

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	6th February 2012
Report of:	Director of Finance & Business Services
Subject/Title:	Business Planning Process 2012/2015 – Business Plan
Portfolio Holder:	Councillor Jones / Councillor Brown

1.0 Report Summary

- 1.1 The Cheshire East Council Business Plan for 2012/2015, has been produced following engagement on the Draft Business Plan that was issued in January 2012. The Business Plan has two main elements: the Council's priorities and the Budget.
- 1.2 The Council's priorities are confirmed as delivery of the Sustainable Community Strategy and further explanation is provided within the Business Plan.
- 1.3 The document sets out, in detail, the spending plans and income targets for the financial year starting 1st April 2012, as well as financial estimates for the 2013/2014 and 2014/2015 financial years.
- 1.4 The 2012/2015 Business Plan will be reported to Cabinet on 6th February 2012. 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 23rd February 2012.
- 1.5 At the time of writing, the Local Government Finance Report for 2012/2013 has not been published or confirmed. This will contain final formula grant allocations which need to be 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. Therefore, the Business Plan is based on the provisional settlement issued on 8th December.
- 1.6 In contrast to previous years the Government launched a consultation on the adjustment made to funding in relation to Academies and the impact on support functions provided by the local authority. This consultation closed on 12th January and it is assumed any resulting changes will be fed into the final settlement. At this stage it is not possible to make any prudent estimates of the impact.

1.7 Any resulting impact in terms of additional funding will be used to increase the contribution to reserves, while any decrease in funding will reduce the contribution to reserves. Therefore, a balanced budget position will be maintained. Should there be any changes they will be notified at the Cabinet or Council meeting.

2.0 Decision Requested

2.1 Note the results of the Budget Engagement exercise undertaken by the Council (**Appendix A**).

2.2 Note the comments of the Director of Finance & Business Services (Chief Finance Officer), regarding the robustness of estimates and level of reserves held by the Council based on this budget (Appendix B, Comment from Director of Finance & Business Services).

2.3 Recommend the 2012/2015 Business Plan to Council for approval (**Appendix B**).

2.4 Recommend the three-year Capital Programme for 2012/2013 to 2014/2015 to Council for approval (**Appendix B, Annex 3, paragraphs 88 to 94 and Annex 7, pages 108 to 116**).

2.5 Recommend a Band D Council Tax of £1,216.34 (no change from 2011/2012) to Council for approval (**Appendix B, Annex 3, paragraphs 57 to 58**)

2.6 Recommend the Reserves Strategy to Council for approval. (**Appendix B, Annex 8**).

2.7 Note the 2012/2013 non ringfenced Specific Grants (excluding DSG) (**Appendix B, Annex 4**). Any amendments to particular grants in the light of further information received from Government Departments or other funding bodies will be reported to Council.

2.8 Agree the 2012/2013 Dedicated Schools Grant (DSG) of £193.8m and the associated policy proposals (**Appendix B, Annex 7, page 89**).

2.9 Authorise the Children's and Family Services Portfolio Holder to agree any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2011/2012.

2.10 Recommend the Prudential Indicators for Capital Financing to Council for approval. (**Appendix B, Annex 6**).

2.11 Note the risk assessment detailed in **Appendix B, Chapter 4** of the report.

3.0 Reasons for Recommendations

3.1 In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet on 6th February 2012, will recommend to Council for approval the Budget for 2012/2013, subject to any changes as a result of the final Formula Grant Settlement (which is subject to approval by Members of Parliament) and the draft Capital Programme.

3.2 A copy of the Business Plan (which includes the Budget and draft Capital Programme) is attached at **Appendix B**.

3.3 The Director of Finance & Business Services (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, as amended by the Localism Act 2011, she is satisfied with the robustness of the estimates making up the Council Tax Requirement of £178,567,676 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 Director of Finance and Business Services)

7.1 The report includes details of policy proposals which will affect service budgets from 2012/2013 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 fulfil 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 2012/2013
- 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 significant proposals being put forward has been carried out by each directorate and included as part of the service planning process.

10.0 Background and Options

10.1 The Business Planning Process was agreed by Cabinet on 1st August 2011. This report provides an update on events, details of the Business Plan and the next steps.

10.2 Following approval the Business Planning Process was launched at a Member Briefing session on 2nd August. Detailed guidance was subsequently issued to Portfolio Holders and the Corporate Management Team.

10.3 Between August 2011 and February 2012 a very significant amount of activity has taken place to reach the Business Plan position.

10.4 This report includes two appendices which provide all the detail behind the 2012/2013 budget:

- Appendix A: The Budget Engagement Report.
- Appendix B: The Business Plan for 2012/2015 (including the Reserves Strategy for 2012/2015).

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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