



Business Plan 2012 / 2015

***Ambition
Action
Achievement***

February 2012

Foreword by the Leader of the Council & the Chief Executive

Cheshire East Council has moved away from the traditional route of separately reporting on the Budget and the corporate priorities by incorporating them into a single document – the Business Plan.

The Council's ambition is to deliver Cheshire East's Sustainable Community Strategy 2010/2025 *Ambition for All*, together with our partners, through the successful and appropriate use of our available funding and resources.

Compared to the majority of English local authorities Cheshire East Council provides good value for money, with low spending per head and a low reliance on government grants.

However, the continued reductions in funding, increasing cost pressures and potential changes to our funding arrangements make financial delivery now, and planning for the next three years, very difficult.

In the current financial year these pressures have hit hard. At the mid-year point, in addition to identifying strong mitigating actions to potential overspends in Services, we asked ourselves some simple questions, do we need to spend this now, in this way and at this time. We did this through our Think Twice initiative and other austerity measures.

To date we have made good progress towards achieving a positive outcome for 2011/2012. This will be clearly demonstrated in the Council's third quarter performance report. We are very pleased with the reaction of the workforce, who have worked extremely hard to deliver against their Service Plans in spite of these difficulties.

The Council has approached these challenges in a managed way through the Business Planning Process. In August Cheshire East Cabinet launched the process to create the Business Plan.

This document represents the results of almost six months of work by Cabinet and the Corporate Management Team. The first stage was to identify all pressures and possible savings. A balanced position was reached by examining all services against the criteria of:

- Is the service providing **Value** for money?
- What is the **Impact** of changing the service?
- What is the appropriate **Performance** requirement?

As part of the process we have rigorously reviewed service levels and how costs are managed compared to demand. As part of this, the current year position has also been examined in depth.

Where permanent issues have been identified, such as energy costs and pension liabilities, the necessary budget changes have been included in this document. Key service demands have been recognised such as cost pressures in Adults where an additional £3m has been allocated to the provision of care.

The result is a set of Business Planning proposals that maintain high standards in key services to residents and businesses, but make necessary reductions and additional charges where appropriate.

As the new duties and the future funding levels of the Council become clearer, further work will be undertaken to refine the proposals set out for later years and to review the options available to the Council.

Cllr Wesley Fitzgerald
Leader of the Council

Erika Wenzel
Chief Executive

Statement by the Resources Portfolio Holder

As Cheshire East Council enters its fourth financial year, the Cabinet and I propose a robust Budget to support the Council's ambition to deliver the Sustainable Community Strategy.

We have undertaken a strong challenge of our Business Planning proposals in order to set achievable targets for another challenging year of austerity and financial instability related to our funding position. We are also strongly challenging how our funding is calculated and we have requested that greater value is given to the level of our older population.

The Council is a large unitary authority (third largest in the Northwest), which relies heavily on the local tax payers to support local Services as opposed to Central Government funding (only 45% of Business Rates collected is retained). Although Council Tax charges to residents are below average for a unitary authority, the low level of grant funding means that the amount actually collected is double the average for a unitary authority.

Funding for local Services is estimated to significantly reduce over the medium term. The Council's challenge will be to manage this reduction whilst creating the minimum impact on Service users and without having to impact heavily on the local taxpayers who already make a significant contribution. We welcome the localism agenda and hope to receive more, if not all, of our Business Rates.

There is no doubt that more savings have to be made and this is despite increasing pressure and demand for our Services. I am confident that the Budget provides the direction to achieve those challenging savings whilst not diminishing Service delivery.

Value for money must be achieved and delivering the Budget is the Cabinet's first priority. In 2011/2012 we have targeted £35m of savings. The half year projected Service overspend was forecast at £16m. After taking strong and decisive action, this has been reduced substantially.

I am confident that in the third quarter we will have achieved a £5m improvement on the current year projection. I am also confident that we

will carry forward an adequate level of reserves to support our plans in 2012/2013.

Further reductions in funding and the impact of inflation in 2012/2013 mean there is a requirement to deliver a further £21.7m of savings. We have worked hard to eliminate the risks for next year. We know there is increasing pressures in Services to Adults, based on demand, and this has been reflected in the Budget. We have also improved the way inflation has been addressed.

All proposals contained within this Plan have been challenged by Cabinet and Corporate Management Team (CMT). In order to deliver our vision we need strong leadership from CMT. The Cabinet and I have asked the right questions of each Service and we move forward confident in our managers and our workforce to deliver Services, whilst reducing costs and improving efficiency.

We must plan ahead for change and become ever more innovative. We must consider a wide variety of delivery models, looking at best practice models in other local authorities and public-facing organisations.

The Council will look at how Services are delivered to help with balancing the medium-term financial position. Modern Services will incorporate commercial approaches to delivery where appropriate and improving business systems will reduce overheads across the Council.

More than ever before, Cabinet and I have strived to provide a strategic direction for the Budget and a strong three-year plan. Each Portfolio Holder, together with the Directors, has strong ownership of this Budget. All Members and electors can be assured that we will be ever vigilant on the delivery of the Budget with pump priming in the first quarter to support the delivery of the required savings.

Cllr Michael Jones
Resources Portfolio Holder

Comment from the Strategic Director of Places and Organisational Capacity

The Places and Organisational Capacity Directorate was created during the late summer of 2011 bringing together a wide range of essential public facing activity, such as highways, planning, recycling and waste management and key corporate services such as asset management, customer services and performance improvement.

The Directorate is strongly committed to identifying new models for service delivery that provide enhanced levels of customer satisfaction with, in many cases, reduced financial resources. These models may increasingly include the creation of arms-length companies, community interest companies, public private partnerships or the use of established private sector markets.

The Council's new Local Plan is being developed which will shape future land use within the Borough. The Plan will support employment and wealth creation, improve housing and infrastructure, whilst maintaining the beauty and distinctiveness of Cheshire East.

The Directorate, like all public services, is facing major challenges of increasing costs and rising customer demand with less financial resources with which to deliver services. Some of our guiding principles are:

- Seeking to reduce the costs of being in business to maximise the resources that can be spent on frontline services.
- Implementing service efficiencies whilst reducing subsidy where appropriate, moving to the principle of user pays.
- Looking hard at the level of discretionary services, yet recognising that they go a long way to making the Borough a great place to live and work.

The Directorate is significantly contributing to the Council's overall financial savings within 2012/2013. This in no way hides the fact that we face difficult choices to ensure our valuable resources are spent for best effect. Key areas affected are:

Recycling and Waste: the recent introduction of enhanced household collection services have resulted in increased recycling rates and reduced

costs for collection and disposal of residual waste. These significant cost reductions have been partly offset by the rising rate of landfill tax.

Highways: following the creation of a new partnership in October 2011 with Ringway Jacobs, the Council has seen high levels of service combined with significant financial savings. During 2012/2013, Ringway Jacobs will work with the Council to develop ways to dramatically reduce energy consumption of our street lights, delivering further financial and carbon reduction benefits.

Transfer of services to Town and Parish Councils: The Directorate will transfer a range of services to Town and Parish Councils in spring 2012. This is one of a number of examples of the Council's overall commitment to ensuring services are provided wherever possible at a local level.

Assets: The Directorate is responsible for the Council's overall property and land portfolio. Our future plans include a more efficient management of the estate and new models for development that will generate greater financial yield. At the same time, the Council will invest where required to adequately maintain essential buildings and improve energy efficiency.

Housing: The Council is reaping increased financial benefits from the New Homes Bonus regime which have further improved following a greater focus on the reduction of empty homes throughout the Borough. This income has contributed towards a significant capital investment programme over the next three years.

Transport: The Directorate will continue to deliver the Council's Total Transport project which is providing new and more efficient ways of delivering transport related-activity throughout the Council.

Despite the challenging environment, I am pleased to report that staff have delivered many successes over recent months and will no doubt continue to do so during the period of this Business Plan.

John Nicholson
Strategic Director of Places and Organisational Capacity

Comment from the Strategic Director of Children, Families and Adults

In September 2011, the Directorates of Children, Families and Adults Services were combined to form one Directorate focussing upon the needs of vulnerable children, families, older people and those with disabilities. The Directorate continues also to have a role in commissioning school places, targeting support to those schools which are underperforming or in difficulties and in securing early years provision.

For Children's Services the key focus for the new financial year is to continue to improve outcomes for children and young people through effective service delivery. Outcomes for children in the care of the Council continue to be a key focus, along with ensuring robustness of safeguarding arrangements, and our ability, along with partner agencies, to keep children safe. Current performance indicates that safeguarding practice in the Borough is currently effective. The business proposals for 2012/2013 reflect a stabilising of this position.

Having stabilised the statutory part of the Service in the form of Children's Social Care, greater attention will be given towards intervening earlier, in addressing the needs of vulnerable children and families, to prevent the escalation of their difficulties becoming more costly and acute. The Council is participating in the Troubled Families Initiative, and is developing a more robust approach to working with young people who are demonstrating behaviours that are causing concern, or on the edge of the youth justice system. The business proposals for 2012/2013 reflect an investment in this area.

The Local Authority's relationship with schools continues to be strong. While some schools have become Academies and one has become a Free School, there is still a strong culture of engagement, collaboration and information exchange. Against the backdrop of increasing autonomy for schools, the Local Authority is having to take steps to address costs associated with ongoing pension commitments arising from early retirement and redundancy costs, and this is reflected in the proposals

linked to costs incurred in previous years. Discussions are underway with schools via the Schools Forum to address this matter going forward.

For Adults Services, the next 12 months is a period of consolidating change and meeting needs against a changing context of increased demand, pressure upon resources, increased complexity of need, increased choice and control, and understandable public expectation and anxiety about the quality and availability of appropriate and affordable care provision. The business proposals reflect investment to meet demand.

Care delivery models continue to be explored with investment to address increasing demands and some re-shaping of care provision provided by the Council and by the external market. The Council continues to progress proposals contained in the 2011/2012 budget on building- based services where the effect of personalisation and direct payments is creating some under-usage of traditional services. The fragility of some external providers, evidenced in the recent problems at Southern Cross, is a very real issue and engagement with providers regarding their cost base is underway.

Priorities moving into 2012/2013 are to build upon successful working with health partners in the form of integrated planning, commissioning and joined up delivery of services to service users, and to continue the success of reablement strategies. The reablement programme is being funded from within the Council's base budget in 2012/2013.

A final key priority is an emphasis upon reviewing business processes and systems to ensure minimum of waste and duplication.

Lorraine Butcher
Strategic Director of Children, Families and Adults

Comment from the Director of Finance and Business Services

The first three-year Business Plan for Cheshire East Council for 2012/2013 includes savings proposals of £21.7m. This level of savings presents risk in delivery to timescale and overall achievement.

My role as Chief Finance Officer (CFO) involves supporting services to maximise value to customers whilst working to control spending within agreed limits. This is a statutory role for all CFOs. I have a responsibility to report on the robustness of the estimates contained within the Budget.

The Council has managed an intense process to scrutinise proposals for the 2012/2013 Budget from September through to December. The key financial risks facing the Council in 2012/2013 include:

- Outturn spending in 2011/2012.
- Increasing demand for services, particularly in Adult social care.
- Limited flexibility in opening Reserve levels.
- Falling grants and further reductions in local authority finance.
- Inflationary pressures particularly from utility costs, fuel and business rates.

Each risk is being addressed in this Business Plan. Quarterly performance reports to Cabinet have established mitigating actions in relation to spending in 2011/2012 and expected on-going pressures which need to be addressed in 2012 and beyond. Increasing demands are being met by growth proposals in 2012/2013 and beyond. Any further adjustments which may be required following final reporting on the outturn will be addressed in the first Quarterly Report of 2012/2013.

The updated Reserves Strategy for 2012/2013 and beyond demonstrates the intention to continue to apply Reserves strategically to support a sustainable financial future for Cheshire East. Reserves will also be held to mitigate against emerging risk. For example, estimated savings proposals may prove unachievable following changes to Government policy or local consultation. The Grants Register tracks all incoming grant funding. Inflation, which is currently higher than Government targets, is reflected within the relevant Service budgets.

The Council will track delivery of the ambitious savings programme through the established monthly performance reports reviewed by Corporate Management Team and Cabinet Members.

This Business Plan also contains provisional estimates for 2013/2014 and 2014/2015 (see **Annexes 3 and 4**) which reflect Central Government's aim to reduce grants to local authorities by over 25% within the four years to 2014/2015.

The projections for the next three years demonstrate that savings contained in the 2012/2013 budget are essential and will greatly assist the Council in establishing longer-term financial stability. The Council has an established approach to balancing its Budget using five measures that demonstrate where choices are made. This is summarised in **Annex 3**.

The process to complete the Business Plan has seen a number of changes to the Draft Business Plan; these are highlighted in **Annex 3**. Most significantly a grant is to be paid to Town and Parish Councils, however this proposal will not reduce the Council's Reserves position below the risk assessed minimum level. I am pleased to add my final approval to the Budget package. However, nothing in local government and the wider public sector stands still. There are major changes ahead to local government funding and the legislation in which it operates. Where these issues are subject to consultation, the Council is engaging with Government Departments.

Final settlement figures are not available at the date of publishing this report. The impact of this and other Government proposals are being estimated and further briefings will be provided. Our ambition to continue to provide value-for-money services to our customers and to invest in the future of Cheshire East remains.

Lisa Quinn
Director of Finance and Business Services
Section 151 Officer

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Overview

This Business Plan outlines proposals to support the Council's priorities whilst acknowledging continuing financial pressures and a reduction in funding from Government.

Local demographic pressures, in particular the increasing numbers of older people, are being recognised as the Council strives to create a sustainable medium-term strategy whilst minimising the impact on citizens.

The proposals include:

- **No Council Tax Increase** ~ Council Tax will remain the same as the Authority proposes to accept the Coalition Government's offer of a one-year 'freeze' funding of £4.5m in 2012/2013.
- No Supplementary Business Rates are being levied in 2012/2013.
- **Places and Organisational Capacity ~ net investment of £81.4m reduced by -£6.9m in 2012/2013 due to:**
 - Reducing Waste, Recycling and Streetscape (-£1.9m);
 - Highways and transport reductions (-£1.5m);
 - Community Services – car parking, leisure etc (-£1.4m);
 - Savings in Assets and Development (-£1.4m);
 - Savings in support areas (-£0.7m).
- **Children and Families ~ net investment of £56.5m increased by £1.3m in 2012/2013 due to:**
 - Addressing inherited redundancy costs (£2.6m);
 - Investing in fostering and early intervention (£1.2m);
 - Rationalising residential provision and cared for support (-£1m);
 - Rationalising home to school transport (-£0.6m);
 - Reviewing other staff and supplies budgets (-£0.9m).

- **Adults ~ net investment of £93.5m reduced by -£2.1m in 2012/2013 due to:**

- Investment in care provision (£3.4m)
- Removal of unachievable savings (£0.5m)
- Reviewing care delivery models (-£5.6m)
- Reviewing other staff and supplies budgets (-£0.5m).

- **Corporate Services ~ net investment of £24.6m maintained** to provide essential support in terms of Finance, ICT, Legal and HR Services.

