

Finance Sub-Committee

Date of Meeting:	01 June 2022
Report Title:	Review of Medium-Term Financial Strategy Consultation Process
Report of:	Alex Thompson, Director of Finance and Customer Services
Report Reference No:	FSC/2/22-23
Ward(s) Affected:	All

1. Purpose of Report

- 1.1.** To review the consultation process for the Medium-Term Financial Strategy. To identify what, with whom and when consultation should take place for the 2023/24 process. This includes setting some key principles and a high-level timetable up to and including the setting of the budget in February 2023.
- 1.2.** To approve the outline stakeholder analysis and engagement proposals for the consultation.
- 1.3.** To approve a programme of activity that widens engagement with the process, particularly with Borough and Parish Councillors in the budget setting cycle at appropriate points.

2. Executive Summary

- 2.1** The Council wants to increase the amount of feedback on its financial plans to support informed decision making. The Council also wants to enhance understanding amongst its residents of the services provided by the Council and how important the financial plans are in achieving the Council's priorities.
- 2.2** The approved Medium Term Financial Strategy (referred to as the MTFS) outlines the Council's spending and funding requirements over a four-year period to achieve the priorities within the Corporate Plan.

- 2.3** The MTFS is an essential part of the Council budgetary and policy framework and as such it is important to engage stakeholders, such as residents, businesses and locally elected members, in the process. Members of Cheshire East Council are responsible for approving the MTFS, including the setting of the local Council Tax requirements. Their approval should be informed by the views of stakeholders to determine the overall achievement of value for money.
- 2.4** To ensure the process of engagement and consultation is meaningful members of the Finance Sub-Committee are being asked to consider several principles and headline timescales to continuously improve the experience for stakeholders. The process will include opportunities to enhance understanding of the Council's role and its priorities.
- 2.5** The principles focus on bringing forward the engagement process and increasing the opportunities to get involved. This will be achieved through enhanced communications and accessible information based on current financial proposals.

3. Recommendations

The Finance Sub-Committee is recommended to:

- 3.1.** Approve the following principles of the Medium-Term Financial Strategy consultation process for 2023/24:
- 3.1.1.** Target an increased number of meaningful responses to the consultation process compared to 2022/23
 - 3.1.2.** Use the current version of the 2023/24 Budget (as contained within the Medium-Term Financial Strategy 2022 to 2025) to support early engagement with stakeholders (Appendix A)
 - 3.1.3.** Increase the range of opportunities for stakeholders to engage with the process via surveys, face-to-face, plus virtual meetings and use of social media.
 - 3.1.4.** Ensure communications, associated with budget setting, inform stakeholders of the range of Council services and how the Council prioritises activity
 - 3.1.5.** Use regular and accessible communications to share knowledge of potential opportunities and risks associated with the Council's financial plans to support informed responses to the consultation process.
- 3.2.** Approve the Medium-Term Financial Strategy process for the 2023/24 budget including:
- 3.2.1.** The Business Planning Timetable (Annex B), and;
 - 3.2.2.** The Stakeholder Analysis (Annex C)

4. Reasons for Recommendations

- 4.1.** The Council is required to set a balanced annual budget that has been subject to certain consultation requirements. The Council completes this task as part of the annual review of the Medium-Term Financial Strategy.
- 4.2.** The Corporate Plan 2021 to 2025 sets out a Council priority to be Open, Fair and Green. In achieving the priority to be Open the Council aims to be 'An open and enabling organisation'. This is further articulated as:
- Ensuring that there is transparency in all aspects of Council decision making
 - Listening, learning and responding to our residents, promoting opportunities for a two-way conversation
- 4.3.** The recommendations of this report continue to develop this priority in relation to ongoing engagement around the Council's financial plans.

5. Other Options Considered

- 5.1.** There is no obligation for the Council to undertake a wide-ranging consultation exercise on the MTFS. However, it is good practice to do so. It also supports the requirement of the Chief Financial Officer in reporting on the robustness of the Council's financial proposals, as feedback from stakeholders can provide an indication of the effectiveness of proposals. Openness is a key part of the Council's vision. Ensuring that all stakeholders are consulted with at an appropriate level assists with that openness and fosters good relationships and trust in the process.
- 5.2.** The Council has a legal duty to set a balanced annual budget taking regard of the report from the Chief Finance Officer. Options cannot be considered that would breach this duty. There is no option to "do nothing" as to have no business planning process would not fulfil the Council's obligations.

6. Background

Business Planning Process

- 6.1.** The proposed Business Planning Process for 2023/24 is set out in this report at a summary level. The process is recommended to start with the current MTFS, as this presents clear proposals for the achievement of a balanced budget. The next stage is to support stakeholders by highlighting risks associated with the current MTFS based on up-to-date information such as economic forecasts and demand. This review of the assumptions will help with the engagement process as it provides relevant up to date information. See **Annex A** for the current summary balanced budget

position for 2023/24, including the specific proposals which highlight the proposed changes to take place in the year to achieve this.

