

Cabinet

Date of Meeting: 2 February 2021

Report Title: Corporate Plan and Medium-Term Financial Strategy 2021-25

Portfolio Holders: Cllr Amanda Stott - Finance, ICT and Communication
Cllr Jill Rhodes – Public Health and Corporate Services

Senior Officers: Alex Thompson – Director of Finance and Customer Services
(Section 151 Officer)
Jane Burns – Executive Director for Corporate Services

1. Report Summary

- 1.1. This report presents the Corporate Plan and Medium Term Financial Strategy (MTFS) for Cheshire East Council for the four years 2021/22 to 2024/25.
- 1.2. Cheshire East Council provides in the region of 500 local services every day. During the year we 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. 2020/21 was an extraordinary and unprecedented year as the Council responded to the impact of COVID-19. The response by the Council, to this global pandemic, has affected all services. The financial impact has also been severe for the public sector finances. Working with Central Government and Local Government networks the Council has worked to minimise the local financial impact on the Council. Costs and reductions in income during 2020/21 are described in the Third Quarter Review. The MTFS reflects that further government funding is due in 2021/22, and ensures that any COVID-19 related funding will be spent on managing the response to, and recovery from, the pandemic. There is an underlying risk that costs and income losses could exceed grant funding, but this position is being monitored and is subject to regular reporting to members.

- 1.4. Cheshire East is the third largest council in the Northwest of England, providing services for a population of over 384,000 local people. Following extensive consultation the proposed revenue budget for 2021/22 proposes net revenue spending of £311.1m, and total capital investment aspirations of £371m is identified over the next four financial years. The individual status of schemes within the capital programme is summarised within **Appendix C, Annex 11**.
- 1.5. The provisional announcements from government on 17th December 2020 confirmed that local government Revenue Support Grant funding to Cheshire East Council will continue to be nil in 2021/22 with no confirmation yet for future funding levels. Central Government's approach continues to rely on local tax raising powers to fund services and this has been supported by continuing to allow flexibility in the council tax charge up to the referendum limit of 2% with an additional 3% allowable to be ringfenced specifically for Adult Social Care costs. This report is based on the Provisional Settlement, which therefore still requires parliamentary approval.
- 1.6. To support the net revenue and capital spending requirements the Council is therefore proposing that Council Tax is increased by 4.99% for 2021/22 to give a Band D charge of £1,579.03 for 2021/22. This equates to a £1 increase per week for an average property.
- 1.7. The Medium Term Financial Strategy 2021/22 to 2024/25 includes an assumption that the Council Tax could also increase by a further 1.99% each year in the medium term. These planning forecasts may be subject to change when Council is asked to set the annual budget in February each year. Changes may reflect underlying inflationary pressures affecting the Council at the time budget forecasts are prepared and future Government announcements on funding for local government.
- 1.8. The Medium Term Financial Strategy contains the following headline changes for the 2021/22 financial year, compared to the approved budget for 2020/21:
- Overall net revenue spending on services is being increased by £10.1m in 2021/22 split as follows:

People	+ £6.9m
Place	- £0.4m
Corporate	+ £2.0m
Central	+ £1.6m
 - Central Government unringfenced grants will decrease by £2.4m overall.
 - Funding for essential local services will require a proposed Council Tax increase of 4.99% from £1,503.98 to £1,579.03 for a Band D property.
 - £177m is estimated to be spent over the next four years on improving our highways network.
 - General Reserves will remain at £10.3m

