

CHESHIRE EAST COUNCIL

Staffing Committee

Date of Meeting: 21 January 2011
Report of: Borough Treasurer and Head of Assets
Subject/Title: Business Planning Process 2011-14 - Pre Budget Report

1.0 Report Summary

- 1.1 Cheshire East Council launched its Business Planning Process in July 2010. This process has enabled the Council to respond to the funding reductions from Central Government to address the national deficit by developing a series of budgetary and capital proposals for 2011/12.
- 1.2 The proposals will be published in the Pre-Budget Report on 19 January 2011. This document will be used as the basis of an engagement exercise to set out the proposals and ask for views on how their impact can be managed.
- 1.3 The views of Trade Unions will be considered at their regular meeting with the Staffing Committee in January.

2.0 Decision Requested

- 2.1 To note the contents of the Pre Budget Report and receive comments on the proposals in terms of how their impact can be managed.

3.0 Reasons for Recommendations

- 3.1 The Authority has a statutory duty to share budget and policy proposals with stakeholder groups and will do this between 19 January 2011 and the Council meeting on 24 February 2011 when the budget will be set.
- 3.2 Feedback on the proposals will be used to inform Cabinet deliberations on the final Budgetary position.

4.0 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 The report contains policy proposals which will impact on service delivery.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 The report includes details of policy proposals which will affect service budgets from 2011/12 onwards.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Medium Term Financial Strategy must be underpinned by robust estimates and the level of reserves maintained by the Authority must be adequate.
- 8.2 The Council must have a robust process for budget setting in order to fulfil its fiduciary duties.

9.0 Risk Management

- 9.1 The steps outlined in this report will significantly mitigate the main legal and financial risks to the Council's financial management:
- a. The council must set a balanced Budget.
 - b. The council must set a legal Council Tax for 2011/12.
 - c. The council should provide high quality evidence to support submissions for external assessment. This can have the affect of reducing scrutiny, and audit charges that can be related to risk.
 - d. That council borrowing will comply with the Treasury Management Strategy.
- 9.2 A risk assessment for all individual proposals being put forward over £100,000 has been carried out by each Directorate.

10.0 Background and Options

- 10.1 During the early part of 2010/11 Cheshire East Council assessed its revised financial position following a change in Government and the launch of the programme to reduce national debt levels through reducing public sector expenditure in areas such as local government.
- 10.2 The high level steer at that time was to anticipate reductions of 25% over a four year period resulting in broad targets of 6% per annum.
- 10.3 In response the Council launched its Business Planning Process at Cabinet in July 2010. This marked the start of the process and all Directorates and Portfolio Holders began to generate revenue and capital proposals with regard to priorities, desired performance levels and the need to reduce expenditure.
- 10.4 The Comprehensive Spending Review was announced on 20 October 2010 and set out more details of the savings the public sector needed to make. The announcements were interpreted and the level of savings required was increased. The implications of the spending review were briefed on at regular meetings during October and November.

- 10.5 Given the very significant uncertainty over the level of funding available to the Council and concerns about the impact of underlying growth pressures being experienced in the current year that were not reflected in service budgets, Cabinet Members decided to adopt a net savings target of £30m in 2011/2012.
- 10.6 The Provisional Financial Settlement was released on 13 December 2010 and confirmed that this planning assumption was justified. The settlement represented an unprecedented level of change in the level and structure of local authority funding. This complexity and late release of the settlement has meant that the Council has taken time to understand the impact and finalise the proposals for next year.
- 10.7 Throughout the process the proposals have been challenged on two occasions to ensure the Authority has a robust set of revenue and capital proposals. These proposals will be published in the Pre Budget Report on 19 January 2011.
- 10.8 The Pre Budget Report will be used as the basis of a series of engagement meetings in January where stakeholders will be briefed on the proposals and asked for their views on how the Council can help mitigate their impact.
- 10.9 The engagement meetings are set for the following dates:

January	
20 th	Partners / Third Sector
21 st	Staffing Committee / Trade Unions
25 th	Schools' Forum
26 th	Businesses
27 th	Town and Parish Councils

and the public via the website and libraries.

- 10.10 The final position will be published in the Budget Report that will be presented to Council on 24 February 2011.

11.0 Access to Information

- 11.1 The background papers relating to this report can be inspected by contacting the report writer:

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