

Environment & Regeneration Overview and Scrutiny Committee

Date of Meeting: 18 January 2021

Report Title: Medium Term Financial Strategy 2020 to 2025 - Consultation

Portfolio Holder: Cllr Amanda Stott - Portfolio Holder for Finance,
Communications and ICT

Senior Officer: Alex Thompson – Director of Finance & Customer Services

Jane Burns, Executive Director of Corporate Services

1. Report Summary

- 1.1** The Council is required to set a balanced budget each year. On 1st December 2020, Cabinet approved a balanced set of proposals for consultation, with a comprehensive programme to promote the proposals and seek responses from stakeholders.
- 1.2** Part of the annual process for setting the budget sees Scrutiny Committees review the proposals and provide feedback prior to Cabinet making its recommendations to Council.
- 1.3** Cabinet will review the feedback received from all sources, including the Local Government Settlement issued on 17th December 2021 and will aim to make recommendations to Council at it's meeting on 2nd February 2021. These recommendations will include proposals for a balanced budget based on robust estimates and supported by adequate reserves.

2. Recommendations

That Committee:

- 2.1** Review the consultation information approved by Cabinet on 1st December 2020, focusing on the proposals relevant to this Committee.
- 2.2** Provide feedback on the proposals to Cabinet as necessary in advance of their meeting of 2nd February 2021.

3. Reasons for Recommendations

- 3.1** Overview and Scrutiny Committees provide an important element of the Council's governance arrangements. The Medium-Term Financial Strategy presents a set of key decisions for Members each year and it is important that Members are provided with opportunities to review the proposals being consulted upon and the Scrutiny Committees fulfil a significant element of this requirement.
- 3.2** To ensure that budget proposals are robust, it is appropriate to subject them to appropriate scrutiny throughout the consultation period. Appendix A provides the list of proposals subject to consultation and identifies those most relevant to each Committee.
- 3.3** Additionally some proposals will be subject to further consultation activity directly with services users. All feedback received during the consultation period will be provided as part of the reporting to Cabinet and Council in February 2021.

4. Other Options Considered

- 4.1** The consultation process was discussed with Members in their various roles within political groups and as Members of committees. Options to support responses to the consultation were considered and a full suite of service scrutiny meetings was agreed as the most appropriate way to engage Members this year.

5. Background

- 5.1** The background and context to the process and development of the Medium-Term Financial Strategy are contained within the Cabinet Reports dates 10th November and 1st December.
- 5.2** Since publication of the Cabinet reports the Chancellor of the Exchequer has published the Spending Review 2020 and the Provisional Local Government Financial Settlement. The

announcements relevant to local authorities focused on additional funding schemes related to COVID-19, and an overall increase in Local Government Spending Power for 2021/22 of 4.5%. The increase in Spending Power reflects a net effect of new and continuing grants compared to grant reductions but is mostly based on an ability to increase Council Tax by including an additional 3% precept for Adult Social Care.

5.3 Cabinet will utilise the information provided during the consultation period in making their recommendations to Council in February 2021. However, to provide additional context to Scrutiny Committees, it is important to note the most significant impacts of the Spending Review for Cheshire East Council compared to the published consultation documents. Committee members should therefore note the following points from the Spending Review:

- Option to increase Council Tax by an additional 3% for Adult Social Care (1% = £2.3m for Cheshire East Council)
- Potential pay freeze across the public sector, apart from some key workers and those affected by minimum wage requirements (pay inflation of 2.5% assumed within the Cheshire East Council budget consultation)
- New Social Care Grant (equal to c.£0.4m for Cheshire East Council)
- Reduction in New Homes Bonus, by not continuing legacy payments for previous housebuilding (reduces grant to Cheshire East Council by c.£3.6m)
- Removal of access to the Public Works Loans Board for borrowing associated with yield. Cheshire East Council was forecasting c.£0.5m of income from activities associated with the approved Investment Strategy.

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1 There are no legal implications associated with the recommendations of this report.

6.2. Finance Implications

6.2.1 There are no financial implications associated with the recommendations of this report, however the consultation process may

lead to amendments to the Medium-Term Financial Strategy which is a Key Decision for the Council.

6.3. Policy Implications

6.3.1 The MTFS will be considered alongside the new Corporate Plan, which sets out a new vision, aims and priorities for Cheshire East Council.

6.4. Equality Implications

6.4.1 Equality Impact Assessments have been drafted based on the consultation proposals and will be updated alongside final recommendations on the budget.

6.5. Human Resources Implications

6.5.1 There are a number of proposals which will impact on staff. These have been shared with staff and recognised Trade Unions as part of the consultation process.

6.6. Risk Management Implications

6.6.1 There are a number of risks associated in particular with the ongoing uncertainties around Covid response and recovery which are reflected in the MTFS.

6.7. Rural Communities Implications

6.7.1 Any implications will be considered in the final responses.

6.8. Implications for Children & Young People/Cared for Children

6.8.1 The implications are set out in the draft budget and will be considered by the relevant Overview and Scrutiny Committee.

6.9. Public Health Implications

6.9.1 There are a number of implications, particularly related to the ongoing Covid pandemic.

6.10. Climate Change Implications

6.10.1 The implications are set out in the draft budget and will be considered by the relevant Overview and Scrutiny Committee.

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

- 8.1** This report is a part of the Council's consultation process to support the development and future implementation of the Medium-Term Financial Strategy.

9. Access to Information

- 9.1** There are several important supporting documents members may wish to review to support engagement with the Medium-Term Financial Strategy 2020 to 2025:

9.1.1 [Cheshire East Council Medium-Term Financial Strategy](#)

9.1.2 Cabinet Reports to launch the MTFS Consultation:

9.1.3 [10th November 2020](#) – Item 51

9.1.4 [1st December 2020](#) – Item 63

9.1.5 [Cheshire East Council Budget Consultation \(Webpage\)](#)

9.1.6 [Spending Review 2020](#)

9.1.7 [Provisional Local Government Settlement 2021/22](#)

10. Contact Information

- 10.1** Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Director of Finance & Customer Services

Email: alex.thompson@cheshireeast.gov.uk