- **Capital ~ new investment of £42.6m** including £8.1m in Children & Families and £25.7m across Waste, Highways & Transport and Development.

The **Council Taxbase** has been revised downwards reducing funding by £0.65m due to the impact of lower than expected new build and the increasing number of people living alone which is increasing discounts.

Income from charges for Council services is estimated to increase by £1.6m, an average of 2.2% overall.

General reserves will increase from £13.2m to a level of £20.8m, reflecting the intention to provide reserve levels that will support strategic investment.

Grant funding will reduce by £37m mainly due to reductions in formula grant of £7m, loss of funding due to academy and free school transfers of £24m and changes in sixth form funding of £5m.

Council borrowing to support 2012/2013 planned capital expenditure is estimated at £31m, of which £17m relates to new capital schemes and £14m for on-going capital schemes. This represents an increase of £7m from 2011/2012. The net capital financing costs have increased to £14.8m, 6% of the net revenue budget. A small increase of £0.9m over 2011/2012.

Getting the most from the Business Plan

This section helps you to make effective use of the Business Plan by outlining the information contained within each section.

Main Report

Chapter	What's in this Chapter
1. Delivering Ambition for All	Background and context to the Business Planning Process. Also includes overview of funding position and summary of overall revenue and capital budgets.
2. How will the Council meet its priorities?	Describes the changes in service delivery proposed in the medium term as a result of the Business Planning Process. This chapter is structured to match the Sustainable Community Strategy.
3. How will the Council support delivery of its priorities?	Describes the changes to costs and service levels within services that support customer facing services.
4. Risk Management and Workforce Planning	Details of how the Council is managing risk and developing its workforce to deliver effective services.
5. Impact Assessment	Describes the impact of the budget on typical groups and the associated supporting information including equality impact assessments.

Annexes

Annex	What's in this Annex
1. A Profile of the Authority	A detailed statistical profile of the Council's administrative area. This provides population and geographic information about the area.
2. Organisational Structure Charts	Information on organisation of the Cabinet Members and Corporate Management Team along with their relevant responsibilities.
3. The Business Planning Process	An analysis of the funding announcements for 2012/2013 and the process and decisions made to address the initial funding shortfall.
4. Grant Funding Schedule	Supporting financial data to Chapter 1 and Annex 3. Including three-year estimates for Government funding to Cheshire East Council.
5. Minimum Revenue Provision	Annual Minimum Revenue Provision Policy Statement 2012/2013.
6. Prudential Borrowing Indicators	The calculations and an explanation of the Council's Prudential Borrowing rationale.
7. Financial Summary Tables	Detailed tables setting out the base Revenue Budgets and Capital Projects and the impacts of policy proposals contained within the Business Plan. This is divided up into service areas.
8. Reserves Strategy	Report setting out the strategy used for calculating the required reserve levels.
9. List of Abbreviations	Details of abbreviations used in the report.

1. Delivering Ambition for All

Introduction

1. Cheshire East Council is the third largest Council in the North West of England and plays a significant role in the lives of local people and local businesses. The process of developing this role, and matching services to needs, continues against the backdrop of overall reductions in funding levels.
2. 'Ambition for All' Cheshire East's Sustainable Community Strategy 2010 to 2025 clearly sets out the ambition for what the Council wants to achieve through effective use of its resources. The process to deliver this ambition is being enhanced through the development of the Business Planning Process.
3. The 2012/2015 Business Plan focuses on: **Ambition, Action, Achievement:**

Ambition: A clear statement of long-term priorities that the Council aims to deliver. This is contained within the Sustainable Community Strategy 2010 to 2025 which is supported by specific Service Objectives.

Action: The activities that will deliver the ambition. Service Plans describe the actions taken by the Council to deliver the Sustainable Community Strategy and relevant service objectives.

Achievement: What successful changes will look like. Outcomes will be appropriately measured and reported.

The Borough

4. Cheshire East is a good place to live and work. Residents are relatively affluent and feel safe in the local environment. There is relatively low unemployment and residents generally benefit from good health. However, Cheshire East is a diverse area, and this means there are pockets of deprivation and inequalities in health across the Borough.
5. **Annex 1** provides a detailed profile of the area and its people. This highlights some of the challenges faced by the Council in delivering services particularly to rural, urban and deprived areas.
6. Key issues continue to be:
 - **Ageing Population** – the number of people aged 65 and over has increased by nearly one third in the last 20 years and now represents approximately one fifth of the total population. During that same period the number of people aged 85 and over has nearly doubled. Compared to the national average the area has 2.7 per cent more people aged 65 and over. This brings specific challenges for the Council in terms of the greater call on expensive care services and the need to ensure access to services for older people. Whilst such groups are protected under certain initiatives, they do not result in additional Government funding to meet these additional costs.

- **Sparsity** – the area is classified as significantly rural, with more than half the population living in rural or rural market town areas. This also brings challenges in managing more expensive service delivery models. The Council does not feel this factor is fully recognised by the funding it receives. It is a member of the Rural Services Network who are raising the profile of this issue.
- **Health inequalities** – while residents enjoy better health than elsewhere in the region and nationally, there remain 20 areas which are in the top 20% most deprived nationally in terms of health and wellbeing. This affects 8.7% of the population and remains a key concern for the Council.

Service Delivery

7. The Council provides a mix of major services such as schools, highways and social care coupled with smaller services such as leisure and recreation. These all play a key part in the lives of all people in the Borough.
8. The Council has the power to recover some or all of its costs through charging and tax-raising powers. The aim is to recover the full costs of providing certain services through charges, where acceptable, and in line with the Council's priorities. Other costs are then met from a subsidy of local taxes and government grants.
9. In some cases the Council is acting as an agent of Government by administering systems such as the allocation of housing and Council Tax Benefit and the collection of Business Rates, although there is an on-going programme to alter this approach in the medium term.
10. As available funding decreases the challenge remains for the Council to maintain major services where demand is increasing

and carefully review what else it can provide or should be providing.

11. **Annex 2** provides structure charts that shows how the Council has organised itself to meet the challenges ahead and deliver against its priorities. There is a chart for the Cabinet (comprised of elected members of the Administration) and the Corporate Management Team (comprised of the Chief Executive and five Directors).
12. The objectives for each service are contained within Service Plans. These plans contain information on what services will do to deliver statutory functions to specific standards as well as any additional functions in support of the Sustainable Community Strategy. Details of the changes to service provision are set out in **Chapters 2 and 3**.

Business Planning Process

13. The Council operates an integrated Business Planning Process to combine the realisation of priorities and desired performance with resource allocation. The process includes links to risk management and workforce planning.
14. The process for 2012/2015 includes the following key stages:

August	Launch Process
September – October	Respond and Review
November	Engagement
January	Publish and engage on Draft Business Plan
February	Publish Business Plan and set Council Tax

15. Further details are provided in **Annex 3**.

Financial Stability

16. The Council relies on balancing a considerable number of variable financial issues to provide financial stability whilst meeting the service needs of local residents and businesses. Grants from central taxation, local taxation and charges to service users are all subject to political and economic influence.
17. The Council consistently considers five measures to support balancing the Medium-Term Financial position. These measures are summarised in the table below.

18. It is important to reflect that the Coalition Government is continuing with austerity measures that have the effect of reducing overall grant funding. This process does not alter the fact that Cheshire East Council is already relatively low funded with less Formula Grant per head than all nearest neighbour councils.
19. **Annex 3** to the Business Plan provides the detail of the relevant financial issues facing the Council in the medium term.

Measure	Impact in 2012/2013 to 2014/2015
<p>Measure 1:</p>	<p>Challenge Financial Assumptions The Council challenges assumptions related to centralised income and expenditure such as grant funding and costs related to funding the Capital Programme. The overall impact of Measure One in 2012/2013 is a £7.3m reduction in the February 2011 funding gap.</p>
<p>Government Grants provide 57% of gross funding for Council Services.</p>	<p>The provisional settlement announcement detailing Formula Grant (including National Non Domestic Rates (NNDR) and Revenue Support Grant (RSG)) was released by the DCLG on 8th December 2011.</p> <p>In 2012/2013 Cheshire East Council expects to receive £67.7m from Formula Grant and Business Rates, a reduction of £7.1m from the adjusted 2011/2012 position. The Council expects this to reduce by a further 0.8% in 2013/2014 to £67.2m and 8% in 2014/2015 to £62.2m. The adjustment mainly relates to the inclusion of the second year of the 2011/2012 Council Tax Freeze Grant (£4.4m). This was previously included under specific grants.</p> <p>Specific Grant, most of which relates to education funding, is also expected to reduce to £334.5m in 2012/2013. This is mainly due to the on-going reductions to schools funding as a result of schools becoming academies and receiving funding directly. In 2013/2014 specific grants are expected to be broadly at the same level. A key issue will be the fall out of the 2012/2013 one year Council Tax Freeze Grant.</p> <p>New Homes Bonus is a new, permanent feature of Local Government Funding and this is now included within Specific Grants. Annex 4 provides a Grant Funding Schedule which illustrates all specific grant funding.</p>

The costs of borrowing to support the capital programme can be offset by investing when balances are available.

The Council will repay £9.5m on outstanding debts in 2012/2013. In addition to this, interest payments are estimated to cost £6.4m. Council services will offset these costs by contributing £0.8m and interest on cash balances is anticipated to be £0.3m.

In 2013/2014 the repayments on outstanding debt will increase to £11.6m and interest payments are estimated to be £7.1m. The Council currently has debt outstanding of £129.3m on long-term loans.

The Council's borrowing strategy from April 2009 has been to use existing cash balances to temporarily fund capital expenditure payments rather than raising new long-term loans. Currently, interest rates for long-term loans are around 4.1% and the average amount of interest we earn on investing our daily cash balances is 0.9%, therefore, while we have sufficient cash balances we will continue with this strategy. This is also prudent given the level of credit risk and the restricted list of approved institutions where we can invest balances.

This cannot continue indefinitely and the projections of available balances indicate that external borrowing will be required in 2012/2013. The situation will be monitored closely as the successful management of cash flow will enable the Council to reduce net treasury costs and significantly reduce counterparty risks.

The Council is committed to support the capital programme through increased borrowing and proposes that new starts of £17m will be funded from prudential borrowing in 2012/2013, increasing to £26m in 2013/2014 and £19m in 2014/2015. The impact of repayment costs on the revenue budget has been considered to ensure they are affordable and that capital investment delivers longer-term revenue savings.

Pension costs reflect additional payments to the Cheshire Pension Fund which follow the strategic use of voluntary redundancy to reduce overall staffing costs in the medium term.

The Council will meet the additional costs associated with the early release of pensions on severance, by making additional contributions to the Cheshire Pension Fund over a five-year period following the date of early release. This 'pay as you go' approach avoids upward pressure on employer contribution rates over the longer term. Contributions relating to early retirement will reduce to £4m in 2012/2013, from £4.2m, and will reduce further to £3.8 in 2013/2014 and then to £1.2m in 2014/2015 as pay-back is achieved for the early retirement 'peak' resulting from the rationalisation of staffing levels following the creation of the Council in 2009.

Based on the actuarial valuation of the Pension Fund, the employer pension contributions rate is to increase by 0.5% in 2012/2013, and therefore £0.7m has been provided to meet these additional costs.

Measure 2:

Review Local Taxation

Setting the Council Tax and Council Taxbase are key local decisions which influence the level of funding available for services. The overall impact of Measure 2 in 2012/2013 is a £0.6m increase in the February 2012 funding gap due to a lower than expected Taxbase.

Council Tax payments, from occupiers or owners of domestic properties in the area, contribute 25% of the Council's gross funding.

In 2011/2012 the Council maintained Council Tax at 2010/2011 levels in response to the Government's offer of a four-year freeze grant payment, equivalent to a Council Tax increase of 2.5% (£4.5m). This income was used to help balance the budget for 2011/2012 and 2012/2013. In 2013/2014 and 2014/2015 the current financial scenario assumes this grant is not used to balance and is paid into General Reserves.

A further one-year freeze grant of £4.5m has been offered for 2012/2013, the Council is minded to accept this offer and Band D Council Tax for Cheshire East Council is therefore expected to remain at £1,216.34. This is shown in **Table 1** below that sets out the Council Tax for each Band.

Table 1 – Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	810.89	946.04	1,081.19	1,216.34
No of Dwellings	29,381	34,341	32,738	24,298
Band	E	F	G	H
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	18,773	12,836	11,839	1,736

Source: Cheshire East Finance

The freeze grant payment of £4.5m for 2012/2013 has not been used as part of the process to balance the base budget and is being paid into reserves to support strategic future investment.

In 2011/2012 Cheshire East Council expects to raise £178.7m from Council Tax. However, the Taxbase will decrease slightly in 2012/2013 reducing the overall amount available and it is expected that £178.6m will be raised in that year. The decrease has been caused by lower levels of new homes being built and an increase in the numbers of people living alone and therefore qualifying for single person discount. The estimates for later years include a slight increase in the Taxbase to account for the increase in new homes being built.

From 2012/2013 referendums will be introduced to enable greater local control over Council Tax levels.

Measure 3:

Review General Reserves

Risk assessments and future plans inform the necessary level of reserves

The Council's Reserves Strategy for 2011/2012 to 2013/2014 was approved in February 2011.

This document is informed by the three-quarter-year review and final outturn. This has been fully updated and the Reserves Strategy is attached as **Annex 8**

Contributions to reserves are locally determined based on the need to cover risks and provide investment for key services.

The current Reserves Strategy estimated a contribution of £6.1m to General Reserves in 2012/2013 in recognition of the continuing commitment to pay back to reserves from the previous allocation to enable staffing reductions.

During the Business Planning Process, a further opportunity has been identified to increase this contribution to £7.7m and strategically use reserves in order to maintain the Risk Assessed Minimum level of reserves. As a result of this review, £3.9m has been identified to support strategic costs of investment in 2012/2013. This will reduce the net planned contribution to General Reserves to £3.8m in 2012/2013.

A further £4.5m contribution to Reserves will support strategic use in the medium term. This figure matches the 2012/2013 Council Tax Freeze Grant which will last for just one year so will not be relied upon for long-term spending plans. A further £0.5m is being used to make a repayment of excess relocation costs to Cheshire West and Chester Council, and £0.2m used for payments of Town and Parish Councils Grants. This will result in a contribution to reserves to £7.6m.

In 2013/2014 the Council is planning to pay £5m to reserves in addition to the 2011/2012 Council Tax Freeze Grant. In 2014/2015 the Council is planning to pay £1.6m plus the final 2011/2012 Council Tax Freeze Grant allocation into Reserves.

Measure 4:

Review Expenditure

Changes in demand and the approach to Value, Impact & Performance influences service costs.

Overall impact of Measure 4 in 2012/2013 is a £7.9m decrease in the February 2012 funding gap.

Overall expenditure on services will reduce by £33.2m in 2012/2013. This reflects adjustments for academy and free school transfers, sixth-form funding and pupil premium grant.

The net position reflects growth of £13.8m and savings of £21.7m. This includes the recognition of inflationary pressures within key service areas (to reflect the real costs of service provision) and the realignment of budgets to priorities.

