provision across the borough. Appendix A sets out any future impacts for 2025/26 and beyond.

Public Health

- 79 Public health implications that arise from activities that the budget report deals with will be dealt with as separate reports to Members or Officer Decision Records as required.

Climate Change

- 80 Any climate change implications that arise from activities funded by the budgets that the budget report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

| Access to Information | |
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| Contact Officer: | Adele Taylor Interim Executive Director of Resources (Section 151 Officer) adele.taylor@cheshireeast.gov.uk |
| Appendices: | Appendix A – Draft Revenue Budget Change Proposals Appendix B – Draft Capital Programme Proposals Appendix C – Provisional Local Government Finance Settlement Appendix D – Council Tax Benchmarking and scenarios |

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| Background Papers: | <p>The following are links to key background documents:</p> <p><u>Cheshire East Plan 2024/25</u></p> <p><u>Medium-Term Financial Strategy 2024-28</u></p> <p><u>Corporate Policy Committee 21 August 2024 - Approved Transformation Plan</u></p> |
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