

**Corporate Overview and Scrutiny
Management Board**

11 February 2021

**Medium Term Financial Plan 2021/22 to
2024/25 and Revenue and Capital
Budget 2021/22**



Report of Corporate Management Team

Paul Darby, Interim Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Members of the Corporate Overview and Scrutiny Management Board (COSMB) with an update to support scrutiny of the Medium Term Financial Plan (MTFP) including the Cabinet report of 10 February 2021 (attached at Appendix 2) relating to the Medium Term Financial Plan(11) 2021/22 to 2024/25 and a fully funded capital programme.
- 2 To provide Members of COSMB with an opportunity to scrutinise the Council's medium term financial plans prior to consideration by full Council on 24 February 2021.

Executive summary

- 3 COSMB received a report on the development of the MTFP (11) on 29 October 2020. The report referred to the period of significant financial uncertainty that local government is operating in and the ongoing impact of the coronavirus pandemic on the council's expenditure, income and government funding levels.
- 4 The government had been expected to publish a multi-year local government settlement and implement the fair funding review from 2020/21. Following the general election in December 2019 and Brexit however, a one year settlement was received for 2020/21. The impact of the coronavirus pandemic has resulted in a further one-year spending round for 2021/22 and a further delay to the comprehensive spending

review and the fair funding review implementation. The provisional local government finance settlement was announced on 17 December 2020 with the final settlement expected on 10 February 2021.

- 5 The provisional settlement provides additional financial resources for 2021/22 and the report includes details of additional investment in key front line services in County Durham.
- 6 The Cabinet report includes financial information in relation to the 2021/22 revenue budget, MTFP(11) 2021/22 to 2024/25 and the Council's capital programme.

Recommendation(s)

- 7 Members are asked to consider the contents of the Cabinet report and provide any scrutiny comments.

Background

- 8 COSMB has prioritised scrutiny of the MTFP and budget as part of its work programme and has previously considered the development of MTFP (11) on 29 October 2020 based on the information available at that time. As the local government settlement announcement was only made in late December 2020, this is the first opportunity for COSMB to further scrutinise Cabinet's proposals prior to debate at Council on 24 February 2021.
- 9 Feedback from COSMB will be shared with the Cabinet portfolio holder and included into the final budget report submitted to full council.
- 10 The COSMB meeting on 11 February 2021 will consider the Cabinet's report which provides information including:
 - Local Government Finance Settlement
 - Analysis of Settlement
 - New Homes Bonus
 - Revenue Support Grant
 - Social Care Grant
 - High Needs Dedicated Schools Grant
 - One off Coronavirus Funding
 - Negative RSG
 - Core Spending Power
 - Comprehensive Spending Review and the Fair Funding Review
 - Consultation
 - AAP Feedback
 - Scrutiny Committee Feedback
 - MTFP Strategy
 - Revenue Budget to 2021/22
 - Base Budget Pressures in 2021/22
 - Additional County Durham Investments
 - General Principles – AAP Towns and Villages Fund Investment
 - Priorities for Investment – AAP Towns and Villages Fund Investment
 - Funding allocation and integration
 - Engagement and Governance
 - MTFP (11) Savings
 - 2020/21 Collection Fund
 - 2021/22 Net Budget Requirement and Council Tax
 - One Off Grant Support to address coronavirus pandemic financial impact

- How the MTFP 11 2021/22 to 2024/25 has been developed
- Financial Reserves
- Capital Budget 2020/21 to 2023/24
 - Capital considerations in the MTFP (11) process
 - Available Capital Financing – Capital Grants
 - Capital Receipt Forecast
- One- Off Revenue Funding
- Prudential Borrowing
- Approval of Additional Capital Schemes
- 2021/22 Savings Proposals
- Equality Impact Assessment of MTFP
 - Impact Assessments for MTFP (11) Savings Proposals
 - Cumulative Impacts
 - Key Findings and Next Steps
- Workforce considerations
- Pay Policy
- Risk Assessment
- Dedicated Schools Grant and School Funding 2021/22
 - Schools Block
 - Central School Services Block
 - High Needs Block
 - Early Years
 - Pupil Premium
 - Total Dedicated Schools Grant
- Local Council Tax Support Grant Funding 2021/22
- Prudential Code, Treasury Management and Property Investment

11 The executive summary of Cabinet’s report highlights the current financial challenges faced by the Council and the significant ongoing uncertainty due to the further delay of the outcome of the comprehensive spending review and the fair funding review which will not be known until at least the 2021/22 settlement.

12 The Head of Corporate Finance and Commercial Services will be in attendance to present and respond to Member questions.

13 At the COSMB meeting of 29 October 2020, meeting minutes recorded member feedback on the developing MTFP (11) process as follows:

(a) The timing of meetings was an ongoing concern due to late settlements received from central government;

(b) Concern about the business rates system and its impact during the pandemic;

- (c) Concern about the overall level of uncertainty in the environment in terms of budget setting, including the long term impact of COVID-19 and the impact of Brexit;
 - (d) Concern about the impact on staffing of further savings requirements;
 - (e) The need to reflect the full impact of the pandemic in budget setting to demonstrate the shortfall in funding to Government;
 - (f) The need to provide information to the general public on the financial pressures faced;
 - (g) An appreciation of the strong financial position the Council finds itself in compared to many other councils who are facing budget deficits, through holding reserves as a safety net;
 - (h) The need for a balanced report that highlights positive aspects in improving and investing in services alongside the challenges;
 - (i) The need to utilise reserves before putting additional pressure on the taxpayer as many people were struggling, whilst taking care to follow the advice of CIPFA in maintaining a measured and prudential approach;
 - (j) Recognising limited scope for efficiencies in areas of statutory service provision such as adult and childrens services.
- 14 In developing the 2021/22 budget Cabinet have reflected upon the views of COSMB and have recommended a budget which seeks to protect front line services and a budget which minimises the impact upon staffing numbers. In addition, the Budget Support Reserve is again being invested to enable services to be protected and short term investments to be continued whilst the Towns and Villages Reserve has been prudently enhanced to enable investment in AAP's and communities.

Background papers

- Report and minutes COSMB 29 October 2020.

Contact: Jenny Haworth

Tel: 03000 268071

Appendix 1: Implications

Legal Implications

None.

Finance

Financial implications are identified within Appendix 1 of the Cabinet report of 10 February 2021.

Consultation

The attached report includes information on the consultation process.

Equality and Diversity / Public Sector Equality Duty

Equality considerations are built into the approach to developing MTFP (11) as a key element of the process.

Climate Change

Climate Change implications are identified within Appendix 1 of the Cabinet report of 10 February 2021.

Human Rights

Any Human Rights issues will be considered for any detailed MTFP (11) proposals as they are developed, and decisions made to take these forward.

Crime and Disorder

None

Staffing

Staffing implications are identified within Appendix 1 of the Cabinet report of 10 February 2021.

Accommodation

None.

Risk

Risk implications are identified within Appendix 1 of the Cabinet report of 10 February 2021.

Procurement

None.

**Appendix 2: Medium Term Financial Plan (11), 2021/22 to 2024/25
and 2021/22 Budget**

Attached as a separate document.