Details of the changes to expenditure and the impact this will have on services are set out in **Chapters 2 & 3**.

Whilst there are proposals within this Business Plan for changes in expenditure during 2013/2014 to 2014/2015, the overall budget remains in deficit. It will therefore be necessary to further review expenditure for these years.

Measure 5:

Review Income

The level of costs recovered from service users must be balanced against the level of subsidy in each case.

Overall income from fees and charges will increase by £1.6m (2.2%) in 2012/2013 including addressing as far as we can the inflationary impact on energy costs in leisure provision.

The Business Planning Process has included an on-going review of fees and charges in terms of the basis upon which they are set, and whether this enables the Council to eliminate any subsidy through recovery of the full cost of providing the service, where that is appropriate.

In August 2011 the Corporate Management Team approved a Charging and Trading Strategy to guide service managers when setting prices. The aim is for each service to set out the cost of provision, the rationale for charging, the basis for calculating charges and the basis for any concessions or subsidy. This will be linked to the Council's priorities. For example prices for certain groups may be reduced if the Council wants to improve access to the service to promote health and wellbeing. This in turn may result in savings in care services later on. Each service is responding to this strategy and the results will be reviewed in due course.

Details of the changes to income from fees and charges are set out in **Chapters 2 & 3**. Whilst there are proposals within this Business Plan for changes in income during 2013/2014 to 2014/2015, the overall budget remains in deficit. It will therefore be necessary to further review the extent to which costs are recovered for these years.

Balancing the Three-Year Position

20. Following consideration of the five measures detailed above, two clear messages are emerging:

- The level of resources available to provide services in the medium term is expected to reduce.
- Costs, particularly within Adult Services, are expected to rise over the period with the increase in demand.

Combining these issues with the level of uncertainty surrounding the Government spending review means the current medium-term financial position is not balanced – there is more analysis and review required.

21. **Table 2** provides the overall Medium-Term Financial position for Cheshire East Council and includes a comparison to the 2011/2012 approved budget. Total Budget is expected to reduce from £591m in 2011/2012 to £543m by 2014/2015, a fall of over 8%.

22. The unbalanced position in 2013/2014 and 2014/2015 will be subject to review throughout 2012. The many issues which will impact on those years mean estimates making up the budget gap could change substantially. At this stage it is not assumed that the Budget Gap will be just funded from General Reserves as this position would not be sustainable in the medium term. These issues are highlighted opposite and further details are set out in **Annex 3**.

23. The key funding issues for 2013/2014 relate to uncertainty. 2011 saw several major consultations take place on local

Government funding and the final outcomes of these are not yet known.

24. The issues being considered include :

- Retention of Business Rates including Tax Increment Financing
- Supplementary Business Rates
- The New Homes Bonus
- Potential new savings initiatives
- Localisation of Council Tax Benefit
- Academy Funding
- Local Authorities Central Services Equivalent Grant
- Council Tax restrictions
- Public Health Transfer
- Further reductions in grant funding

25. At this stage it is not possible to quantify all the issues and therefore the Council's financial plans include no specific assumptions over any additional funding.

26. Instead they have focused on known information and the extension of the current planning assumptions to those years.

27. **Table 3** sets out the equivalent position for the Capital Programme. At this stage the programme has been matched to available funding through the challenge process.

Table 2: Cheshire East Council Revenue Budget

	2011/2012	2012/2013	2013/2014	2014/2015
Funding ⁽¹⁾	£m	£m	£m	£m
Formula Grant Funding	-74.8	-67.7	-67.2	-62.2
Specific Grant Funding ⁽²⁾	-356.1	-334.5	-321.0	-314.5
Council Tax ⁽³⁾	-178.7	-178.6	-179.1	-179.6
Central Adjustments	18.1	20.0	24.1	13.5
Funding Available to Services	-591.5	-560.8	-543.1	-542.8
Budget for the Year ⁽⁴⁾				
Children and Families	56.5	58.4	56.3	56.6
Schools Ringfenced Expenditure (inc DSG)	234.9	205.4	199.5	193.5
Adults	93.5	92.0	97.0	102.8
Places & Organisational Capacity	81.4	76.5	76.3	74.2
Corporate Services	24.6	25.3	24.2	23.5
Council Tax and Housing Benefit Expenditure	95.5	95.5	93.5	93.5
Total Budget	586.4	553.2	546.8	544.1
Planned Contribution to Reserves / Surplus	5.1	7.6	9.5	6.1
Planned Contribution from Reserves / Deficit	0.0	0.0	0.0	0.0
Funding Gap / (Surplus) ⁽⁵⁾	0.0	0.0	13.1	7.4

Source: Cheshire East Council Finance

Table 3: Cheshire East Council Capital Programme

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Proposed New Starts	40.0	42.6	41.4	24.4
Committed schemes	54.4	41.2	6.4	1.6
Total Capital Programme	94.5	83.8	47.8	26.0
FINANCING				
Prudential Borrowing ⁽⁶⁾	21.8	30.9	26.4	19.4
Supported Borrowing ⁽⁷⁾	7.9	1.8	0.5	0.0
Government Grants	40.0	36.1	13.1	0.0
Capital Receipts	20.8	14.3	7.2	6.6
External Contributions	2.9	0.2	0.1	0.0
Other Revenue Contributions	1.2	0.5	0.5	0.0
Total Sources of Funding	94.5	83.8	47.8	26.0

Source: Cheshire East Council Finance

Notes to Tables 2 and 3

1. Funding includes all ring fenced and un-ring fenced specific grants such as early intervention grant, Council Tax freeze grant and dedicated schools grant (DSG).
2. The significant change from 2011/2012 to 2012/2013 is due to the reduction in DSG as a result of academy transfers.
3. Council Tax income in 2013/2014 & 2014/2015 only reflects estimated increases in the Taxbase, there is no assumed change to Council Tax charges per household at this stage.
4. Service Budgets are shown gross of all grant income but are net of fees and charges and other recharges.
5. Further details of the funding situation in 2013/2014 and 2014/2015 is set out in **Annexes 3 and 4**.
6. Local Authorities can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so the Council needs to ensure that it can fund the repayment costs.
7. Borrowing allocations from the Government that replace the previous system of credit approvals. These allocations enable services to borrow to fund capital schemes, and they receive revenue funding to pay for the borrowing costs.

2. How will the Council meet its Priorities?

***Ambition for All* – our Sustainable Community Strategy**

28. As an organisation, the Council plays a major role in delivering the seven priorities set out in *Ambition for All*, the Sustainable Community Strategy for Cheshire East. These priorities were developed in consultation with local communities and partner organisations, and provide the framework against which we plan our service delivery and monitor our performance. The seven priorities are:

1. Nurture strong communities.
2. Create conditions for business growth.
3. Unlock the potential of our towns.
4. Support our children and young people.
5. Ensure a sustainable future.
6. Prepare for an increasingly older population.
7. Drive out the causes of poor health.

29. In addition to the seven priorities (listed above) the Council has identified six further issues which have influenced our Business Planning for 2012/2015, reflecting the tough financial climate within which we operate, and also the strengths and opportunities we have in Cheshire East. These key issues are:

- i. **The need to achieve value for money whilst still maintaining high levels of customer satisfaction and service performance** – the Council faces a tougher financial scenario than was anticipated at the outset of the Business Planning Process. We have managed in-year spending pressures, caused by increased demand on services, and have put in place robust control measures such as a recruitment freeze a reduction in discretionary spend. The key driver in Business Planning has been the need to make more efficiencies and to seriously consider how services can be reduced without a negative impact on residents and service users – the true meaning of value for money.
- ii. **Maintaining services for children and vulnerable people** – ensuring children and vulnerable people continue to receive the services they need is at the forefront of Cheshire East Council's work. Cheshire East Council receives one of the lowest government grants per head for these services in the country, but our performance and impact is high. A recent Audit Commission report put the Council in the top three nationally for take-up of personal budgets by older people and those with disabilities. More information is provided in Priorities 4, 6 and 7 overleaf.

- iii. **Strengthening the economy of Cheshire East through wealth creation is the foundation for long-term, sustainable wellbeing** – this is our firm belief as a Council, and has guided our Business Planning over the last six months. We will increase investment in our local economy through our support to business, our regeneration programmes “All Change for Crewe” and Macclesfield Regeneration, and our Sustainable Towns programme. This work is complemented by our activity to improve education and skills, and to address unemployment for all age groups. More detail of the impact of the Business Plan on these areas can be found in Priorities 2, 3 and 4 overleaf.
- iv. **Support to community groups and volunteers to deliver in their communities** – call it Big Society, localism, or simply “community life”, there is no doubt that helping communities to help themselves is now more important than ever. We have made excellent progress in this area over the last year – the work of the seven Local Area Partnerships goes from strength to strength, we commission voluntary organisations to deliver over £5m of services, and we have now transferred a number of assets to town councils. The proposals set out in this Business Plan strengthen the Council’s ability to work with the community, voluntary and not-for-profit sector. More information is provided in Priority 1 overleaf.
- v. **As a Council we have excellent assets which we must exploit to their full potential for the benefit of our residents and businesses** - the next 12 months will see a further acceleration in the release of surplus assets, delivering both maximum value and wider regeneration benefits for Cheshire East. The Corporate Landlord approach to the management of its land and property portfolio will enable the Council to utilise its assets to deliver better, more efficient services to our communities. This will ensure the delivery of an integrated professional property service clearly focussed on unlocking the value of our assets, seeking efficiencies through joint arrangements with our public sector partners and maximising private sector investment. More information is provided in **Chapter 3**.
- vi. **Health and social care reform provides an excellent opportunity to provide a more joined up and effective service across a number of our priorities** - the next 12 months will see changes to the way health and social care is delivered throughout the country. Public Health will become part of the Council and we will further develop our work with Cheshire East’s two Clinical Commissioning Groups and other healthcare providers. This will include further integrated commissioning of health and social care informed by the Joint Strategic Needs Assessment (JSNA). The shadow Health and Wellbeing Board will continue to oversee this work, and the development of the Health and Wellbeing Strategy for Cheshire East during 2012 will set a clear direction and action for health and social care. More information is provided in Priorities 6 and 7 overleaf.

Priority 1: Nurture strong communities

The communities in our towns, villages and rural areas are our greatest resource. We want to ensure that our communities have a strong voice in determining decisions that are made so that public services respond to local needs. We also want to promote the capacity of local communities to help themselves by raising aspirations, building resilience and releasing potential.

Current Vision

Let local voices take the lead

Local people need to be at the heart of decision-making for their community. Cheshire East is a big place and contains a large number of towns and villages – the distinctiveness of these communities must be reflected in the way we work and how we plan and deliver services. All partners will work in ways which genuinely empower local communities and put the citizen and customer at the heart of decision-making.

Support the community to support itself

We have strong and engaged communities with many excellent examples of individuals and groups volunteering their skills and experience to make a real difference to the people around them and to the area in which they live.

Impact of the 2012 – 2015 Business Plan

The Council will continue to work with local communities through the Local Area Partnerships, supporting communities to be more involved in local decision-making and in making improvements in their neighbourhoods. We will build on the good progress made in tackling local issues in our urban and rural communities. This Business Plan includes some efficiencies in our partnership working, but continues to invest in local partnership working and community engagement so that service levels will be maintained. We will also continue to develop our Community Budgeting programme on the Moss Estate in Macclesfield and work with troubled families across the Borough. We will continue to gain feedback and listen to our customers through our citizens' panel and customer feedback mechanisms.

This Business Plan includes significant funding for services to be delivered through community, voluntary and not-for-profit groups. Whilst overall funding levels have been maintained where possible, some individual funding will be reduced where efficiencies can be made. The Council will play an active part in developing a volunteering strategy for Cheshire East which is being led by Community and Voluntary Services (CVS) Cheshire East, and also support the Faith Sector in its community work, building on the findings of the faith action audit, "*Hidden Treasure*". This Business Plan includes an investment in securing further external funding which will enable the Council to maximise funding for community activities and also for regeneration projects.

We will look for new partnering opportunities and support towns and parishes as well as other community interest groups and organisations. Our libraries provide a crucial community hub, access to information and a valued community service.

The Council will continue to work with Town & Parish Councils and support them in developing local 'Community Resilience' plans. These plans will help protect their communities and vulnerable people in the event of a major emergency and speed up any recovery from a local crisis.

Current Vision

Impact of the 2012 – 2015 Business Plan

The Council is removing costs associated with the maintenance of public conveniences following devolution and is making the necessary budget adjustments to reflect the transfer of markets. We are exploring buying out the long-term hire contracts for Automated Public Conveniences. An investment cost of up to £500,000 in 2012/2013 will allow annual savings, from the overall review of running costs, of up to £100,000.

The Council is actively seeking to ensure all taxpayers pay a fair amount for the services they receive. In most of the Council's area Town and Parish Councils exist to provide additional services deemed necessary by the relevant Council.

Crewe and Macclesfield remain un-parished and as such the Council intends to introduce a special expenses levy in those areas in 2013/2014 to cover the costs of services funded by Town and Parish Councils elsewhere.

For 2012/2013 the Council will make a grant payment to all other Town and Parish Councils (total value £209,000) based on Band D Taxbase as compensation for those services which are funded by Cheshire East Council in Crewe and Macclesfield that would have been subject to a special expenses levy

Deliver services as locally as possible

The seven Local Area Partnerships will build on their early work to improve outcomes on the ground through engagement, local governance and improved service delivery. Adopting a local approach means that services get better information about local issues and priorities, and those services can then be tailored to meet local needs and deliver an integrated service.

The Council will continue to work with partner organisations and local communities across Cheshire East, and through the Local Area Partnerships, to implement new ways of delivering services at the local level. This includes our work with Town and Parish Councils on asset and service transfer, for example Town & Civic Halls (net value of £118,000 – Community Services Budget) and markets and public conveniences (net value of £87,000 – Streetscape Budget). Services will also be devolved where it makes sense and is in the best interests of the people of Cheshire East.

Ensure communities feel safe

Although Cheshire East is a safe place, there are some crime hotspots and areas where public confidence in community safety needs to be improved. In particular, tackling anti-social behaviour is a priority for residents.

Around £1m has already been invested in a single CCTV Control Room during 2011 and an additional £150,000 of capital funding will be used to further improve the CCTV Camera infrastructure. This investment and the relocation to single base, will also deliver on-going savings of £38,000 within the Community Services Budget from 2012/2013, increasing to £100,000 from 2013/2014. CCTV monitoring is now 24/7 across the Borough and this investment will greatly improve the service we give to the Police and the quality of evidence we can provide for prosecutions.

Current Vision

Impact of the 2012 – 2015 Business Plan

The Council will continue to fund neighbourhood policing during 2012/2013 until the Home Office grant is transferred directly to the new Police & Crime Commissioner in 2013 saving £150,000.

Priority 2: Create conditions for business growth

Business and industry are the foundation of our prosperity. We have a wide variety of successful industries in the area but we need to stay ahead of the game in ensuring that we exploit new opportunities, build on our current successes and create a climate which is attractive for business investment and growth, not just in our larger towns but also in our smaller towns and rural communities.

