

### BUDGET ENGAGEMENT PROCESS

1. Cheshire East Council completed the Budget Engagement process for the 2011/2012 Budget from 19<sup>th</sup> January to 24<sup>th</sup> February 2011, where it was able to share 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 such as the Schools Forum and businesses. In addition, the Council chooses to consult other groups, including, partners, third sector organisations, Trade Unions, Cheshire Police Authority and Cheshire Fire and Rescue Authority.

#### Business Planning Process

3. In July 2010, the Cheshire East Cabinet agreed a comprehensive Business Planning Process, designed to align priorities with resource allocation. The process included outline details of the stakeholders and the need for an engagement process. A two stage approach was confirmed for 2011/2012:

Round 1 – held in autumn 2010

Round 2 – held in January and February 2011

4. The strap line of '**Our People, Our Place**' was chosen for the events and further work was undertaken to develop their format and content.

#### Round 1

5. Round 1 of the engagement exercise used existing meeting structures and newsletters to provide a briefing on the Comprehensive Spending Review and the implications for the Council. Some of the key dates in October and November are set out below:

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|---|---|
| - 22 <sup>nd</sup> & 28 <sup>th</sup> October | Manager Conferences   |
| - 21 <sup>st</sup> October                    | Policy Briefing Paper to all Members<br>(attached at <b>Annex 1</b> ) |
| - 21 <sup>st</sup> October                    | Opposition Leaders Briefing   |
| - 22 <sup>nd</sup> October                    | Staff Newsletter  |
| - 27 <sup>th</sup> October                    | Overview and Scrutiny Budget Consultation Group                       |
| - 29 <sup>th</sup> October                    | Business Planning Briefing to all Members                             |
| - 2 <sup>nd</sup> November                    | Letter to all staff from the Chief Executive                          |
| - 3 <sup>rd</sup> November                    | Senior Manager Meeting  |
| - 4 <sup>th</sup> November                    | Partnerships for Action in Cheshire East Executive                    |

## Round 2

7. Round 2 of the Our People, Our Place engagement took place in January and February 2011 as follows:

- |                                      |  |
|--------------------------------------|--|
| - Tuesday 18 <sup>th</sup> January   | All Members Briefing                                       |
| - Wednesday 19 <sup>th</sup> January | Pre Budget Report available for all staff and stakeholders |
| - Thursday 20 <sup>th</sup> January  | Partners / Third Sector Meeting                            |
| - Friday 21 <sup>st</sup> January    | Trades Unions / Staffing Committee                         |
| - Tuesday 25 <sup>th</sup> January   | Schools Forum Meeting                                      |
| - Wednesday 26 <sup>th</sup> January | Business Breakfast Meeting                                 |
| - Thursday 27 <sup>th</sup> January  | Town and Parish Councils Meeting                           |

## Engagement Material

8. The key purpose of the second round was to engage on the Council's Pre Budget Report. The Pre Budget Report was introduced last year as an innovative way of presenting the Council's financial position, key service developments and impact of the budget in a user friendly and readable format. The document was well received last year and has been further enhanced for 2011/2012. The Pre Budget Report was circulated in advance of the meetings and made available to delegates at each event. Staff were also notified that it was available.
9. The Pre Budget Report was placed on the Cheshire East Council website on 19<sup>th</sup> January. The website included details of how to comment on the issues.

## Format of the January Meetings

10. The events took a similar format with presentations followed by group discussions or question and answer sessions. The presentations related to:
- The funding position.
  - The Business Planning Process.
  - Key policy revenue and capital proposals in the Pre Budget Report.
11. The Cheshire East Council Cabinet and Corporate Management Team were well represented, with the Leader of the Council and Chief Executive attending most of the events.

## **Feedback**

12. A summary of issues raised at the events is attached at **Annex 2**.

## **Where Next?**

13. Cabinet Members have given a clear undertaking to further improve consultation and engagement arrangements and a review will be undertaken for next year.

## **Conclusion**

14. Cabinet Members reviewed all the feedback from the events and, where possible, have factored these into their detailed budget deliberations. Some of the feedback will assist with setting out proposals for the 2012/2013 Budget where it is expected that further savings will need to be made as a result of a further decrease in Government support.

**Comprehensive Spending Review (CSR) - Policy Briefing**  
Issued on 21<sup>st</sup> October 2010

## **Headlines**

### **CSR - 7.1% annual cut to Communities budget**

1. Overall savings in funding to councils of 7.1% per year for four years.
2. End to ring-fencing of all local government revenue grants from April 2011 with the exception of simplified schools grants and a public health grant.
3. Reduction in the number of separate core grants to local authorities from over 90 to fewer than 10.
4. Grant funding for social care increased by an additional £1 billion by 2014/2015.
5. A further £1 billion for social care provided through the NHS to support joint working with councils
6. Community budgets will be established in 16 local authority areas to pool departmental budgets for families with complex needs including Westminster
7. New Homes Bonus to give councils financial incentives to ensure that local communities benefit from new housing and economic development.
8. Councils will no longer have to report on 4,700 local area agreement targets.
9. Funding in all 4 years to enable a council tax freeze in 2011/2012
10. Use of personal budgets extended.
11. Tax Increment Finance powers introduced, allowing councils to fund key projects by borrowing against future increases in locally collected business rates Details to come in White Paper on local growth.
12. Councils will have greater flexibility to manage council tax together with direct control over Council Tax benefit, within an overall budget that will be reduced by 10% from April 2013.
13. New payment mechanisms (payment by results) for prisons, probation, and community health services.
14. £1.6 billion CLG funding to be devolved to Local Government.
15. Capital funding from all departments to councils will fall by around 45% over the Spending Review period. The Government will prioritise capital investment on areas of greatest economic value, such as high value local transport
16. In 2011/2012, £200 million will be available to councils to accelerate reforms of local services.

