

COUNCIL MEETING – 26 FEBRUARY 2025

RECOMMENDATION FROM FINANCE SUB COMMITTEE: APPROVAL OF SUPPLEMENTARY REVENUE ESTIMATES

RECOMMENDATION

That Council approve the Supplementary Revenue Estimate request for Allocation of Additional Grant Funding over £1,000,000 as set out in Annex 1, Section 3, Table 1.

38 THIRD FINANCIAL REVIEW OF 2024/25

The Committee considered the report which provided an update on the current forecast outturn position for the financial year 2024-25 based on income, expenditure and known commitments as at the end of October 2024. The Third Financial Review (FR3) forecast revenue outturn was reported as an adverse variance of £18.3m (prior to the application of any Exceptional Financial Support) which was an improvement of £1.8m from Financial Review 2 (FR2). It was agreed that whilst there had been some improvement, the forecast overspend of £18.3m remained a significant financial challenge for the Council and that the level of reserves was insufficient to cover the current forecasted revenue outturn for the year, without any further action.

The Committee sought clarity on the proposal to utilise the £17.6m conditional Exceptional Financial Support (EFS) to balance the forecasted year-end overspend, and also the information set out within appendix D of the Medium-Term Financial Strategy report (item 6) relating to council tax. It was confirmed that EFS in general could take the form of either a capitalisation direction (which could be funded through borrowing, or using capital receipts), or through requesting flexibility around setting council tax rates.

The 2024-25 council tax had been set at 5% (being 3% general council tax; and 2% for adult social care precept). Consequently, it was clarified that any EFS utilised in respect of the 2024/25 financial year would be in the form of a capitalisation direction (enabling the Council to achieve a balanced outturn, via the capitalisation of revenue budget pressures).

It was also clarified that the ability to set higher council tax rates was only announced as a potential option, for local authorities needing exceptional financial support, very recently at the end of November 2024 as part of the Finance Policy just ahead of the Provisional Local Government Finance Settlement. Local authorities would not be able to raise taxes by a higher amount than the referendum limit of 5%, without first gaining permission from the Ministry of Housing, Communities and Local Government (MHCLG) to have flexibility for a higher limit. It was confirmed that no decision had been made in relation setting a higher rate of council tax in Cheshire East, and that doing so would remain a decision for Full Council.

The recommendations were proposed and seconded and following the debate a recorded vote on recommendation 2 was requested with the following results:

FOR

Councillors Lata Anderson, Dawn Clark, Alan Coiley and Brian Drake.

NOT VOTING

Councillors David Brown, Janet Clowes, Stewart Gardiner and Reg Kain.

The motion was declared carried with 4 votes for and 4 not voting.

The Committee voted on recommendations 1, 3, 4, 5 and 6 together. Recommendation 2 was voted upon separately.

RESOLVED (unanimously):

That the Finance Sub Committee

1. Note the factors leading to a forecast adverse Net Revenue financial pressure of £18.3M against a revised budget of £390.5m (4.7%) and note 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 also note the actions being undertaken to address any adverse variances from the approved budget.
3. Note the in-year forecast capital spending of £144.7m against an approved MTFS budget of £215.8m, due to slippage that has been re-profiled into future years.
4. Note the available reserves position as set out in Annex 1, Section 5.
5. **Recommend to Full Council the approval of the Supplementary Revenue Estimate request for Allocation of Additional Grant Funding over £1,000,000 as set out in Annex 1, Section 3, Table 1.**
6. Note the Capital Virements above £500,000 up to and including £5,000,000 as set out in Annex 1, Section 4, Table 4 will be approved in accordance with the Council's Constitution.

RESOLVED (by majority):

That the Finance Sub Committee

2. Approve the utilisation of the £17.6m conditional Exceptional Financial Support to balance the forecast overspend at the year-end in order to protect and minimise the use of reserves.