

DRAFT BUSINESS PLAN - ENGAGEMENT PROCESS – UPDATE FOR COUNCIL

Introduction

1. Cheshire East Council conducted the engagement process on the 2012/2015 Draft Business Plan, including the Budget for 2012/2013, from 24th January to 22nd February 2012. During that time the Council was able to share its priorities and budget proposals with stakeholder groups and meet the relevant statutory and best practice requirements.

Background

2. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with other groups, including, partners, third sector organisations, Trades Unions, Cheshire Police Authority, Cheshire Fire and Rescue Authority and residents.

Business Planning Process

3. In August 2011 the Cheshire East Cabinet agreed a comprehensive Business Planning Process. This set out the Council's priorities and a request to generate proposals to deliver those priorities through investment and to deliver savings. The report included a communications plan setting out the activity that would be undertaken throughout the year. This included a two stage approach to engagement:

Round 1 – held in autumn 2011,
Round 2 – held during January and February 2012

4. The strap line of '**Ambition, Action, Achievement**' was chosen for the Business Planning Process and further work was undertaken to develop the engagement plans.

Round 1

5. Where possible, round 1 of the engagement exercise used existing meeting structures to provide a briefing on the current year position, on-going impact of the Comprehensive Spending Review, potential changes to local government finance and the implications for the Council. The key dates in November and December are set out below:

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| - 4 th November | Business Planning Briefing to all Members |
| - 14 th November | Schools Forum (via Formula Working Group) |
| - 16 th November | Corporate Trades Unions Meeting |
| - 24 th November | Town and Parish Councils Conference |
| - 8 th December | Business Event |

Round 2

6. Round 2 was based on the Draft Business Plan. It included the following events:

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| - 11 th and 13 th January | Business Planning Briefing to all Members |
| - 24 th January | Draft Business Plan available for stakeholders and staff |
| - 24 th January | Business Event with South Cheshire Chamber of Commerce |
| - 24 th January | Schools Forum |
| - 25 th January | Trades Unions |
| - 1 st February | Business Event with East Cheshire Chamber of Commerce and Enterprise |
| - 15 th February | Service Managers |
| - 21 st February | Business Event with Macclesfield Chamber of Commerce and Enterprise |

Engagement Material

7. The key purpose of the second round was to engage on the Council's Draft Business Plan. This document replaced the Pre Budget Report released previously but retains the aim of presenting the Council's priorities, key service developments and impact of the budget in a user friendly and readable format. A link to the Draft Business Plan was circulated electronically to those who attended the meetings, and hard copy made available on request. Staff were also notified that it was available.
8. The Draft Business Plan was placed on the Cheshire East Council website on 24th January. The document and website included details of how to comment on the issues.

Format of the January Meetings

9. The events took a similar format with a presentation followed by a question and answer session. The presentation related to:
 - The 2011/2012 expenditure position.
 - The funding position for 2012/2013 to 2014/2015.
 - The Business Planning Process.
 - Key revenue and capital policy proposals.
10. The Cheshire East Council Cabinet and Corporate Management Team were represented, with the Resources Portfolio Holder and Director of Finance and Business Services attending the events as required.

Feedback

11. A summary of issues raised at the events is attached at **Annex 1**.
12. At the time of issuing this report the engagement process is on-going. Therefore, any further issues or comments raised will be reported to the Council meeting on 23rd February.

Conclusion

13. Cabinet Members will review the feedback from the events and, where possible, factor these into their final budget deliberations prior to the Council meeting.

Draft Business Plan – Budget Engagement

Summary of Key Engagement Issues

Financial Stability

Grant Funding

Noted that a low level of grant funding was beneficial when it came to the impact of percentage reductions. This had also ensured the Council maximised other funding sources such as Council Tax, where collection rates were very high in Cheshire East.

The Chancellor was being fully briefed on the low levels of Government funding in Cheshire East which failed to recognise the ageing population.

Formula Grant funding has reduced by c. £7m from 2011/2012 to 2012/2013.

Council Tax

In the medium term, Council Tax levels would be under review.

Confirmation that in return for freezing Council Tax for 2012/2013 the Council will receive a grant for one year of £4.5m. This is included within the Business Plan being recommended to Council, but it is not being used to balance the Budget.

Confirmation that transfer of services or assets to local town and parish councils could result in an increase in the amount required in those areas but each situation would be different.