- 6.2.** The business planning process for 2023/24 (Annex B) runs from April 2022 until the setting of the budget in February 2023. During this time there are various stages of the cycle that need to be undertaken, including:
- 6.2.1. Set Parameters** – Reports have already been taken to all committees to allocate the 2022/23 current budget over individual committees. This acts as the baseline position for future budget setting.
- 6.2.2. Define** – During this stage, the outturn results from the last financial year are reviewed, alongside current budget performance to help articulate any issues that need to be address during this budget setting cycle. Current assumptions for future funding levels, economic factors and changing demand levels are also reviewed during this stage.
- 6.2.3. Consult** – during this period the Council engages stakeholders to understand their ideas and views on the Council’s financial plans. During this period there will be ongoing reports related to financial management, performance and government announcements. Feedback from this period of consultation is co-ordinated and considered before the final budget position is recommended.
- 6.2.4. Approve** – the budget for 2023/24 will then be approved by full Council in February 2023.

Consultation Plan

- 6.3.** The 2023/24 main budget consultation will take place during summer, autumn and winter of 2022.
- 6.4.** It will provide an opportunity for all stakeholders to feedback on the current set of proposals whilst also taking in to account relevant new information. Officers and members of the Council will also be required to develop detailed plans during autumn and winter in line with the feedback being provided.
- 6.5.** The approach will utilise technology where possible, but it will also be designed to ensure that methods are utilised which will ensure that it is inclusive of those who are not online or would rather provide their views in a different way; and will aim to collect all views.

Stakeholder analysis

- 6.6.** The stakeholder analysis sets out the communications and engagement pathway for the budget setting process. It seeks to manage the points at which the plans can be discussed and manage the key points at which media releases, statements and wider internal narratives may be required. This process has been successfully used to manage the budget

communications in the last two years and is reviewed ahead of each budget setting cycle. For the detail please see Annex C.

7. Consultation and Engagement

- 7.1.** The business planning process involves engagement with local people and organisations and will allow the Council to demonstrate its commitment to being an Open and Transparent Council.
- 7.2.** Adequate time will be allowed from the point at which any consultation goes live, to the point at which it closes, to ensure that intelligent consideration of the proposals can be made before any response is made.
- 7.3.** All responses to the consultation will be analysed and will be considered to ensure that feedback is taken into account prior to any final decisions being made on any of the proposals being consulted upon.
- 7.4.** Analysis of the feedback from any consultation will be published prior to any decision-making meeting, to ensure that stakeholders have confidence that the outcome report of the consultation accurately reflects the feedback made during the consultation period.
- 7.5.** It should be noted that reports covering the Draft Communication Strategy and the Approach to Consultation and Engagement are due to be reported to the Corporate Policy Committee on 14th July 2022. These reports will support principles that will be used to improve engagement with the budget setting process.

8. Implications

8.1. Legal

- 8.1.1.** 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 and there is no option to “do nothing” and to have no business planning process would be irresponsible.
- 8.1.2.** The legal implications surrounding the process of setting the 2023 to 2027 Medium Term Financial Strategy will be dealt with in the reports relating to that process later this year and early next year. The purpose of this paper is to provide an overview of the timetable to consult on the draft budget.

8.2. Finance

- 8.2.1.** Financial implications and assumptions will be shared with relevant Members at key points in the process. The Budget consultation will then set out the provisional balancing budget for 2023/24 for all stakeholders to comment on.

8.3. Policy

8.3.1. The Budget consultation outlines draft policy and budget proposals which will impact on service delivery arrangements.

8.3.2. The 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.

8.4. Equality

8.4.1. 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 who share a protected characteristic and those who do not share it;
- and - Foster good relations between those groups.

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

8.4.3. 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.

8.4.4. 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 Corporate Plan.

8.4.5. 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.

8.5. Human Resources

8.5.1. No direct implications from this report.

8.6. Risk Management

8.6.1. The Council has a legal duty to set a balance budget every year. The Budget consultation process including the associated timetable sets out the structure of how this will be consulted on and achieved.

8.7. Rural Communities

8.7.1. No direct implications from this report.

8.8. Children and Young People/Cared for Children

8.8.1. No direct implications from this report

8.9. Public Health

8.9.1. No direct implications from this report.

8.10. Climate Change

8.10.1. No direct implications from this report.

Access to Information	
Contact Officer:	Alex Thompson Director of Finance and Customer Services
Appendices:	Annex A – MTFS table and published Policy Proposals 2023-24 Annex B – Business planning timetable Annex C - Stakeholder Analysis
Background Papers:	-