

## **Highways & Transport Committee**

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<b>Date of Meeting:</b>	19 July 2021
<b>Report Title:</b>	Highways & Transport Budgets 2021/22
<b>Report of:</b>	CLT Lead Officer: Alex Thompson, Director of Finance & Customer Services
<b>Report Reference No:</b>	HT/06/21-22
<b>Ward(s) Affected:</b>	All wards and all members will be affected and impacted by the content of the MTFs and Corporate Plan.

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### **1. Executive Summary**

- 1.1.** The Corporate Plan and Medium Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2021/22 to 2024/25 was approved by full Council on 17<sup>th</sup> February 2021.
- 1.2.** Cheshire East Council provides in the region of 500 local services every day. During 2020/21 the Council drafted and consulted on a new Corporate Plan to articulate a vision of how these services will make Cheshire East an Open, Fairer and Greener borough. The MTFs matches forecast resources to the costs associated with achieving the Council's vision.
- 1.3.** The Finance Sub Committee meeting on the 1<sup>st</sup> July 2021 approved the allocation of the approved capital and revenue budgets, related policy proposals and earmarked reserves to each of the service committees.

### **2. Recommendations**

- 2.1.** To note the decision of the Finance Sub-Committee to allocate the approved capital and revenue budgets, related policy proposals and earmarked reserves to the Highways & Transport Committee, as set out in Appendix A.
- 2.2.** To note the MTFs timelines, as set out in paragraphs 5.9 – 5.12.
- 2.3.** To note the supplementary estimates and virements as set out in Appendix B.

### **3. Reasons for Recommendations**

- 3.1.** The Highways & Transport Committee has the responsibility for the oversight, scrutiny, reviewing of outcomes and performance, budget monitoring and risk management of the Directorate of Highways & Infrastructure including: Transport Policy; Transport Commissioning; Car Parking; Highways; Infrastructure and HS2.
- 3.2.** Finance Sub-Committee met on 1<sup>st</sup> July and set out the budgets in accordance with the above responsibilities.

### **4. Other Options Considered**

- 4.1.** Not applicable.

### **5. Background**

- 5.1.** All councils are legally required to set a balanced budget each year. The Budget Setting Process 2021-2025 was developed and endorsed by the Cabinet and Corporate Leadership Team in May 2020 and the MTFS was approved by full Council in February 2021.
- 5.2.** Page 17 of the MTFS includes a Report from the Chief Finance Officer in line with the Section 25(1) of the Local Government Finance Act 2003. This report confirms that the MTFS is balanced and that the Chief Finance Officer is satisfied with the robustness of the estimates and the adequacy of the financial reserves of the Council. The report also highlights the factors taken in to account in arriving at this judgement including relevant financial issues and risks facing the Council during the medium term.
- 5.3.** Finance Procedure Rules set limits and responsibilities for movement of funds within this balanced position, treating reserves as part of this overall position. Any movement within this balanced position is treated as a virement. To increase the overall size of the MTFS requires a supplementary estimate, which must be backed with appropriate new funding and approved in line with the Procedure Rules.
- 5.4.** On 19<sup>th</sup> November 2020 the Council resolved to cease operating the existing Leader and Cabinet model of governance and implement a committee system model of governance to take effect from the Annual Council meeting on 4<sup>th</sup> May 2021.
- 5.5.** To support accountability and financial control the 2021/22 budget is being reported across the Committees based on their associated functions. This report sets out the allocation of the revenue and capital budgets and earmarked reserves to the Highways & Transport committee in accordance with its functions.
- 5.6.** Each committee Function has been associated with a Director budget. Budget holders are responsible for budget management. Where a team supports multiple Directors (most notable in Corporate Services) the budget remains with the Director and is not split, for example, Governance and

Democratic Services are aligned to the Corporate Policy Committee even though the activity of the team is split across all teams.

- 5.7. The financial alignment of budgets to each Committee is set out in Table 1 with further details on the Highways & Transport Committee budgets in Appendix A.

**Table 1: Revenue and Capital Budgets allocated to service committees as per the approved MTFS**

Committee	Expenditure £m	Income £m	Net Budget £m	Total Capital Budget £m	Total Rev + Cap £m
Adults and Health	178.348	-59.304	119.044	<b>1.434</b>	<b>120.478</b>
Highways and Transport	23.090	-11.849	11.241	<b>90.996</b>	<b>102.237</b>
Children and Families	74.100	-5.906	68.194	<b>22.683</b>	<b>90.877</b>
Economy and Growth	32.692	-10.866	21.826	<b>31.459</b>	<b>53.285</b>
Environment and Communities	52.512	-10.613	41.899	<b>11.220</b>	<b>53.119</b>
Corporate Policy	112.635	-76.421	36.214	<b>6.451</b>	<b>42.665</b>
Finance Sub Committee	19.340	-6.662	12.678	<b>7.030</b>	<b>19.708</b>
			-311.096	<b>-171.274</b>	<b>-482.370</b>
<b>Original Budget (MTFS Feb 21)</b>	<b>492.717</b>	<b>-181.621</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