Inflation

The Council is not providing for a general inflationary increase in 2012/2013 on the basis that the significant funding reductions are leading to cash based budgeting. Any inflationary pressures have been accurately identified and offset by savings within each respective service.

Changes to Local Government Finance

Several changes lay ahead in terms of funding arrangements, however, it was not yet possible to calculate the impact. This very significant level of uncertainty meant the Budget position for 2013/2014 and 2014/2015 had not yet been balanced.

Key issues from April 2013 included local retention of business rates and localisation of Council Tax Benefit.

The local authority bond issue was being monitored in terms of future funding arrangements.

Business Rates

The Council has no control over the amount of business rates it retained but was lobbying to improve the situation.

Confirmation that new powers to introduce local discounts for business rates could be used to support new businesses. However, this has to be funded locally by the local taxpayer. If the Authority is able to generate more business rates and retain them (under a potentially revised funding system) it would support greater use of local discounts.

Businesses could assist by pushing for a greater level of local business rates retention to promote local investment.

Information on deferment schemes will be published with the 2012/2013 business rate bills.

Supplementary Business Rates

The Council was considering the option of introducing a local business rate supplement in 2013/2014 in agreement with businesses.

Reserves

It was essential for the Council to keep a minimum level of reserves based on a detailed risk assessment. Any planned use had to be repaid over time to maintain levels.

Where a payment to reserves increased the funding gap, then the need for the payment would be reviewed before reducing services.

Reserves were set to rise above the risk assessed minimum level as a result of the Council Tax Freeze grant being paid into reserves to help with the funding gaps in later years and invest-to-save initiatives.

Capital Programme

Confirmation that the Capital commitment figures were spread across the different services and included ICT investment.

Income from Fees and Charges

The Council would monitor the impact of any increase in charges in terms of reduced demand. The Council's aim was to harmonise charging across the Borough but it had to recognise local factors that made this impractical in some cases.

General

Support for a greater level of detail being provided at earlier stages in the process.

The Council would review how it communicated major schemes and projects to taxpayers and businesses.

Confirmation that the Council was looking to capitalise voluntary redundancy costs incurred in 2011/2012.

Clarification provided over the mileage rates available for elected Members and officers.

Confirmation that any reductions to grants to the community and voluntary sector would be subject to an equality impact assessment.

Children and Families

Dedicated Schools Grant

The presentation of DSG funding will be reviewed for the Final Business Plan.

Guidance requested over the inflation assumptions being applied to schools.

Safeguarding Services

Confirmation the reductions would be made through:

- Reviewing Disability and Short Break placements.
- Rationalising Residential provision.
- Rationalising 16+ and Cared for Support.

Adults

The Council is actively considering the use of smaller care providers to avoid too great a dependency on large companies. This helped to spread risks and support the local economy.

Acknowledged a request to work closely with the third sector, partners, health and police given funding reductions and legislative changes ahead.

Work was underway to look at options for Care4CE to enable it to receive Direct Payments.

The Council was looking at options surrounding leisure facilities to keep older people fit, living in their own homes and not requiring expensive publicly funded care services.

Places and Organisational Capacity

Assets

The news of a reduction in gas prices will help the in year position, however, the proposals for 2012/2013 were created before the announcement. At this stage it is not clear how long the reduction in prices will last, therefore no change to the proposals is being made.

Greenspaces

It was expected that as resource levels reduced the expectation on the community would grow and 'Civic Pride' initiatives were encouraged.

Devolution of Services

It was expected that, in some cases, parish precepts may temporarily rise to cover additional costs.

Waste

Schools were being encouraged to recycle more through work with the Schools Forum and through projects at schools. Schools waste was classified as commercial waste and therefore chargeable. As such it was in their interest to recycle as much as possible.

Much was being done with businesses in terms of legislation and other initiatives. Businesses were being encouraged to recycle and reduce carbon emissions, packaging etc. This was generally going well. The Localism Bill may help the local authorities' role in this and the position will be reviewed.

Highways

Noted comments re provision of cycle lanes in main towns and that this may be easier under revised legislation.

Corporate Services

ICT

Despite many demands and significant ambitions for new systems, the IT function was being reduced. This had been caused by funding reductions meaning the Council could only work to affordable levels rather than desired levels of support.

This meant projects requiring ICT support had to be realistically phased to match funding available.

Assets

Savings from vacating buildings will be captured corporately under new budgeting arrangements.

HR

Staff training and development budgets were being maintained.