- 1.9. The Medium Term Financial Strategy has been developed following months of analysis and consultation. The strategy responds to the challenges raised throughout this process to ensure the change proposals contained in this report are robust and provide an affordable budget for consideration.
- 1.10. Like most local authorities the Council faces significant budget deficits over the medium term, caused by ongoing grant reductions, and continuing increasing demand for services based on demographic changes, cost inflation and the growth in the local population.
- 1.11. This report summarises the resolutions that Cabinet are requested to recommend to Council at **Appendix A**.
- 1.12. This report provides the new Corporate Plan 2021/22 to 2024/25 (**Appendix B**).
- 1.13. The Corporate Plan is a key strategic document for the Council, setting the vision and objectives for the whole organisation. It is a vital part of the Council's performance management framework and how the Medium Term Financial Strategy is delivered.
- 1.14. The draft 2021-2025 Cheshire East Council Corporate Plan has been developed by the Cabinet and was published for wider consultation and engagement between 1st October 2020 and 27th November 2020.
- 1.15. The Corporate Plan for 2021-2025 (**Appendix B**), promotes the following vision - **An Open, Fairer, Greener Cheshire East**.
- 1.16. It also proposes that, during the next four years, the Council is focused on the following three main priority areas:
 - Open** - We will provide strong community leadership and work transparently with our residents, businesses and partners to deliver our ambition in Cheshire East.
 - Fair** - We aim to reduce inequalities, promote fairness and opportunity for all and support our most vulnerable residents.
 - Green** - We will lead our communities to protect and enhance our environment, tackle the climate emergency and drive sustainable development.
- 1.17. This report also provides the Medium Term Financial Strategy (MTFS) Report (containing the Budget) for the period 2021/22 to 2024/25 at **Appendix C**.

- 1.18. The MTFS document is the result of the business planning process led by the Council from May 2020 to February 2021, which included regular input from the Council's Scrutiny Committees, concluding with a final review by the Corporate Overview and Scrutiny Committee on 28th January 2021. The MTFS Report is being submitted to Cabinet on 2nd February 2021 for recommendation to Council on 17th February for approval.

2. Recommendations

That Cabinet:

- 2.1. Recommend to Council the items at **Appendix A**.

Cabinet notes:

- 2.2. The summary results of the Budget Consultation and Engagement exercise undertaken by the Council, as set out in the attached (**Appendix C, Annex 2a and 2b**).
- 2.3. The report of the Council's Section 151 Officer, contained within the MTFS Report, regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals (**Appendix C, Comment from the Section 151 Officer**).
- 2.4. The Council's Finance Procedure Rules will always apply to ensure proper approval should any changes in spending requirements be identified (**Appendix C**).

3. Reasons for Recommendations

- 3.1. In approving the Corporate Plan and a balanced Medium Term Financial Strategy the Council is setting out a clear vision that is based on consultation and sound financial assumptions. The priorities are ambitious but achievable even taking in to account the impacts of COVID-19. The level of investment for key activities in this report is significant. It is difficult to predict how some services may have to change post-COVID-19. But the MTFS provides for Social Care services to be supported by annual revenue budget growth, in addition, Economic Development is supported through continuing investment in infrastructure and regeneration projects.
- 3.2. The Corporate Plan should be subject to Council approval to set the overall vision and priorities of the Council. A copy of the Corporate Plan is attached at **Appendix B**.
- 3.3. The Council's Budget (as contained in the MTFS Report) requires Council approval. A copy of the MTFS Report is attached at **Appendix C**.

- 3.4. In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet is requested to recommend this report to Council to approve the MTFFS Report for 2021-2025.
- 3.5. The Council's Section 151 Officer reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, he is satisfied with the robustness of the estimates making up the Council Tax Requirement of £242,848,656. This is based on a total 4.99% Band D increase, which includes a 3% precept ringfenced specifically for Adult Social Care services and he is satisfied with the adequacy of the financial reserves for the Council. The S.25 statement of the Council's s.151 Officer is included on Page 18 of **Appendix C**.
- 3.6. Further to the above statement it can be reported that the Medium Term Financial Strategy Report 2021/22 to 2024/25 (**Appendix C**) is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience and viability of the Council in the medium term.