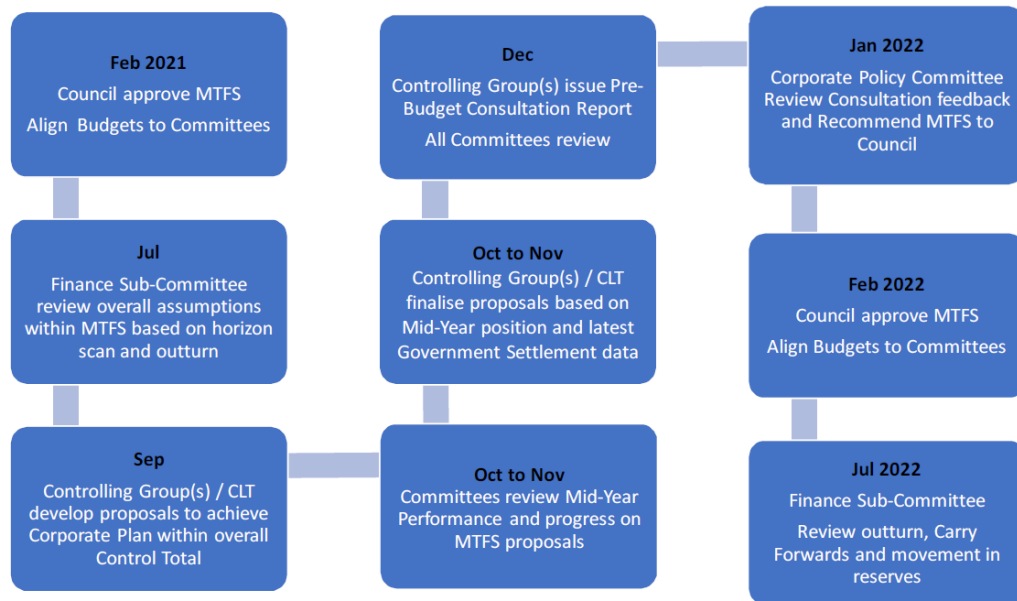
- 5.8. The 2021-25 MTFS includes a net revenue budget of £311.1m and an approved capital programme of £171.3m for the financial year 2021/22. Further details on the schemes within the capital programme for the Highways & Transport Committee are provided in Appendix A.

### MTFS Timelines

- 5.9. Council wide budget control rests with the Corporate Policy Committee (and Finance Sub Committee) and Council. Budgets have been aligned with service committees to facilitate expenditure assurance but committees do not hold 'a budget'. Responsibility for budget management remains with officers but the Committee is responsible for assuring the budget is spent on delivering the objectives set out in the policy framework of the Corporate Plan.
- 5.10. The new budget process will provide each committee with a review of the mid year position and the opportunity to comment on future proposals relating to their areas, by individual service area, which can be considered with the new budgetary consultation process and will be considered by Corporate Policy Committee for recommendation to Council.
- 5.11. Sessions will be arranged for all members in advance of the wider consultation on proposals. This will increase opportunities for all members to engage with the process to review the Medium Term Financial Strategy. Members will be invited to attend sessions that will allow them to share ideas to support development of future proposals in an informal setting. This approach was well received when trialled in 2019, but, due to circumstances, could not be re-run in 2020.

5.12. The budget setting process is set out below:

## Indicative Budget Setting Process



## 6. Consultation and Engagement

- 6.1. The annual business planning process involves engagement with local people and organisations. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other stakeholder groups. The Council continues to carry out stakeholder analysis to identify the different groups involved in the budget setting process, what information they need from us, the information we currently provide these groups with, and where we can improve our engagement process.
- 6.2. Cheshire East Council conducted an engagement process on its Medium-Term Financial Plans through a number of stages running from December 2020 to Council in February 2021.
- 6.3. The budget consultation launched on-line on the 2<sup>nd</sup> December 2020, included details of the proposals against each (draft) Corporate Plan aim. This consultation was made available to various stakeholder groups and through a number of forums.

## 7. Implications

### 7.1. Legal

- 7.1.1. The legal implications surrounding the process of setting the 2021 to 2025 Medium Term Financial Strategy were dealt with in the reports relating to that process.

### 7.2. Finance

7.2.1. Contained within the main body of the report.

### **7.3. Policy**

7.3.1. The Corporate Plan sets the policy context for the MTFS and the two documents are aligned. Any policy implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

### **7.4. Equality**

7.4.1. The Council needs to ensure that in taking decisions on the Medium Term Financial Strategy, the Budget and the Corporate Plan, 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.

7.4.2. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

### **7.5. Human Resources**

7.5.1. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

### **7.6. Risk Management**

7.6.1. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2021/22 budget and the level of general reserves were factored into the 2021/22 financial scenario, budget and reserves strategy.

### **7.7. Rural Communities**

7.7.1. The report provides details of service provision across the borough.

### **7.8. Children and Young People/Cared for Children**

7.8.1. The report provides details of service provision across the borough.

### **7.9. Public Health**

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

## 7.10. Climate Change

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

<b>Access to Information</b>	
Contact Officer:	Alex Thompson Director of Finance and Customer Services (Section 151 Officer) <a href="mailto:alex.thompson@cheshireeast.gov.uk">alex.thompson@cheshireeast.gov.uk</a>
Appendices:	<b>A</b> - Allocation of capital and revenue budgets, earmarked reserves and policy proposals to service committees <b>B</b> – Supplementary Estimates
Background Papers:	The following are links to key background documents: <a href="#">Medium Term Financial Strategy 2021-25</a>