Current Vision

Harness emerging growth opportunities

We want to ensure that our economy is based on industries which can be sustained and will grow in the future. We must make best use of our proximity to Greater Manchester and North Staffordshire. We want to ensure that we have competitive businesses, that we attract and retain high quality jobs and people and provide improved employment and training opportunities for those that need them.

Provide a leading broadband infrastructure

Much of Cheshire East enjoys a relatively vibrant economy. We want to ensure that the whole of Cheshire East, and in particular, our rural communities, are well connected, making best use of information and communication technologies to achieve this. People need to be able to work from home and we must attract businesses in those key sectors that require the fastest, most reliable broadband services, particularly in the digital and creative industries.

Impact of the 2012 – 2015 Business Plan

Planning processes should be lean and effective. The website will be developed to create transformation within Planning & Housing that will enhance service access and service delivery but reduce overall expenditure by £100,000.

Redevelopment of town centres, and business parks across Cheshire East is also very important to our economy. Investment has been retained in regeneration activities to provide confidence for investors and Government.

The Council will continue to work with our neighbours in Warrington and Cheshire West and Chester, and the business community through our Local Enterprise Partnership and Marketing Cheshire. A small reduction in investment will take place during 2012/2013 (£50,000) to be achieved by joining up services and achieving efficiencies.

Superfast broadband provision in metropolitan centres is emerging at an accelerated rate. Governmental data confirms that c.65% of Cheshire East (by area) is outside the scope for private sector provision of superfast broadband. Cheshire East requires access to superfast broadband so it can continue to be recognised as a good place to do business and live.

Cheshire East Council is the lead body of a sub-regional tri-council partnership 'Connecting Cheshire' to deliver superfast broadband to areas of market failure, which are largely rural.

Delivery items:

- Delivery of superfast broadband services (>24mb/second) to homes and businesses in Cheshire East
- Market warming and community engagement to exploit the benefits of high-speed digital connectivity across multiple agenda (Health/assisted Living, Economy, Local Communities, Education/Learning and Skills).
- Attracting and winning public sector grant funding and private sector investment.

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>Investment profile to achieve 90% coverage: 2012/2013 - £0.4m, 2013/2014 - £0.69m, 2014/2015 - £0.11m</p> <p>Further grant funding opportunities are being explored to achieve 100% coverage.</p>
<p>Make the most of our tourism, heritage and natural assets Cheshire East is endowed with a unique range of heritage including the many stately homes and gardens, the enviable canal network and Crewe's rail industry. We want to make the most of these and our natural assets to develop the visitor economy and create jobs for the future.</p>	<p>In addition to the investment in Tatton Park, the Council will continue to support the wider range of heritage and cultural assets to increase visitor numbers. Specific work this coming year will focus on supporting our network of museums, with potential investment from Government, and exploring more fully the industrial heritage of our market towns. This will mean small-scale capital investment in our Visitor Information Centres which will lead to a reduction in the financial support for running costs as they become self-financing by 2014.</p> <p>Tatton Park is being developed as a major tourist attraction that should be financially self-sufficient. Capital funding of £1.9m is therefore being provided during the period 2012 to 2014. This level of investment will support a gradual reduction in Council subsidy to this heritage site to nil by 2016. As a result total savings of £0.75m are included over the next three years.</p>
<p>Create a climate attractive to business investment We want businesses to say that it is easy to do business here and that we have all the things they need to make their business successful. This means that we need people with the right skills, land and premises for growing businesses, transport networks to allow a business to thrive and a council with a positive and supportive attitude towards new and growing businesses of all sizes. Having this infrastructure will be key to retaining businesses and jobs and attracting new ones.</p>	<p>The Council will continue to create the right environment for businesses to grow through supporting vibrant town centres, an attractive environment and strong transport connections.</p> <p>We will maximise the amount of money going directly into road improvements and addressing potholes. New Capital investment of £10.8m and £10.5m will be made in the next two years to help address those issues.</p> <p>In addition, savings will be made through the new highways contract of £0.5m and from back office efficiencies of £0.1m.</p> <p>Car parking plans aim to meet the longer-term needs of the area, providing added convenience for users and funding for infrastructure projects. Overall net savings of £149,000 are anticipated from improvements in processes, such as phasing in of electronic payment methods, pay on foot opportunities and the provision of essential maintenance and resurfacing in car parks.</p>

Our Regulatory Services team will continue to support and advise local businesses in complying with legislation and ensure they can thrive and prosper during these difficult economic times. In particular we will tackle rogue traders to protect the trade of genuine businesses and their customers.

Supporting local companies to grow is very important to Cheshire East. We remain one of the most successful economies in the UK despite current economic conditions but many businesses are finding current times very challenging. The Council has retained all services in this area and will continue to provide a range of business support and seminars on local procurement.

Priority 3: Unlock the potential of our towns

The diversity of our towns is seen as one of our greatest assets which needs to be supported and enhanced. We also want to ensure that Crewe and Macclesfield, our largest towns, are developed and revitalised so that we can benefit from their unique heritage in creating jobs for the future and reducing the inequalities that exist in the area.

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>Regenerate Crewe Crewe is the town which, overall, has the highest levels of deprivation in Cheshire East. Of those 16 neighbourhoods which fall within the bottom fifth of the 2010 England-wide Index of Multiple Deprivation, 11 are in Crewe. Crewe is an important gateway between the West Midlands and the North West and represents a significant growth opportunity for the sub-region. We want to make a breakthrough in Crewe so that we create more, higher- quality jobs for local people to lift communities out of poverty and ensure that we make the most of Crewe’s unique assets.</p>	<p>All Change for Crewe Building on strong success during 2011/2012 in attracting government investment of over £24m into transport infrastructure, the Council will continue to deliver against the ‘All Change for Crewe’ economic-growth strategy. Priority will be given to stimulating investment in the town centre and delivering Phase 1 of the Crewe Rail Exchange project which will deliver major improvements to Crewe Station.</p> <p>The major employment sites Basford East and West will continue to be promoted and the Council will put forward proposals to Government to attract upfront investment to lead to the growth in jobs.</p> <p>The new private sector-led Partnership Board will drive forward the overall programme and ensure all public and private sectors work together to achieve the economic growth ambitions.</p>
<p>Revitalise Macclesfield The north of the Cheshire East economy is closely intertwined with that of Greater Manchester, and enjoys the highest levels of Gross Value Added per head and household incomes in the sub-region. We want to ensure that the economy of Macclesfield remains strong and in particular that investment in the town centre is achieved through our proposal for new retail development in the core of the town.</p> <p>The Council will also continue to bring forward proposals for South Macclesfield linked to the ambitions of Macclesfield Football Club and the wider leisure offer for the town.</p>	<p>Make it Macclesfield Specific support will be given to the new Make it Macclesfield Forum which was developed during 2011/2012 and which has made a major contribution over the last 12 months to increasing economic activity and cultural events in the town centre. Work will continue with our Development Partner, Wilson Bowden to bring forward town centre redevelopment but within a wider town centre vision. Investment in the existing high street, parking and public realm will work together to improve the overall performance of the town centre.</p> <p>Working with the Make it Macclesfield Forum, the Council will invest directly in develop a clear plan for improving and co-ordinating cultural and community activities across the town linked to continued investment in Council assets such as the Old Town Hall.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>Deliver sustainable growth for our towns We need to focus on the key development priorities for each town that reflect the unique local character of each place. There is a need to ensure that the economies of our market towns, other towns and large villages are sustainable and can continue to deliver essential services, retail, leisure and employment opportunities.</p>	<p>Working with local Town and Parish Councils, we will continue to deliver sustainable growth for all our town centres by joining together developer contributions and business investment with the work of the Council to address local priorities such as public realm and conditions in the high streets.</p> <p>We will take account of the recent Government review by Mary Portas which supports many of the activities already underway across Cheshire East including supporting business networks, promoting specialist markets and focusing on independent retail.</p> <p>The Council will make available direct capital investment of £1.5m in 2012/2013 into town centres to support local priorities against a strong business case linked to supporting the local economy.</p> <p>We will reduce our town centre management support, by £120,000, across some areas for events and activities which have proved that they can operate without subsidy from the Council.</p>

Priority 4: Support our children and young people

Our children and young people are the future of Cheshire East and we are proud of their many talents and achievements.

We want to make sure that all are helped to fulfil their enormous potential. To do this we need to ensure that there are excellent opportunities for all and, where necessary, support to get help early – before problems grow. A key priority is to ensure that our children and young people feel and are kept safe.

Giving our children and young people the best support we can afford and ensuring that they have a voice in shaping their own and our future is one of the best investments we can make in the future prosperity of our area.

Current Vision

Ensure good transitions and skills for the future

Our schools and colleges are mostly very good and outstanding but there is still room for improvement and innovation. A key priority is ensuring that all our children and young people make good progress in their learning regardless of where they live.

Impact of the 2012 – 2015 Business Plan

The financial year 2011/2012 has seen a re-drawing of the Local Authority's relationship with its schools. The transfer of significant resources previously received, from the Local Authority to schools, ensures and supports the Government's approach to promote schools' autonomy. School performance continues to be above the national average although this continues to mask some areas of under performance. The Local Authority continues to be successful in using its reduced resources to best effect in targeting support to those schools that are most in need.

Continued steps are being taken with schools to reduce the need to place pupils in special schools at a distance from home or outside the immediate confines of Cheshire East and it is intended that further savings will be made to the Dedicated Schools Grant (DSG) on behalf of schools. Alongside this work continues to shape the proposal for a new special school to support pupils on the autistic spectrum continuum (ASC), with initial funds of £1.6m identified within On-going Schemes within the Children & Families Capital Programme, and further funds available from within the schools-funded element of the programme. Over time and when opened (anticipated September 2013) further reductions in demand to place pupils with ASC outside of Cheshire East will be realised. The Capital Programme will continue to see new investment in schools generally, with over £7.3m of new funding available, within the Basic Need, Schools Maintenance and Devolved Formula Capital Grants.

Against the backdrop of increasing autonomy for schools, the Local Authority is having to take steps to correct a previous and long-standing practice of meeting costs associated with on-going pension commitments and redundancy costs of school-based staff. Work is underway with the Schools Forum to examine this issue for any new situations that may emerge. However it is evident that there is a significant budget pressure of £2m per annum to fund on-going teacher pensions, an historical decision that cannot be sustained currently and is now reflected in the budget proposals.

Linked to efforts to support the autonomy of schools, steps are progressing to ensure services provided to schools, including Academies are charged for at appropriate levels across the full range of Council services. The review of services provided / charged to schools is anticipated to generate a further £256,000 to help cover costs. To date nine schools in Cheshire East have converted to Academy status (seven High Schools and two Primaries) and one school has achieved Free School Status. Currently 17% of Cheshire East pupils are now educated in an Academy school, with Academies accounting for 6% of schools in the Borough. There is one further confirmed conversion for April 2012.

Annex 7 provides a breakdown of the Income & Expenditure changes related to items contained within the Dedicated Schools Grant.

Improve support to families and facilities for children and young people

We want to make sure that all our children and young people have access to a wide range of interesting, challenging and engaging activities outside of school. We also recognise the need for more early support services to children, young people and their parents that will help them improve their own learning, health and wellbeing.

While increasing demand for statutory children's social care services continues to be a challenging feature of the Directorate's work, 2011/2012 has seen a stabilising and consolidation of service delivery to our most vulnerable children following the investment in infrastructure over the preceding two years.

The numbers of children and young people in the care of the Council has stabilised at around the 440-450 level (and reduced from the high levels experienced in late 2009 and early 2010) while the numbers of young people subject to a Child Protection Plan also appears to have stabilised at a level that accords with statistical neighbour authorities. All indications are that safeguarding practice in Cheshire East is robust and the Council is earning a strong reputation in its work in relation to fostering and adoption. There is evidence that the social care workforce is settled and reliance upon agency staff has reduced considerably compared to 12 months ago.

Against this backdrop, some refinements can be made to earlier investments. The strategy for the development of residential care provision is proceeding well and further efficiencies will be delivered in 2012/2013 as that Strategy is fully implemented. £820,000 of planned savings will be delivered from the rationalisation of the residential provision.

The context to this remains the previous closure of traditional large children's homes and the development of smaller homes catering for fewer children. Two such homes are scheduled to open in 2012 in line with the planned strategy. Additionally, following the successful promotion campaign – FACE (Fostering and Adoption in Cheshire East) – an additional £0.2m of resources are required to continue to support the growth in fostering to meet the needs of our cared-for population, again this is a feature of the budget proposals.

Now that the statutory part of the Directorate's business (social care) has stabilised, progress is now being made to drive our approach to intervening early and preventing the need for intervening at a statutory level into the needs of children and their families. A First Contact Service was launched in September which provides advice and support to professionals / agencies and the public where there are concerns regarding a child. It is expected that this will result in a reduction in the number of referrals to the statutory social care teams which do not go on to require fuller intervention at that level.

In September 2011 the Cheshire East Family Service was launched with the focus on consolidating the range of resources and approaches to supporting families in the Borough. This combined with engagement in the Troubled Families Initiative recently launched by the Coalition Government will ensure further strengthening of safeguarding arrangements and ensuring children and families get approach-targeted support sooner, to prevent the issue escalating and becoming more costly. Efficiencies of £0.2m are expected from rationalising 16+ and cared-for support.

We want to protect the Youth Offending Service and continue support for music in schools. In 2012/2013 Youth Offending funding will be secured at £443,000 and funding for Music in schools will be set at £200,000. Neither of these items were recognised in the 2011/2012 Budget.

The spike in demand in social care experienced in 2011/2012 has been in the area of the number of young people over the age of 16 becoming homeless and coming into the care of the Local Authority. The impact of the Southwark Judgement is now being felt both within Cheshire East and by councils across the country.

In Cheshire East while bringing pressures in relation to care placement costs, coupled with increased statutory responsibilities regarding youth custody and youth offending services, it is now timely that we focus efforts upon the needs of vulnerable teenagers to prevent them needing access to costly support from the Council either in the form of statutory care provision, or youth justice services. The investment proposal of £1m for 13 + Intervention aims, along with the development of a consolidated Youth Support Strategy, seeks to strengthen efforts to intervene earlier in the lives of vulnerable teenagers and their families to promote life chances and resilience.

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>Strengthen the voice of children and young people Children and young people in Cheshire East are best placed to present their needs and concerns. We want to ensure they have a say in shaping the services and facilities that affect them and that we all see and hear about the many positive achievements that they and we can be proud of.</p>	<p>Work is developing to ensure young people have a greater say in shaping the services they receive, whether this is through care placing processes, if they are in our care, or helping to shape youth support strategies. In 2011 several young people shadowed senior officers as part of the Children’s Commissioner’s Takeover Day. In 2012 it is anticipated that this national event will be extended across the Council and wider partner agencies.</p>
<p>Improve the health and wellbeing of children and young people We want to give our children and young people the best possible start in life by reducing differences in the early development of physical and emotional health, cognitive, linguistic and social skills. There are a number of specific health issues that we need to tackle if our children are to grow into healthy young adults.</p>	<p>Our Leisure Centre charges continue to be heavily discounted for Children and Young People (including students) to encourage participation in sports and leisure activities and support their physical and mental health and development.</p> <p>Additionally through our programme of Children’s Centres, and with schools, work is ongoing with community health services to ensure child health checks are undertaken, innovative programmes are supported, advice and guidance is provided to new parents, and pupils in schools, on healthy lifestyles.</p>

Priority 5: Ensure a sustainable future

Cheshire East is a beautiful place and offers a high quality of life.