4. Other Options Considered

- 4.1. The business planning process enables the Council to develop options, consider the best approach, produce business cases and share these options via the Pre-Budget Consultation 2021-2025.
- 4.2. The engagement process and feedback on the Pre-Budget Consultation plus funding announcements and on-going refinement, informs the set of proposals in this report.
- 4.3. There is no obligation for the Council to either produce a Corporate Plan or undertake a consultation exercise on it. However, it is good practice to do so. Openness is a key part of the Council's new vision.

5. Background

- 5.1. All councils are legally required to set a balanced budget each year. COVID-19 has created unprecedented circumstances and additional financial challenges which have had an impact on how the budget was developed. The Budget Setting Process 2021-2025 was developed and endorsed by the Cabinet and Corporate Leadership Team in May 2020.
- 5.2. This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme and the supporting financial planning assumptions relating to funding levels.

- 5.3. There have been a series of distinct stages of the Budget Setting Process with reports in relation to the Council's financial position being taken to joint Corporate Leadership Team and Cabinet budget sessions throughout 2020. The Corporate Overview and Scrutiny Committee was briefed on the proposals with final consideration of the package of proposals presented to each Service Overview and Scrutiny Committee in January 2021 and the final Corporate Overview and Scrutiny Committee on 28th January 2021. Feedback from that meeting will follow.
- 5.4. The MTFS Report provides financial background as well as setting out further details of the on-going approach to funding the priorities set out in the new Corporate Plan. It highlights the spending plans and income targets for the financial year starting 1st April 2021, as well as forecast estimates up to the 2024/25 financial year.
- 5.5. The MTFS Report is based on the Provisional Local Government Finance Settlement for 2021/22. This was released on 17th December 2020. The final settlement is expected in early February 2021 with a debate by Members of Parliament in the House of Commons expected in mid February (after the publication date of this report to Cabinet) to agree the position. The Settlement included some changes to national policies which the Council has responded to.
- 5.6. The MTFS Report 2021-2025 is attached at **Appendix C**.
- 5.7. The MTFS Report continues to include estimated grant allocations in relation to several Specific Grants (**Annex 8**). These will be refined as appropriate in due course.
- 5.8. Any resulting impact of these issues in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes these will be notified to Members at the earliest opportunity.
- 5.9. Any changes made as a result of the engagement process and further debate will be reported to Members at the Council meeting on 17th February 2021.

6. Implications of the Recommendations

6.1. Legal Implications

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

6.2. Finance Implications

- 6.2.1. Please see Sections 1 and 5 of this report.

6.2.2. The S.25 Statement of the S.151 Officer provides information on the process and professional judgement of the Budget 2021/22. This is provided on pages 18-20 of **Appendix C**.

6.3. Policy Implications

6.3.1. The report includes the new Corporate Plan which sets out the vision, ambitions and priorities for the council for the period 2021/22-2024/25. The MTFS report outlines policy and budget proposals which will impact on service delivery arrangements.

6.3.2. Corporate Plan will drive and inform Council policy and priorities for service delivery. The priorities and actions listed may have direct policy implications will be considered on a case by case basis.

6.4. Equality Implications

6.4.1. Under the Equality Act 2010, decision makers must show 'due regard' to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between those between those who share a protected characteristic and those who do not share it; and
- Foster good relations between those groups.

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

6.4.3. 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.

6.4.4. 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.

6.4.5. The proposals with the MTFS include positive and negative impacts.

6.4.6. Positive impacts include investment in services for children and adults (protected characteristics primarily age and disability). Specific

examples are investments in Children and Families modernisation, Ofsted response, SEND, children's social care and care leavers. There is significant investment in adult social care, support to care providers and for supporting accommodation (protected characteristics primarily age and disability). There is a specific proposal for investment in a transit site (protected characteristic race).

6.4.7. There a number of savings proposals which could have a negative impact on those with protected characteristics and where appropriate mitigation will be required. These include reviews of Direct Payments, Day Opportunities, Mental Health Services, Learning Disabilities, Local Supported Buses and Parking Strategy. They will be subject to more detailed work and consultation before any decisions are made.