### **CSR - Government will fund council tax freeze**

17. The CSR announced that local authorities who freeze their council tax next year will be refunded at a rate of 2.5% per year.

### **CSR - Reforms to housing mean social tenants will pay more**

18. The Chancellor announced new reforms which will result in all new social tenants paying higher rents for properties, up to 80% of market value.

### **CSR – Other announcements**

19. The numbers of ringfenced council grants will be drastically reduced. Also announced was a £200m fund for councils to accelerate reforms of local services.
20. Pooled budgets will be rolled out in 16 areas, including Westminster, from next year.
21. The settlement includes funding to support the Big Society, including pilots for the National Citizen Service

### **Most voters say the cuts are "unavoidable"**

22. A YouGov poll released this morning said that 60 per cent of people think cuts are inevitable but opinion is split of the speed and depth of cuts.

### **Government borrowing reaches record high**

23. Office for National Statistics figures show the government borrowed £15bn in September - the highest ever.

# **Our People, Our Place – Budget Engagement**

## **Summary of Key Engagement Issues**

### **Financial Stability**

#### **Council Tax Freeze**

Confirmation that in return for freezing Council Tax for 2011/2012 the Council will receive the grant for four years.

#### **Inflation**

The Council is not providing for a general inflationary increase in 2011/2012 on the basis that the significant funding reductions are leading to cash based budgeting. Any inflationary pressures have to be absorbed by services. The Council is monitoring the situation and has created a contingency for unavoidable inflationary commitments of £1.9m.

#### **Single Person Discount**

This was a compliance issue with no change in the discount.

#### **Business Rates**

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

#### **Grants**

The results of the settlement had not been as bad as initially expected however, in some cases information was still awaited.

#### **Reserves**

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

#### **Value for Money**

Noted the spending power per head figures quoted by Central Government placed Cheshire East at £753.31 compared to the England average of £1,007.21. In terms of school funding and the Guaranteed Unit of Funding (GUF) Cheshire East receives £4,695.01 compared to the national average of £5,082.53.

## **Our People**

### **Commissioning Services**

Acknowledged the potential pressure on the third sector and charities as funding levels reduce. Need to work together on commissioning services and making savings.

In some cases there was a preference for smaller, local commissioning arrangements.

Acknowledged opportunities for making the most out of visits to homes from Fire staff etc

### **Reductions in Grant Funded Services**

Noted impact on staff who provided those services but it was now down to schools to determine the type and levels of service required.

### **Changes in Services to Adults**

Significant funding had been provided to meet the growth in demand.

The Council has a very strong commitment to personalisation.

The Council had a policy of only providing funding to meet needs that were assessed as critical or substantial as it could not afford anything else. All clients were being reviewed and may experience a change in service levels as a result.

The Council was willing to work with partners on prevention but was not able to provide additional funding.

The financial impact of preventative work was very significant.

### **Leisure Centres**

These have a key role to play in keeping people active so they do not need care from the Council and will be used to provide more targeted services to individuals through the lifestyle concept. This will increase income levels and mean the facilities are financially viable.

Closer working over public health with the health service meant there was huge scope for improvement in this area.

### **Youth Support**

The future of youth support and advice is currently being discussed and cannot be commented on at this time.

## **Our Place**

### **Waste**

The collection service for recyclables is being reviewed and an improved service will be introduced.

### **Road Maintenance**

Noted concerns over the new Highways contract in terms of influence and policy direction. Also lessons would be learnt from other parts of the country. There were also queries over how to contact the Council regarding faults.

### **Car Parking Charges**

Some of our partners fully appreciated the need for charging and highlighted the link between charges and bus use.

### **Road Safety Reductions**

Clarification this was not a reduction to road safety levels but a saving from new ways of working. The Council remain committed to improving road safety.

### **Planning**

Mix of concerns but process was ongoing and detailed issues would be addressed such as use of green belts and agricultural land etc.

All views would be listened to - make use of parish plans where possible.

Systems continued to be developed and improved.

### **Regeneration**

There remained scope for closer working with the Chambers of Commerce in terms of support to small and medium sized enterprises and removing any duplication of effort.

It was agreed the Council would maintain a list of courses on offer to businesses that set out what businesses would gain by attending.

Businesses were asked to comment on the draft “engaging with businesses” document on the Council’s website.



## **Supporting Service Delivery**

### **Local Service Devolution**

Workshops would be held in February and March to clarify the way forward and understand the level of interest.

### **Budgets for Local Working**

Confirmation the 2010/2011 budget allocation was in the base but no additional funding was included in the Pre Budget Report.

£625k was set aside in the Reserves Strategy for pump priming work in Parishes.

### **Energy Prices**

The Council has an invest to save programme which has allocated funding to several energy reduction projects. These are being targeted at the heavy use areas.

### **Procurement**

The Council was actively improving its procurement methods through better information and economies of scale etc.