We want to protect our many assets such as the beautiful countryside, biodiversity habitats and our historic buildings. However, nothing stands still and we also want to ensure that our plans help to meet the needs of future generations. This means that we will need to deliver sufficient new, well-designed homes to meet the needs of local people, ensuring there is enough affordable housing and accessible community services, and that we are actively contributing to reducing carbon emissions and making sure that our transport infrastructure is fit for purpose.

Current Vision

Impact of the 2012 – 2015 Business Plan

Development of the new Local Plan

The development of a new Local Plan for Cheshire East will ensure that employment land to support jobs and new housing can be developed to meet the future needs of the economy and local communities.

The Council will continue to work with local Town and Parish Councils, businesses and the wider community to bring forward proposals to meet future needs for jobs and housing over the next 15 years.

Specific focus will be given to ensuring the right infrastructure is planned to support investment and improve connectivity, the environment and ensure local communities have access to excellent services. Additional investment of £150,000 will be provided, within Spatial Planning, to deliver the new Plan over the next two years.

One of the vital pieces of work for the Council over the next two years is the production of our new Local Plan. The Cheshire East Local Plan will set out the vision, objectives, spatial strategy and policies for the physical development of Cheshire East (outside the National Park) to 2030. It will ensure that the future development of the Borough is planned in a sustainable manner and reflect the aspirations set out in the Sustainable Community Strategy. The plan will comprise three main documents. An overall Core strategy will provide the central thrust of growth and development in the Borough and will include strategic sites (i.e. housing sites of 500 homes +). A more detailed Site Allocations Plan will sit alongside the overall strategy showing the detailed plans for each local area. There will also be a Cheshire East Infrastructure Plan which sets out all our infrastructure priorities for the next 15 years which will enable and complement the development ambitions.

Provide affordable and appropriate housing

Housing plays a significant role in creating sustainable communities and addressing the wider determinants of health. Therefore we want to create places where people want to live, improve the quality of our housing stock and make sure that no

Additional investment of £113,000 will be provided to support our Homelessness service which is under considerable pressure in the current economic conditions. Efficiencies of £200,000 will also be found within the wider housing service through a review of how services are delivered.

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>group of people are disadvantaged because of the housing they have available to them.</p> <p>We want to ensure that sufficient affordable housing is provided across Cheshire East, especially in the northern part of the area where the gap between house prices and average earnings is the greatest. We want to ensure that we have appropriate housing for our changing population, particularly our increasing older population and our increasing number of single person households</p>	<p>Capital investment of £1m in 2012/2013 will go directly into the provision of new, quality affordable housing targeted towards working families, young people and our most vulnerable residents. Schemes to provide support for local families to get onto the housing ladder will continue, as will our focus on bringing empty properties back into use.</p>
<p>Encourage environmentally-sustainable living</p> <p>Given the global concerns about carbon emissions, the whole community will be expected to play its part in responding to climate change. Our levels of CO2 emissions need to be reduced and the rate at which we use resources needs to be more sustainable in the long term.</p>	<p>The Council is continuing to invest in modernising its waste collection and disposal services. There are short term savings achieved through diverting waste from landfill sites, saving £100,000 in 2012/2013, and re-negotiating landfill contracts, which will help offset increases in landfill tax and reduce running costs by a net £994,000. We will benefit from further savings from completing the harmonisation of our waste collection service, this includes routes optimisation (saving £300,000) and further structural savings (net £350,000). The Council is committed to reviewing its Household Waste Recycling Centres to provide modern facilities for customers.</p> <p>There is significant capital investment planned into reducing street lighting energy consumption to provide lower usage and on-going revenue savings of £275,000.</p> <p>The Council has set clear targets for reducing carbon emissions which will not only reduce our overall carbon footprint but minimise the amount of money we now have to pay to Government under the Carbon Reduction Commitment. Rising energy prices necessitate an increase in energy consumption budgets of £800,000 in 2012/2013. However net savings from investment in this area are estimated to realise savings of £330,000 in each of 2013/2014 and 2014/2015.</p>
<p>Improve transport connections and accessible services</p> <p>Good transport links are crucial for a successful economy, thriving towns and rural areas and a good quality of life for all our residents. We want to ensure that our public transport system enables people to get to the places they want to, when they want to, that people can walk and cycle as a real alternative to the car and that our transport system is integrated across all modes of transport.</p>	<p>The Council is continuing to challenge the overall spending in public and community services and is seeking to ensure greater value-for-money and efficiency when supporting commercial services whilst making appropriate provision for contractual increases. This challenge will deliver transport savings of £900,000 in 2012/2013. This work is being carried out in conjunction with Adults & Children’s Services who are reviewing Transport Policy.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
<p>Given the diverse nature of our area and the mixture of urban and rural areas, the ease with which people can access services such as work, healthcare, education and shopping is an important and challenging issue. It is also recognised that access to services depends on more than improvements to transport – it also considers where key services are located and how they are planned and delivered. This may involve looking at ways to take ‘services to the people’, as well as transport solutions to take ‘people to the services’.</p>	<p>The successful announcement of capital funding from Government for Crewe Green Link Road will be complemented by the Council’s financial proposals and will meet its requirement to invest in this scheme with £1.3m allocated over the next three years.</p> <p>In addition to Local Transport Plan funding, the Council is seeking to spend a further £0.8m per annum on structural maintenance of the carriageway. Following the recent successful appointment of Ringway Jacobs as our highways partner, this will now deliver further revenue savings of £0.5m from next year.</p> <p>Resolution of arrangements for subsidised transport to schools and Further Education provision is expected over the next few months. This will follow the shortly expected report of the Task and Finish Group of Members on Transport. The report will inform further savings in the transport budget, which it is anticipated will save net budget of £0.6m in 2012/2013. Expenditure will further reduce in 2013/2014 by £0.6m, but then increase by £0.2m in 2014/2015 to reflect statutory requirements.</p>
<p>Protect and enhance our heritage and countryside The people of Cheshire East are rightly proud of the range of heritage and countryside assets that make the area a beautiful and interesting place to live. We want to ensure that they are protected and enhanced for the enjoyment of future generations.</p>	<p>The Council is seeking a commercial partner from 2012 to help manage and develop the cultural offer of the Lyceum Theatre, Crewe. In this way we hope to secure the future of this important asset and improve the programme of shows and events for all residents and visitors.</p>

Priority 6: Prepare for an increasingly older population

We know with some certainty that the number of people aged over 65 will increase dramatically over the next 15 years. Our high life expectancy and ageing community is certainly something to celebrate, but we must also recognise that the 85 plus age group in particular is a potentially vulnerable group who will require more from both social and health services particularly in areas of higher deprivation.

To meet this demand there is a need to develop skills in our workforce that can be used to support our ageing population. There are also implications for housing, transport and how we plan and develop our towns and villages. We need to ensure that we are prepared for these challenges. But we also want to reap the great benefits this brings as many older people offer their experience and knowledge to others.

Current Vision

Help people stay fit and active for longer

Ageing Well in Cheshire East remains a key priority. Our older people represent an enormous resource in terms of talent, experience and knowledge. We want to maximise the opportunities for older people to stay fit for longer and to continue to contribute to the generations following them.

Impact of the 2012 – 2015 Business Plan

Work continues to shape in developing models of care service delivery which can offer a broader range of activities and support for service users. This involves some degree of shaping the market locally as well as reforming what the Council offers through its libraries, leisure centres, as well as internal care provider Care4CE.

Care delivery models will continue to be reviewed with investment to address increasing demand levels for care reflected in the budget proposals over the next three years of: £3.6m in 2012/2013; £5.9m in 2013/2014 and £5.9m in 2014/2015. It is also anticipated that savings and reductions from changing the delivery models will be achievable. Locally, the position of internally-delivered care provision (CARE4CE) remains to be resolved, with the inability of service users to use direct payments to purchase Council-delivered care provision an anomaly in law which is distorting the care market.

Some restructuring is required to ensure the right services are delivered to meet the identified demand and some opportunities for efficiencies remain, with budget reductions of £1.1m in 2012/2013. This programme of change will be closely monitored and where personalisation results in divergence of usage of Care4CE facilities further reductions and proposals will be considered and reported to Members.

The Council continues to progress proposals contained in the 2011/2012 budget on building-based services to where the shift from direct delivery to direct payments is creating under-usage of provisions. Inevitably this is a necessary but complex area that is raising understandable concerns in communities. £3m will be invested in Hollins View, Macclesfield, from 2013/2014 where services will remain or be concentrated.

Local reablement strategies are proving effective. A higher number of older people (on average approx.200 per month) receive a free service through our reablement programme which supports them for a period of up to six weeks following discharge from hospital or recovery from a debilitating illness. The reablement programme is being funded from within the Council's base budget in 2012/2013 and continuing to support the NHS-funded programme, where £3.8m is anticipated as on-going funding. Continued review of this programme as an effective means of preventing service users to become dependent upon support and to resume a relatively normal life requiring little or no home support is underway.

Continued review of care costs, smarter commissioning, and joining commissioning plans together with health to ensure joined up / connected delivery of care is underway. Part of the review of care delivery models and commissioning budgets generally includes a review and rationalisation of the Supporting People Programme with reductions anticipated. The scale of the challenge due to the trends of growth in demand requires that a radical programme of integration with the local health economy continues to take shape with the developing Clinical Commissioning Groups locally, as well as providers such as the East Cheshire Trust and Mid-Cheshire Foundation Trust.

Front-line delivery is happening with successful embedding of the SMART teams (Skilled Multi-Agency Response Teams) in half of the Borough and plans to cover the full area underway with Community Services. This approach aims to continue to give a better experience and level of care and support for service users, while ensuring that the appropriate level of service delivery is targeted at those with the most acute level of need.

Improve care and support for those who need it

We want to plan and deliver services which maximise people's opportunity to live independent lives and to ensure that all the care we provide is of a high standard.

Cheshire East like all councils is navigating 'the perfect storm' of increasing demand, reducing resources, increasing complexity of need, policy imperatives (personalisation), understandable public expectation and anxiety for appropriate care provision to be made, and a legal framework that increasingly is resulting in difficulties in addressing areas of change and reform.

Additionally increasing numbers of 'self-funders' (people funding their own long-term care) are turning to Cheshire East Council for funding support due to capital depletion. Current numbers are averaging 12 cases every four weeks. It is difficult to anticipate and budget for increased numbers of self funders looking to the Council for support because their financial status is unknown in many cases. However, it is important to note that for every 100 returning individuals, the cost to the Council will be in the region of £2m per annum whilst in care.

Against this backdrop, Adult Services continues to deliver high-quality services at the frontline to our vulnerable elderly population and those with disabilities. Budget to support this important area of work will continue to be increased, by £3.6m in 2012/2013, and by £15m over the medium term. Strong partnerships are evident with other statutory agencies and the voluntary, community and faith sectors. Good steps are being taken to secure a mixed economy of affordable care provision locally that offers genuine 'choice and control' to our service users. This includes significant collaboration across the Council in developing the lifestyle concept, as one element of provision in a continuum of care provision that will be available for some service users who choose it.

Priority 7: Drive out the causes of poor health

Whilst overall health is good, this masks some differences within the area.

Life expectancy at town level reveals significant inequalities or differences in health outcomes, which are considered to be unfair. In addition to an individual's lifestyle and health choices, we must consider the 'social determinants of health'. For example the quality of someone's housing can affect their health; the amount of income a family has can impact on their ability to enjoy a healthy standard of living; access to good transport may influence someone's ability to see their doctor or attend a local service.

Our challenge is to enable everyone to have the same opportunities as their neighbours and for no-one to be disadvantaged because of where they live or any other factor such as their age, gender, physical ability, ethnicity and so on. Only by focusing actions in this way will we make health fairer for everyone.

Current Vision

Impact of the 2012 – 2015 Business Plan

Target actions to reduce heart disease and cancer

The Joint Strategic Needs Assessment has identified the two biggest causes of early death as cancer and cardiovascular disease. Cancer predominantly affects older people and is a priority for our ageing population. Cardiovascular disease is the biggest killer in Cheshire East, accounting for nearly 40% of all deaths, particularly in the most deprived neighbourhoods where rates are significantly higher. Cancer is the second biggest cause of premature mortality, causing 26% of all deaths, with breast, colorectal and lung cancers being the most significant causes. We know that the main contributors to cardiovascular disease and cancer are smoking, lack of exercise, obesity, diet and alcohol consumption.

Providing opportunities for exercise through leisure provision, green spaces and accessible public rights of way remains a priority. Health information, signposting and brief interventions will help residents lead more healthy lives to reduce the risk of cancer or cardiovascular disease. Acquisition of the new Public Health functions in shadow form during 2012/2013 will allow current NHS activities (smoking cessation, cancer screening, 'Cardiovascular Disease health checks') to inform and support this intention. This in turn will be enhanced by collaborative working with the new Clinical Commissioning Groups.

Tackle the impact of alcohol misuse on individuals and society

The care needs of people who are classed as 'increasing and high risk drinkers' is increasing by £1m per annum. We want to reduce alcohol misuse which leads to many health problems as well as to anti-social behaviour and to reduce the number of high risk drinkers in the area.

The Council's Licensing section will increase their monitoring of problem licensed premises together with our community partners and in support of responsible landlords. Through the expansion of the ArcAngel initiative, alcohol-related crime and anti-social behaviour will be reduced together with the impact and incidence of binge drinking on communities and individuals.

The Cheshire and Warrington Health and Wellbeing Commission is leading the work to reduce alcohol harm and the associated costs. The Authority is the lead Council and is playing an active leadership role.

Focus local actions on the wider determinants of health

Through partnership working we will give greater emphasis to the wider determinants of health using the 'Marmot Review' as an evidence base for action. Partner contributions will be identified and included as part of the Cheshire East Reducing Health Inequalities Strategy and action plan post-2010.

Our Environmental Health team will continue their success on monitoring local Air Quality problems and identifying Contaminated Land sites across the Borough. Food Safety & Standards inspections will be prioritised to ensure our food is hygienically prepared and safe to eat, reducing the risk of food poisoning outbreaks and other associated illnesses.

The transfer of responsibility for Public Health and "health improvement" to the Authority, as part of the Government's reform of the NHS (from April 2013), recognises the strong role that Local Authorities and their partners play particularly on the wider or social determinants of health.

Building on their 'QUEST' quality accreditation, our network of Leisure Centres will continue to provide accessible and cost-effective activities and facilities for customers. We will seek to encourage increasing participation by people of all ages to provide 'Leisure for Life' and examine how we can provide sustainable investment into such facilities in the longer term.

The Council is seeking to develop a number of Lifestyle Centres in key strategic locations across the Borough, taking advantage of major regeneration projects already planned. These 'lifestyle hubs' will be places where health, leisure, library and social care services can be co-located and integrated to deliver higher-quality services and financial savings. Whether newly built or through major refurbishment of existing buildings, they will provide state-of-the-art facilities that local communities can easily access and be proud of. This will form a key part of our future sustainable investment plans.