6.4.8. The new 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.

6.5. Human Resources Implications

6.5.1. A number of the proposals will impact on staff. See Workforce Development Section (**Appendix C, Annex 4**).

6.6. Risk Management Implications

6.6.1. The steps outlined in this report mitigate the four main legal and financial risks to the Council's financial management arrangements:

- The Council must set a balanced Budget.
- Setting the Council Tax for 2021/22 must follow a compliant process.
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

6.6.2. A risk assessment of the significant proposals being put forward has been carried out by each service and is included as part of the planning process.

6.6.3. It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Management of risk is

embedded within the organisation to ensure the Council can seize opportunities, introduce new, innovative models of service delivery, focus on improving outcomes for residents and review its range of services whilst identifying and controlling any resulting risks. The approach to risk management will continue to be assessed as the Council's plans and financial strategy are implemented.

6.7. Rural Communities Implications

6.7.1. The Corporate Plan, along with the 'Green' aim and supporting priorities will have direct and indirect implications for our rural communities across Cheshire East. These impacts will be considered and reported through individual work programmes as they are developed.

6.7.2. The MTFS report provides details of service provision across the borough. See **Section 1 of Appendix C**.

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

6.8.1. The Corporate Plan, along with the 'Fair' aim and supporting priorities will have direct and indirect implications for children and young people and cared for children which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual work programmes as they are developed.

6.8.2. See **Section 1 of Appendix C**.

6.9. Public Health Implications

6.9.1. The Corporate Plan, along with the 'Fair' aim and supporting priorities will have direct and indirect implications for public health which will be considered individually and in line with the actions required. These impacts will be considered and reported through individual work programmes as they are developed.

6.9.2. See **Section 1 of Appendix C**.

6.10. Climate Change Implications

6.10.1. The Corporate Plan has a very strong environmental thread throughout with a specific aim for the Council to be 'Greener'.

6.10.2. A number of priorities and activities are listed which will support the Council's commitment of being carbon neutral by 2025, including the delivery of an Environmental Strategy and a Carbon Action Plan.

6.10.3. 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.

7. Ward Members Affected

7.1. All wards and all members will be affected and impacted by the content of the MTFs and Corporate Plan

8. Consultation & Engagement

8.1. The business planning process involved engagement with local people and organisations and details of how this process was managed is included within **Appendix C, Annex 2**.

8.2. The detailed findings of the of the Corporate Plan consultation, attached at **Appendix B**.

8.2.1. With regards to the corporate plan an 8 week public consultation period was put in place from 1st October 2020 to 27th November 2020. During this time, residents, members and stakeholders were able to provide their views in a number of ways.

8.2.2. A dedicated engagement hub provided residents with information about the draft Corporate Plan and encouraged residents to submit comments, views and suggestions. The Council's social media accounts promoted the dedicated website and the engagement events, and also showed videos illustrating each of the proposed priorities.

8.2.3. The Council's Digital Influence Panel, Councillors, Town and Parish Councils, Public Service partner agencies, voluntary, community and faith sector stakeholders and Trade Unions were also invited to give their views. The Council also engaged with representative groups for young people, disabled people and older people in the community.

8.2.4. The feedback was positive, with the clear overall view in support of the Council's proposed vision and the three main priorities. In total, 627 people engaged with this process. The detailed findings of the consultaion can be found in **Appendix B**.

9. Access to Information

9.1. The following are links to key background documents:

[Outturn Report 2019/20](#)

[Medium Term Financial Strategy 2020-24](#)

[Mid Year Review \(Finance\) 2020/21](#)
[Pre Budget Consultation released 2nd December 2020](#)
[Council 16th December 2020: Domestic Taxbase Report](#)
[Third Quarter Review \(Finance\) 2020/21](#)

10. Contact Information

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

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