

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	14th February 2011
Report of:	Borough Treasurer & Head of Assets and Head of Policy & Performance
Subject/Title:	Business Planning Process 2011/2014 – Budget Report
Portfolio Holders:	Councillor Fitzgerald / Councillor Brown

1.0 Report Summary

- 1.1 The Cheshire East Council Budget for 2011/2012, has been produced following engagement on the Pre-Budget Report that was issued in January 2011.
- 1.2 The Budget Report sets out, in detail, the spending plans and income targets for the financial year starting 1st April 2011, as well as financial estimates for the 2012/2013 and 2013/2014 financial years.
- 1.3 The 2011/2012 Budget will be reported to Cabinet on 14th February 2011. Any changes made as part of this process will be amended in the final report made available to Members ahead of the Council meeting on 24th February 2011.
- 1.4 At the time of writing, the Local Government Finance Report for 2011/2012 had been published on 31st January 2011. This contains final formula grant allocations which are reflected in the attached documents. However, the figures are not confirmed until approved by Members of Parliament following a debate in the House of Commons on 9th February. Should there be any changes they will be notified at the Cabinet meeting.

2.0 Decision Requested

- 2.1 Note the results of the Budget Engagement exercises undertaken by the Council (Appendix A).
- 2.2 Note the comments of the Borough Treasurer and Head of Assets (Chief Finance Officer), regarding the robustness of estimates and level of reserves held by the Council based on this budget (Appendix B, Comment from Borough Treasurer).
- 2.3 Recommend the 2011/2012 Budget Report to Council for approval (Appendix B).
- 2.4 Recommend the three-year Capital Programme for 2011/2012 to 2013/2014 to Council for approval (Appendix B, paragraphs 52 to 63 and Annex 6).
- 2.5 Recommend a Band D Council Tax of £1,216.34 (no change from 2010/2011) to Council for approval.
- 2.6 Recommend the Reserves Strategy to Council for approval. (Appendix B, Annex 8).
- 2.7 Agree the 2011/2012 non ringfenced Specific Grants (excluding DSG) (Appendix B, paragraphs 18 to 22) and agree that Portfolio Holders be authorised to agree any necessary amendment to particular grants within their area of responsibility in the

light of further information received from Government Departments or other funding bodies.

- 2.8 Agree the 2011/2012 Dedicated Schools Grant (DSG) of £229.6m and the associated policy proposals (Appendix B paragraphs 23 to 33 and Annex 6).
- 2.9 Authorise the Children and Family Service Portfolio Holder to agree any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes and the actual balance brought forward from 2010/2011.
- 2.10 Recommend the Prudential Indicators for Capital Financing to Council for approval. (Appendix B, paragraphs 62 and 63 and Annex 5).
- 2.11 Note the risk assessment detailed in Appendix B, paras 82 to 84 of the report and Annex 7.

3.0 Reasons for Recommendations

- 3.1 In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet will approve the Budget for 2011/2012 on 14th February 2011. At the same meeting, the Cabinet will receive the final Formula Grant Settlement (subject to approval by Members of Parliament) and the draft Capital Programme. A copy of the budget report is attached in Appendix B.
- 3.2 The Borough Treasurer and Head of Assets (Chief Financial Officer) reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, she is satisfied with the robustness of the estimates making up the Budget Requirement of £249,015,000 and she is satisfied with the adequacy of the financial reserves for the Council.

4.0 Wards Affected

- 4.1 Not applicable

5.0 Local Ward Members

- 5.1 Not applicable

6.0 Policy Implications including – Carbon Reduction – Health

- 6.1 The report outlines 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 2011/2012 onwards.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 The Council should have robust processes so that it can meet statutory requirements and fulfill its fiduciary duty.

9.0 Risk Management

- 9.1 The steps outlined in this report significantly mitigate the four main legal and financial risks to the Council's financial management:
- The Council must set a balanced Budget
 - The Council must set a legal Council Tax for 2011/2012
 - The Council should provide high quality evidence to support submissions for external assessment.
 - That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.
- 9.2 A risk assessment of the individual proposals over £100,000 being put forward will be carried out by each directorate.

10.0 Background and Options

- 10.1 The Business Planning Process was agreed by Cabinet in July 2010. This report provides an update on events, details of the Budget Report and the next steps.
- 10.2 Following approval the Business Planning Process was launched at a Member Briefing session on 23rd July. Detailed guidance was subsequently issued to all senior managers and Members.
- 10.3 Between August and February a significant amount of activity has taken place to reach the Budget Report position.
- 10.4 This report includes two appendices which provide all the detail behind the 2011/2012 budget:
- Appendix A: The Budget Engagement Report.
 - Appendix B: The Budget Report for 2011/2012 (including the Reserves Strategy for 2011/2012).

11.0 Access to Information

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

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