3. How will the Council Support Delivery of its priorities?

Enabling Strong Delivery

30. The Business Plan launch placed an imperative on Value for Money. And this approach in Corporate Services will ensure that funding is focused on delivering services to residents and not on merely managing processes.
31. Effective Corporate Services require significant investment to remain fit for purpose and to enable front-line services to focus on maximising benefits to residents.
32. This section of the Business Plan provides detail on how the Council proposes to improve service delivery through capital investment which is justified due to the planned and achieved reductions in overall costs.

Business Management

33. Technology is vital to unlocking the potential for services to continue to improve and to become more relevant and intuitive to the needs of Cheshire East residents.
34. The Business Plan demonstrates a strong commitment to invest in information and communication technology to ensure that the business is fit for purpose and can be built upon through new and innovative applications of technology.
35. The Council is committed to examining business processes across all services to ensure that, through the application of the lean process methodology, those processes are as efficient as

possible. This ensures that limited available resources are applied where they are most beneficial to the service user.

36. The organisation requires quality, meaningful and timely management information. All Corporate Services have strong plans to improve the quality of data at source and to develop simple, easy-to-use and affordable management tools that support management decisions.
37. The Corporate Services are working hard to transform the delivery of key management processes including Finance, HR and Procurement. These processes need to operate effectively by providing good-quality training and the ability to measure compliance.
38. Corporate Services are also examining new delivery models to tap into greater opportunities for efficiencies and savings. The models being considered for Shared Services also seek to bring about partnership and trading opportunities.
39. The Council has made great progress in the development and delivery of its Performance Management model. This is now providing good information to managers and Members to demonstrate accountability for delivery and to provide the basis for continual improvement.
40. The development and implementation of the Corporate Landlord model is a very important transformation programme for the Council. It will ensure maximum efficiency in the management of assets and enabling Services to operate effectively from existing and new facilities. The Corporate Landlord function will combine all

corporate asset responsibilities and will be managed by the Asset Management Service. This will be a centre of excellence and a model of best practice.

Organisational Development

41. Our ambition is to make the leap from being a good Council to a great one, which to us means:
- Consistently delivering superior performance.
 - Making a distinctive impact.
 - Achieving lasting endurance.
42. We already have pockets of excellence – our ambition is to make that consistent across the Council. This requires the right balance to be struck across a number of areas for example – key performance indicators, long term investment, innovation, people management and development and use of resources.
43. We recognise that every organisation has its unique set of challenges and constraints, yet some make the leap from good to great while others facing the same environmental challenges do not. Becoming the best at anything takes time, discipline and effort and there is no quick fix to becoming a great Council and staying there. We are committed to achieving excellence over the long haul.

Governance

44. The Council is constantly working on improving its Governance framework and processes. Over the past three years, the Council has continued to improve its governance arrangements through the development of the Constitution and the refinement of its democratic structure.

45. This work continues and is now particularly influenced by significant new legislation e.g. the Localism Act. The Council has been examining the proposed changes for some time and has put in place robust mechanisms to keep up with the pace of change and to proactively take advantage of the opportunities that are arising from these changes.
46. The Council is also acutely aware of the changes to the national, regional and local approach to decision-making, the application of funding and inspection. Again strong mechanisms are being developed and implemented to ensure that these changes are fully understood and that the integrity of the Council's internal governance and controls is maintained.
47. The following tables set out the current vision and changes within the Business Plan.

Current Vision	Impact of the 2012 – 2015 Business Plan
<p data-bbox="165 225 1115 261">Effective Information and Communication Technology</p> <p data-bbox="165 288 1115 384">The Council is moving towards its goal of a modern workforce supported by robust and flexible information technology. The Council's ICT Strategy is based on three key principles:</p> <ul data-bbox="165 411 1115 603" style="list-style-type: none"> - To transform services through prudent investment in technology. - To drive down costs. - To work with partners in ways which maintain Cheshire East's freedom to innovate and act, while at the same time achieving the benefits of economies of scale and understanding of industry good practice that come from sharing services. 	<p data-bbox="1115 288 2047 325">Core System Stability</p> <p data-bbox="1115 325 2047 480">All of the systems and technologies which underpin the organisation are required to be maintained, refreshed and reworked to sustain currency, fitness for purpose and compliance with mandatory standards. The objective of the project is to preserve the reliability and availability of core ICT infrastructure and to ensure that current service levels are maintained.</p> <p data-bbox="1115 507 2047 662">Equipment is only considered for replacement if there is justifiable concern over its reliability to deliver service demands, or there is a strong business case for a migration to newer technologies. However, there is some scope to delay some replacement activities provided the risks are either accepted or mitigated in some way.</p> <p data-bbox="1115 689 2047 746">The proposals for 2012/2013 include a capital investment of £4.2m in ensuring the stability of core ICT systems.</p> <p data-bbox="1115 774 2047 928">Steps need to be taken to replace the dated and unsustainable software systems that support most of the Children, Families and Adults Services work. The PARIS system has to be replaced. This is a key system that records the work of social workers in relation to children and families, and is also used by the Adults Directorate.</p> <p data-bbox="1115 956 2047 1110">Currently a review of the Empower Card is underway to test progress and learning 12 months into its introduction, alongside a review of processes to administer and support client finance. Along with the need to replace dated core social care IT systems, the next 12 months will see major change and reform in 'back office' systems.</p> <p data-bbox="1115 1137 2047 1262">This will be a major workstream in 2012/2013, with combined investment from across Adults, Children and Families of £1.5m over three years, excluding the cost of the system purchase (£0.5m each year 2012 to 2015 – split £0.25m in Children & Families and £0.25m in Adults).</p> <p data-bbox="1115 1289 2047 1326">Location-Independent Workforce</p> <p data-bbox="1115 1326 2047 1401">The exploitation of new systems and technologies to permit staff mobility and service flexibility will allow the Authority to work more effectively. The objective of this programme is to create an Authority that is organised around</p>

the needs of customers and employees rather than the constraints of building design, fixed hours and geographic locations.

It gives rise to the potential to reduce accommodation costs and overall carbon footprint by making better use of the available space, reducing staff travelling expenses and improving delivery and access to public services.

The business has clearly articulated that no vision for local authority delivery is feasible without multi-disciplinary and multi-agency working. Information sharing is vital and requires substantial changes in communications, security and work processes. Information must be available in a variety of formats and be accessible through a number of routes outside the originating office and its opening hours.

The proposals for 2012/2013 include a capital investment of £2.7m to create a location-independent workforce.

Enabled Citizen / Business

The tools and technologies which put the citizen / business in control transform the way that services can be delivered. The development of on-line citizen access capability will permit services to maximise on-line transaction capability and reduce the number of transactions through the more expensive channels of face-to-face or telephone.

The business has clearly stated that “self service” for citizens is a key requirement of the personalisation agenda. Assistive technologies reduce risk with older and isolated people.

A Customer Portal will provide greater visibility and service access for citizens, enabling connectivity for partners and citizens and allowing more effective service delivery. This is accompanied by a Citizen Authentication project in order to ensure that data and services are protected.

The proposals for 2012/2013 include a capital investment of £0.6m to enable citizens and businesses to access Council services more effectively.

The ICT service will consider the scope for savings to ensure a lean structure, contracts deliver maximum value and make the best use of assets. Major applications such as Oracle will continue to be developed and optimised in order to increase self-service capacity and improve overall

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>business efficiency, saving £0.1m in 2012/2013.</p> <p>Total Capital Impact (including Superfast Broadband) : 2012/2013 £7.9m, 2013/2014 £12.6m and 2014/2015 £9.3m = £29.8m (funded through capital receipts and prudential borrowing). The capital investment will drive revenue savings throughout the organisation.</p>
Assets that are fit for purpose in supporting the Council's priorities.	
<p>The Council has great ambition when it comes to the exploitation and maximisation of the opportunities associated with the effective use of its land and property assets. The Council's Asset Management Plan will be developed in line with the ambitions that will be set out in the Local Plan and will demonstrate how the Council will apply a number of strategic mechanisms to achieve the maximum benefit for the Cheshire East economy.</p> <p>The Council owns a significant property portfolio. This is being reviewed and reduced. However, maintenance of the stock is vital to ensure staff and customers are safe, the Council meets any legal requirements and the value is maintained.</p>	<p>The review is considering which properties the Council needs to run the business in terms of service delivery and accommodating support staff. The programme of refurbishment and modernisation means that more staff can be accommodated in existing buildings when combined with flexible / remote working improvements. This means a higher level of disposals can be achieved. These will help support the Capital costs and result in future savings in energy and other building-related costs. From 1st April 2012 the Council will centralise all budgets, building and property services under one team through the Corporate Landlord function and achieve considerable savings and efficiencies.</p> <p>The Council will continue to dispose or develop property which is surplus to operational requirements via a dedicated Disposals Team.</p> <p>The proposals include capital expenditure of £4.2m in 2012/2013 broken down into :</p> <ul style="list-style-type: none"> - Planned Maintenance £3m. - Minor works £0.5m. - Compliance testing works £0.4m. <p>Revenue savings from:</p> <ul style="list-style-type: none"> - Reducing planned maintenance savings of £0.25m. - Accelerated disposals of £0.2m. - Reducing Assets supplies and services budget by £0.75m. - Review of service delivery (caretaking + cleaning) saving £0.26m. <p>The Council is seeking to generate income from advertising on street furniture along the highway.</p>

Current Vision	Impact of the 2012 – 2015 Business Plan
	<p>The overall aim of the Training Facility is to provide quality training packages at a low cost with a healthy return on investment of £0.1m in 2012/2013 building by a further £0.1m in 2013/2014 and £0.1m in 2014/2015. Tatton Vision is aiming to transform Tatton Park into a thriving attraction and business. The Tatton brand will be a powerful marketing tool in drawing in users of the training provision.</p>
<p>Maximise Funding Opportunities and Reduce Subsidy</p>	
<p>The Council is comparatively low funded and must regularly review the charges and income opportunities it has to ensure they are maximised.</p> <p>In August the Council developed and launched a Charging and Trading Strategy to help service managers develop their approach to charging in terms of recovering full costs and considering new opportunities.</p> <p>In addition the Council is reviewing grant funding with a view to maximising income levels it uses.</p>	<p>A Council-wide income target of £0.1m has been introduced to acknowledge efforts already being made in specific areas.</p> <p>The non schools expenditure will be reviewed to save £0.3m by ensuring all appropriate costs are charged to the Dedicated Schools Grant.</p> <p>Bereavement fees will be further increased to generate an extra £0.15m.</p> <p>As part of a wider review, the impact of subsidies provided to leisure services has been considered. Existing spending pressure in Leisure Services of £0.1m will be mostly mitigated through savings in management costs of £0.1m. The level of subsidy will be reduced through reductions in other operating costs, of £0.2m, and increases in fees, £0.4m. Increasing fuel costs are also necessitating further income from fees of £0.25m.</p> <p>Blue badge fees will increase in line with Government guidance that allows local authorities to recover a greater proportion of the cost of administering the scheme. £0.04m.</p> <p>Registration income will be increased by £0.1m.</p>
<p>Provide Value for Money</p>	
<p>In addition to the key policy proposals in relation to Services, the Council is delivering some important savings in Corporate Support areas.</p>	<p>The Council will:</p> <ul style="list-style-type: none"> - Reduce budgets for supplies and services by circa £1m. - Reduce budgets for Directorate support, training, grants and election expenses by £0.7m. - Reduce the Communications Service by £0.2m.(subject to consultation) - Save £0.1m in the cost of benefits administration and revenues collection through streamlining of processes and systems and new approaches to service delivery. - Making savings from insurance of £0.3m, over the next two years.

Current Vision	Impact of the 2012 – 2015 Business Plan
<p data-bbox="168 161 672 193">Create Economic Procurement Processes</p> <p data-bbox="168 225 1086 411">The Council is part of an exciting project through AGMA for the development of a Strategic Procurement Unit in partnership initially with four AGMA authorities and with the opportunity for more authorities to join in the future. The Council is joining forces, as an early adopter, with Rochdale, Stockport, Trafford and Warrington to shape the new unit. The project has an ambitious implementation date of 1st April 2012.</p>	<p data-bbox="1108 225 2022 352">The Council set a Procurement savings target of £1.4m in 2011/2012, which will now only be partly achieved. However, many corporate procurement opportunities have been pursued and achieved in 2011/2012 saving up to £0.7m. The remaining £0.7m has now been removed from the base budget.</p> <p data-bbox="1108 384 2033 592">The Council still has great ambition focused on gaining efficiencies through an effective Procurement delivery model. This ambition is expected to be achieved through a partnership approach. The AGMA project, led by Trafford, provides the launch pad for an efficient model that will support the Council in developing an innovative Procurement Strategy, a comprehensive three-year Procurement plan and strong procurement processes. This will be built upon quality base contract, supplier and spend data.</p> <p data-bbox="1108 624 2022 831">Procurement efficiency savings are now identified through individual Service Plans, supported currently by the Corporate Procurement Unit and in the future by the Strategic Procurement Unit, with local delivery. There is a modest Procurement structure efficiency of £0.03m in 2012/2013 based on the existing set up. Any additional saving opportunities, not currently identified by Services, will be agreed as part of the AGMA project and will be fed into the next Business Planning cycle.</p>
<p data-bbox="168 842 739 874">Support Shared Services to Deliver Efficiencies</p> <p data-bbox="168 879 1086 1002">The Council, in partnership with Cheshire West and Chester Council, proposes that a business case is made for the development of the current ICT, HR and Finance and Occupational Health Shared Services into a viable Separate Legal Entity (SLE).</p>	<p data-bbox="1108 879 2033 1182">The ambition is that the SLE will be a leading public sector shared company providing high-quality, customer-focused services, demonstrating value for money and high levels of customer satisfaction. Some investment is required to set up the operation but it is anticipated that the potential savings are generated via a streamlined operating model, increased sharing through the introduction of new operational units (e.g. Revenues) and the addition of new partners. The savings target of £0.5m in 2013/2014 is expected to be achieved through the implementation of the SLE with a partner and £0.5m is expected to be achieved in 2014/2015 when further efficiencies and trading opportunities are realised.</p> <p data-bbox="1108 1214 2022 1390">It is intended that the SLE will be capable of delivering collaborative and trading services. The new operating model will remove current difficulties concerning the employment of two different staff groups (Cheshire East and Cheshire West and Chester) on differing terms and conditions. The SLE will own assets and contracts and have the ability to flex its structure to take advantage of new technologies and changes in business demand.</p>

Current Vision

The Council also has ambitious plans for its wider Shared Services with Cheshire West and Chester Council e.g. Specialist Library Services. These plans are fully integrated with the front line Service Plans and joint opportunities for improvement and efficiencies are pursued through the Shared Services liaison groups.

Impact of the 2012 – 2015 Business Plan

Work is currently underway to stabilise and improve the performance of the shared services under consideration for the SLE. This aims to ensure that the venture has robust baseline performance data on which it can build to effectively demonstrate increasing customer satisfaction, service quality and delivery driven by internal transformation and standardisation of processes and adoption of new technologies.

Saving proposals related to the longer-term Shared Services are now being focused through the relevant front-line Services and performance against these targets is being supported through the Joint Officer Board and the Joint Committee. The corporate targets set for 2011/2012 (£0.3m) and 2012/2013 (£0.1m) have been removed from the base budget. In 2012/2013 the corporate saving has been replaced via individual service proposals.

4. Risk Management and Workforce Planning

Risk Management

Key Corporate Risks

48. Risk assessment is an integral part of the development of our Business Plan. We are committed to adopting best practice in the identification, evaluation and cost-effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve our priorities and deliver core services. It is acknowledged that some risks will always exist and will never be eliminated.
49. The key corporate risks to achieving our priorities and expected outcomes will be identified on our key corporate risk register. We have a Risk Management Policy and regularly review and monitor risks through our risk management framework.
50. Through the identification and treatment of risk we can ensure that our proposals are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised.
51. Some risks to achieving our priorities are cross-cutting: for example the risk 'that we fail to manage expenditure within budget and maintain an adequate level of reserves' would impact on our financial stability and service continuity and prevent the achievement of all of our key priorities. The actions necessary to manage and mitigate our key corporate risks are embedded in the programme of activity set out in the plan and in our service plans.
52. Individual services will identify, analyse and prioritise service risks on local risk registers as part of the service planning process. Progress and performance towards meeting objectives is monitored regularly and services will ensure that risks to achieving objectives are effectively managed in their service area in accordance with the risk management policy and procedures.
53. Understanding and setting a clear risk appetite or tolerance level is essential to achieving an effective risk management framework. There are risks for which the Council is custodian on behalf of the public and the environment, where tolerance levels may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged. Where we choose to accept an increased level of risk we will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.

Workforce Planning

54. Making Cheshire East a great place to live and work is something we **aspire** to. Achieving this aim is not just about developing the right policies or establishing new processes and systems. It is also about the way we work, focusing equally on **how** we do things, as well as **what** we do – in order to be successful.

55. Our **aspire** values really do matter to us. They have a central role in driving performance improvement by helping to define the behaviours and practices that guide the way we work. Our aspire values are summarised as:

- Take the **action** with **integrity**,
- **Support** and **recognise** others,
- Achieve **excellence** for **people** across Cheshire East.



Workforce priorities

56. In order to achieve our ambitious corporate and community agenda, it is essential that we develop an integrated workforce that is ready, willing and able to rise to the challenges ahead. Five strategic workforce priorities have been identified as follows:

Workforce priority one: Developing the organisation

- **Customer focus** - delivering great services within this challenging climate requires robust insight into customer and community

needs, the building of new or changing relationships and radical changes in delivery methods.

- **Continuous improvement** - we are committed to a Lean systems philosophy which puts customers at the heart of everything we do, simplifies the way we work, builds a culture of improvement and reduces our operating costs.

Workforce priority two: Developing leadership and management capacity

- **Management development** – we will build the capability of managers at all levels as they have a crucial enabling role in unlocking barriers, developing talent and delivering changes necessary to achieve high performance.
- **Engaging leadership** - leaders and managers play a crucial role in the engagement of staff, partners, suppliers and volunteers. Harnessing their skills, ideas and energy will be essential to achieving great things.

Workforce priority three: Developing workforce skills and capacity

- **Developing capability** - we will continue to encourage our staff to grow and develop so that they have the skills required to meet the challenges of today and in the future. This will include core, occupational and professional skills as well as generic competencies which enhance performance.
- **Collaborative learning** - to broaden and improve the learning experience for our employees we will seek opportunities to commission from and learn with other public sector partners and the trades unions.

Workforce priority four: Resourcing local government

- **Integrated workforce** – many of our services are delivered in partnership with others. We will focus on strengthening those relationships and effectively transferring delivery of health responsibilities to local government.
- **Employing young people** – Cheshire East Council is the largest employer in the Borough. We will seek to expand opportunities for young people to take their first step into employment, by working with partners to offer inspiring apprenticeships.

Workforce priority five: Pay and Rewards

- **Total contribution** - we want our employees to be recognised for both what they do and how they do it, and to receive fair and equal pay which reflects the individual contribution they make.
- **Wider rewards** - we recognise that reward goes beyond remuneration by embracing our culture and values, and our aim is to give all employees opportunities to grow, develop, be recognised and have a voice in how we deliver services.

Measuring the outcomes

57. The key outcomes of achieving the workforce priorities are summarised below:

- We continually learn and improve what we do and proactively share that learning with others.
- We attract and retain the best people from all sectors of the community to work for the Council.
- We have and retain an agile, skilled, engaged, and **high performing** workforce – fit for whatever the future holds.

58. These outcomes will be measured through formal assessment and recognition against national standards and benchmarks alongside key performance indicators.

Risks

59. Without a systematic approach to the recruitment, retention and development of employees the Council may be in a situation where it is:

- Unable to deliver statutory duties and deliver key services.
- Failing to achieve its national and locally-agreed priorities.
- Ineffective in competing for and retaining the best people.
- Incurring unnecessary expenditure on temporary and agency staff and external consultants.
- Ill equipped to initiate and respond positively and quickly to change.

5. Impact Assessment

Household Calculator

The following tables set out an analysis of the impact of the Budgetary proposals compared to inflation:

Example Groups	Annual Charges £	Service Impacts
<p>2 Adults 2 Dependent Children</p>  <p>Typical Household Facts:</p> <p>Adults both working (full or part time) with combined net income of £42,800pa</p> <p>Children attending local schools</p> <p>Living in a Band E Property</p>	<p>Council Tax</p> <p>Fees & Charges</p> <p style="padding-left: 40px;">School Meals (190 meals x 2)</p> <p style="padding-left: 40px;">Car Parking (2 hours a week)</p> <p style="padding-left: 40px;">Adult weekly Swim</p> <p style="padding-left: 40px;">Children's swimming</p> <p style="padding-left: 40px;">Leisure Centre Membership</p> <p style="padding-left: 40px;">Other spending on services (Bulky Waste, Badminton, Library CD Rental)</p> <p style="text-align: right;">Total Charges in 2011/2012</p> <p style="text-align: right;">Total increase in Charges if inflation of 4.8% for the year were added on (Retail Prices Index increase)</p> <p style="text-align: right;">Actual proposed increase in charges for 2012/2013</p>	<p>Inflation affects the cost of providing Council services, especially from rising utility bills, fuel costs and business rates.</p> <p>But, for the second consecutive year, the impact of the Council Tax freeze, and the Council's commitment to value for money, will minimise the impact of rising costs on residents' finances.</p> <p>A review of the Council's home to school transport policy and arrangements is underway which may have an impact upon future arrangements.</p> <p>Regular users of the Council's leisure facilities can benefit from different membership options which offer reduced prices for juniors and students together with unlimited usage of some facilities.</p>
	£3,179	
	£153	
	£41	

Local Businesses



Typical Facts
Non Domestic Rates set by Government
Supplementary Rates set by Cheshire East
Liable to pay some Fees & Charges (for example licensing)

Working with Businesses

The Council takes a pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow. The Council's Economic Development & Regeneration team operates as a key broker for relationships between businesses and Council services and other public agencies. It also takes the leading role in promoting regeneration across the Borough, creating the conditions for job creation and economic growth.

The team provides:

- A programme of business engagement events on specific issues, e.g. procurement, business support.
- Bespoke support for new and expanding companies, in terms of property finding, recruitment, etc.
- Information web pages including a business directory and property search facility.
- Support for targeted groups of businesses, such as independent retailers, by promoting local purchasing and advice on increasing sales.

The Council has a strong commitment to the development and regeneration of our town centres. This will be supplemented further over the 2012/2015 period, through an additional £6m investment in its regeneration programme, alongside the strategic use of its own land and property, to lever in additional private sector investment. This will enhance the attractiveness of our towns to residents and visitors, and increase confidence in the developer and investor communities.

New multipliers for 2012/2013

- Multiplier set by Government is Index linked to September RPI (5.6%)
- Provisional 2012/2013 Multiplier at 45.8p* in the £
- Small business multiplier provisionally 45p** in the £

* Includes supplement to fund small business relief

** From 1st April 2012 all occupied properties with a rateable value below £18,000 will be charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief

Deferment Scheme for 2012/2013

Ratepayers can defer 60% of the RPI increase in their 2012/2013 rates bill.

Deferred payments will need to be paid back equally in 2013/2014 and 2014/2015.

Businesses can apply to defer payments after they receive their 2012/2013 bill.

Supplementary Business Rates

There are no proposals for Cheshire East to charge supplementary rates in 2012/2013.

Small Business Rate Relief

From 2012/2013 legislation will be changed so that ratepayers no longer need to complete a form in order to receive SBRR.

Local Discretionary Rate Relief

From 2012/2013 Cheshire East will be able to award discretionary relief to any ratepayer. Cheshire East will need to fully fund any relief awarded.

Council Partners & Stakeholders



For Example:
Town & Parish Councils,
PCT, Fire, Police, Schools,
Local Area Partnerships

The Council is continuing to implement its programme of transfer and devolution of services to Town and Parish Councils, and this is reflected in specific proposals in the business plan such as asset transfers. An earmarked reserve “Enabling Local Delivery” remains to support this work.

As in previous years reductions in funding to community, voluntary and not for profit groups have been kept to a minimum wherever possible. We will make best use of the opportunities for services to be delivered by community and voluntary groups, and Town and Parish Councils, and build on the good progress made this year in developing more community-run assets.

Support to Local Area Partnerships (LAP) continues through the funding of the Partnerships team, but with a reduction in running costs. LAP Managers will ensure co-ordinated support to neighbourhood groups, Town and Parish Councils, voluntary organisations and other partners. They will ensure that services are joined up and able to address issues of local concern.

The Council is working with Town and Parish Councils to ensure all taxpayers pay a fair amount. In 2012/2013 the Council will compensate all such councils for those services funded by Cheshire East Council in the un-parished areas of Crewe and Macclesfield. In 2013/2014 the Council intends to introduce a special expense levy in those two areas to address this issue.

The Local Environment



The Council is committed to reducing its energy consumption and will continue to develop existing strategies during 2012/2013 and the coming years, to improve on the environmental impact of its activities and also help to minimise the adverse financial implications of any national carbon reduction-related incentive schemes.

The Council is continuing to work towards its Carbon Management Plan target of reducing our carbon emissions by 25% by 2015/2016.

The Council’s Capital Programme includes a proposed £2m investment in the adaptation of existing street lighting to enable street lights to be either turned off or have reduced brightness between specific times. This proposal will enable a reduction in energy costs and CO2 outputs achieving our corporate plan objective of environmental sustainability and a reduced carbon footprint.

Without the required investment, the Council will face significant increases in energy fuel bills and in future years, new Carbon Reduction Commitment taxes, affecting the overall ability to adequately maintain effective operational delivery of front-line Services.

Equality Impact Assessment

60. We have a statutory duty to understand the equality impacts of our decisions, policies, strategies and functions.
61. We want to ensure that our budget decisions do not discriminate against any group and promote equality of opportunity and good community relations so we have carried out an impact screening process on our proposed savings and investments. This has helped us to understand if our budget proposals:
- have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act,
 - result in direct or indirect discrimination.
62. The process has assisted us to consider what actions could address or alleviate any adverse impact and helped us to recognise where investment could alleviate an adverse impact from a saving.
63. The completed Equality Impact Assessments will be placed on the website at: <http://www.cheshireeast.gov.uk/Budget>



Annexes to Business Plan 2012 / 2015

***Ambition
Action
Achievement***

February 2012

Annex 1 - A Profile of the Authority

Introduction

1. In addition to Cheshire West and Chester on the west, Cheshire East is bounded by the Manchester conurbation to the north and east, and Newcastle-under-Lyme to the south and High Peak and Staffordshire Moorlands to the east.

Geography of the Area

2. The mix of topography, soils and land use in Cheshire East presents an area of contrasting character, ranging from the highland and lowland rural areas to the more densely-populated areas in the north east of the authority. The boundary is part of the Peak District National Park which rises significantly higher than the rest of the council area.
3. Cheshire East is characterised by wonderful countryside facilities such as Tegg's Nose Country Park, The Cloud and the Gritstone Trail as well as splendid historic towns and major national visitor attractions such as Tatton Park and castles built of the distinctive local sandstone.
4. The main rivers of Cheshire East are the Bollin and the Dane which flow into the Mersey. A number of canal systems (The Trent and Mersey and Macclesfield canals) form significant features of Cheshire East.
5. The Weaver Valley Regional Park builds on these assets, particularly the market towns, rivers, canals and the salt industry heritage of mid-Cheshire. It runs through central Cheshire, from Runcorn (the mouth of the River Weaver) in the north to Audlem in the south.
6. There are excellent rail links both with Manchester and other parts of the country through the main West Coast routes from London through Crewe and Macclesfield to the north. The M6 is the main north-south road route, but important east-west links are

established by the M56. Another main trunk road running through Cheshire East is the A556 from Knutsford to Bowden which connects people to Manchester.

Cheshire East and its Citizens

7. Cheshire East has an area of 116,638 hectares. The population is 363,800 (2010), making it the 3rd largest in the North West and 12th largest authority in England. Principal concentrations of population are in the towns of Crewe (61,800), Macclesfield (51,100), and Wilmslow (29,120). Other main towns within Cheshire East are Congleton (26,530), Sandbach (17,770), Poynton (13,080), Nantwich (14,540), Middlewich (13,780), Knutsford (12,650) and Alsager (12,190)¹.
8. Cheshire East has a diverse rural / urban profile. The area is classed as significantly rural, with more than half the population living in rural or rural market town areas. The other eight towns, although urban, have outskirts which contain areas classified as more rural than urban.
9. The population in Cheshire East has steadily increased over the past 19 years, from 340,500 in 1991 to 363,800 in 2010 – an increase of 7%. This increase in the total population is mainly due to migration into the area. The age structure of Cheshire East is slightly older than that of England & Wales. In 2010, 6% of Cheshire East's residents were aged under 5, 11% were aged 5 to 14 and 19% were aged 65 or more. The age structure of the population in Cheshire East has changed since 1991. The number of older people (aged 65+) has increased by 30% from around 54,200 in 1991 to 70,300 in 2010.

¹ = 2010 Mid Year Estimates, and using Middle-layer Super Output Area geography.

10. The number of children (aged 0-15) in 2010 has increased marginally (235) since 1991, to 65,800 in Cheshire East; however, whilst numbers have increased by 9% in Crewe & Nantwich they have decreased by 3% in Congleton and 4% in Macclesfield. It is forecast that by 2029 there will be around 4% fewer children living in Cheshire East than there were in 2009 whilst the number of people aged 85 or above will have doubled within the same period.
11. Cheshire East has a strong local economy, with 5% of the North West region's total population contributing to 7% of the regional output. Average household income is above the national average. The largest three industries in terms of economic output (Gross Value Added) in 2008 were Professional Services (12%), Pharmaceuticals (10%) and Banking & Finance (8%).
12. However, the local economy is not immune from the national economic recession and unemployment has been rising rapidly. Similar to national trends, the number of young people (18-24 year olds) out of work and claiming unemployment benefits is considerably higher than for other age groups. The population aged 16-64 is expected to fall by 7% between 2009 and 2029, so limiting the capacity to expand the labour supply.
13. Residents enjoy better health than elsewhere in the region and nationally. Life expectancy is above the national average and incidence of smoking cigarettes is lower.
14. Educational attainment among school pupils in terms of achieving five or more GCSE grades at A*-C grade is above the national average. Cheshire East schools generally perform well; children get off to a good start with a large percentage of childcare establishments, nursery education and primary schools judged to be better than similar areas and better than standards found nationally. There is very little inadequate provision, but the proportion of secondary schools and school sixth forms that are judged to be good or better is below that found in similar areas and the national figure.
15. The crime rate in Cheshire East is one of the lowest in the country and residents are less concerned about anti-social behaviour than elsewhere. However, there is significant anxiety about victimisation.
16. The South Cheshire housing market contains the two towns of Crewe and Nantwich and a number of rural villages. Crewe is identified as being a key regional town and a gateway to the North West. It has both housing and employment ties crossing regional boundaries into the North Staffordshire and Potteries areas, and it is to this area more than Manchester that this housing market looks.
17. In the Communities of Cheshire survey 2008, the majority (93%) were satisfied with their home as a place to live and 85% were satisfied with their local area. But while the residents of Cheshire East generally enjoy good quality of life there are significant inequalities, with some areas experiencing poorer health, educational attainment and economic well-being than elsewhere. There are 16 Lower Super Output Areas among the 20% most deprived in England, according to the national measure 'Index of Multiple Deprivation' – this is an increase of 2 Lower Layer Super Output Areas since the previous index was produced. These 16 areas contain 7% of the Borough's population.

Annex 2 – Organisational Structure Charts

Cheshire East Council Cabinet

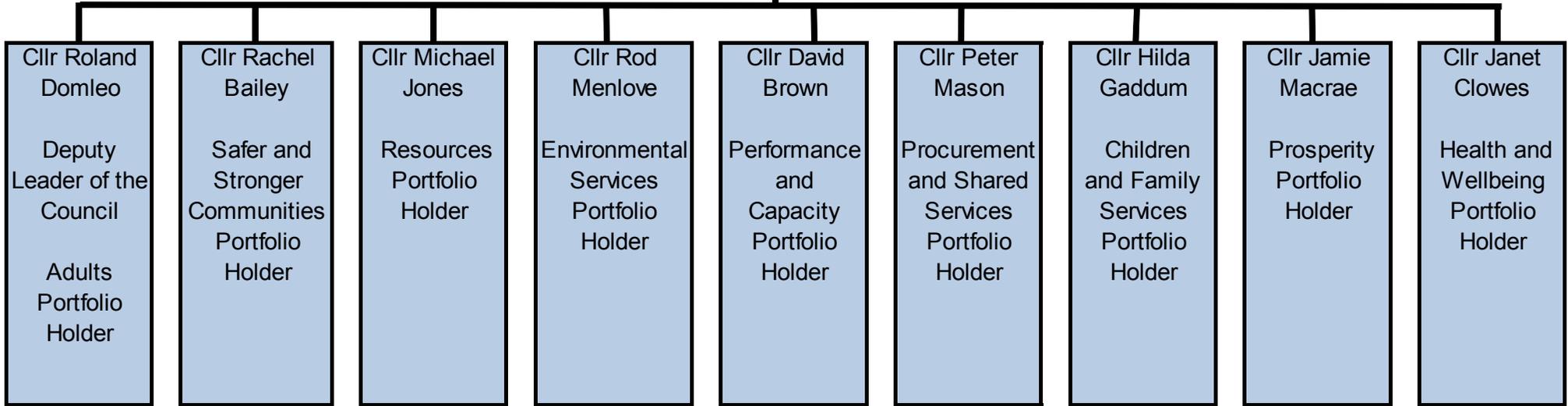


Cheshire East Council 82 Members

Cllr Wesley Fitzgerald
Leader of the Council
(Cabinet has 10 Members)

Overview and
Scrutiny
(includes 51
Members)

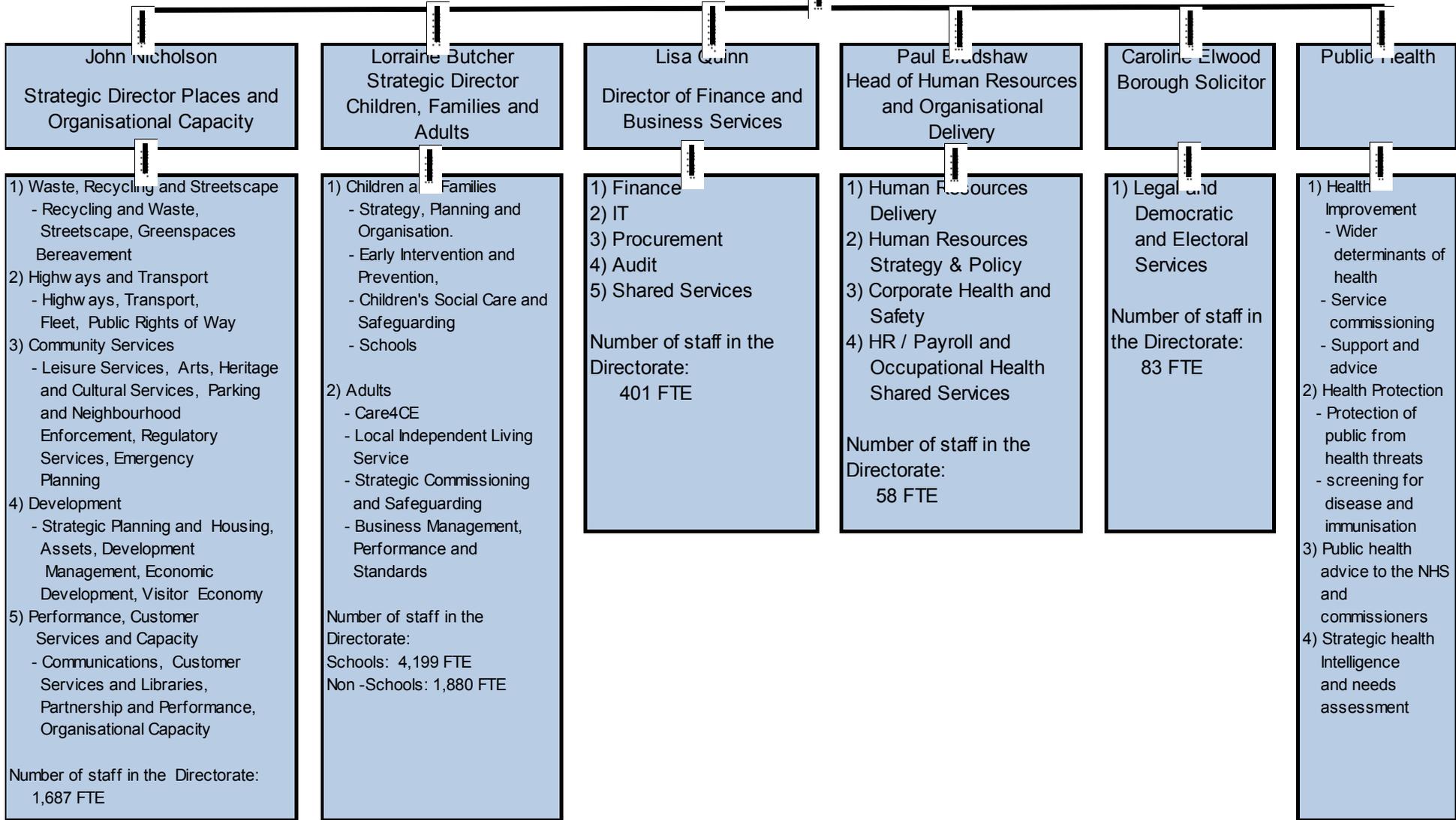
The Council has established an effective, robust and constructive overview and scrutiny function comprising six Committees. The role of scrutiny is to hold the Cabinet and others to account in discharging their functions, including developing and reviewing the major plans, policies and strategies of the Council, the specific review of the Council's organisation and service delivery, and the review of health service provision.



Cheshire East Council Corporate Management Team



Erika Wenzel
Chief Executive



Annex 3 – The Business Planning Process

1. This Annex includes the following sections:

	Page
Background	62
Funding Revenue Expenditure in the Medium Term	62
Why is the Council in this Position?	65
What is the Council Doing About it?	66
The Shortfall in the Revenue Budget	68
General Reserve Balances	70
Investment, Borrowing and the Capital Programme	71
Capital Financing Costs	71
Capital Programme Funding	73
Central Adjustments	75

Background

2. The Council uses a financial model to show the effects of changes to funding and expenditure. The overall position is becoming very challenging with the following issues to manage:

- A track record of substantial savings of £79m over three years.
- Formula Grant does not recognise the local demographics, in terms of an older population, due to the high Taxbase.
- Business Rates ~ high base but 56% of the rates collected are allocated elsewhere.
- Specific grants ~ ring-fencing removed but expectations remain.
- Need to use Council Taxbase ~ but restricted by successive Council Tax freezes which do not offer a permanent solution.

- One year Council Tax freeze grant does not help manage year on year pressures.
- Overall fees and charges are at acceptable levels.
- No contingencies, and reserves close to risk assessed minimum level.

Funding Revenue Expenditure in the Medium Term

3. The sources of funding for local services are influenced by many factors. For example, schools funding is affected by pupil numbers whereas other grants from Government may relate to meeting performance targets or the needs of local people relative to other local authority areas.
4. Funding received directly from local citizens and businesses, however, will be affected by the ability to pay, the levels of service delivery, and even market forces where there is competition or choice in services.
5. The current method of calculating central Government financial support to the Council means very limited financial assistance is given due to the relative affluence of local people as determined by the number of properties.
6. The Council must therefore rely heavily on Council Tax payments to support service delivery. It is therefore highly accountable to local service users. This is positive in many ways as it can help to engage local residents in establishing how local services should be delivered. However, if the control over Council Tax is removed it places great pressure on service budgets.

Government Grant Funding of Local Expenditure

7. Cheshire East receives two main types of grants, Formula Grant (including National Non Domestic Rates (NNDR) and Revenue Support Grant (RSG)) and Specific Grants.
8. The provisional settlement was released on 8th December 2011 and provides the basis for the analysis below.
9. In 2012/2013 Cheshire East Council expects to receive £67.7m from Formula Grant and Business Rates.
10. Specific Grant, most of which relates to education funding, is also expected to reduce to £334.5m. This is mainly due to the on-going reductions to schools funding as a result of schools becoming academies and receiving funding directly.
11. Grant funding to Cheshire East Council is relatively low when compared with other Councils. Even within our family group of councils, or “Nearest Neighbours” (a group which is determined by statistical similarities), the Council receives significantly less support from grants than others.
12. **Charts 1 and 2** demonstrate the Authority’s position in relation to NNDR and RSG provided by Central Government, when compared with our Nearest Neighbours in 2012/2013. The graphs show that we receive much lower levels of funding per head of population. The result is that Formula Grant funding per head is below our Nearest Neighbours.

Chart 1 ~ Cheshire East Council receives less Business Rates per head than similar councils.

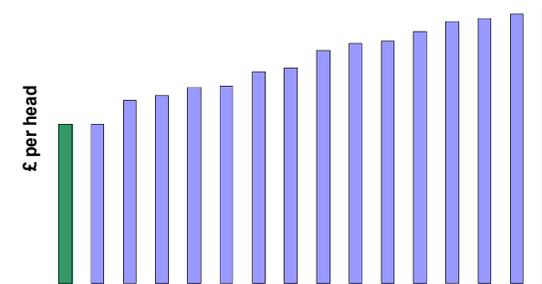
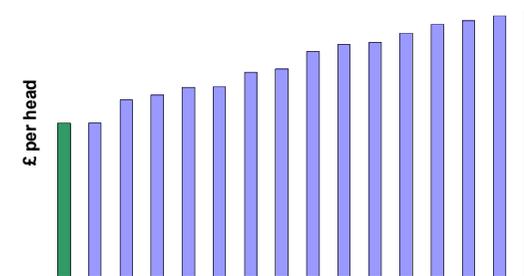


Chart 2 ~ Cheshire East Council receives less Revenue Support Grant per head than similar councils.

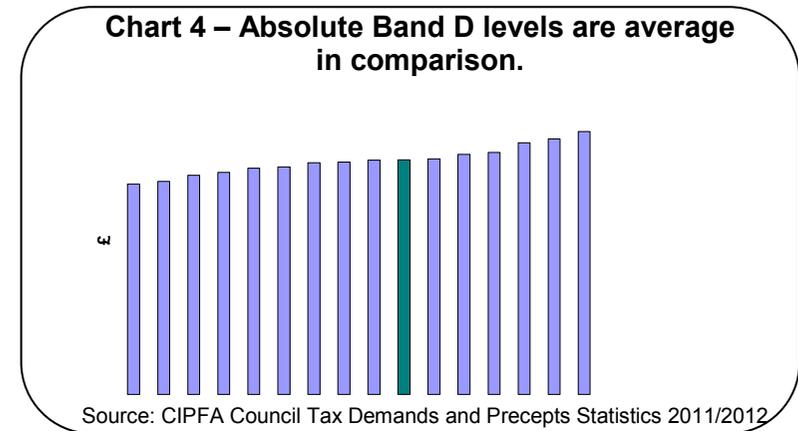
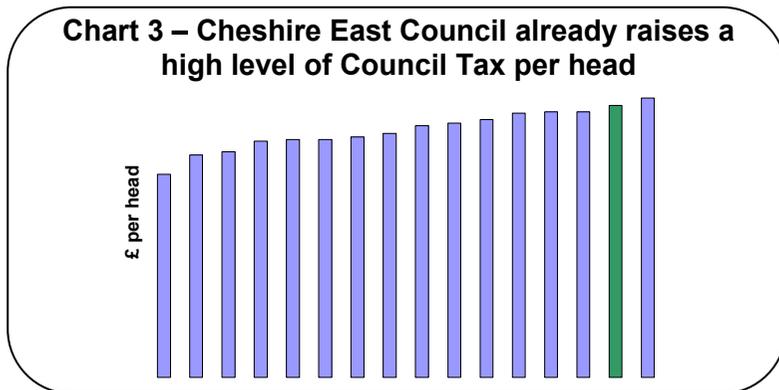


Source: DCLG Provisional Settlement December 2011

Council Tax issues

13. Council Tax is raised locally. The current Band D Council Tax is £1,216.34.
14. For 2012/2013 a further offer of a one-year freeze grant was made by the Coalition Government in October 2011. The offer, which Cabinet is minded to accept, represents a specific grant payment equivalent to a Council Tax increase of 2.5%. At this stage the assumption of no change in Council Tax remains in place and therefore the freeze grant is assumed to be receivable.

15. In 2011/2012 Cheshire East Council expects to raise £178.7m from Council Tax. It is expected that the Taxbase will decrease slightly for 2012/2013 and that £178.6m will be raised in that year.
16. For 2012/2013 onwards referendums will be introduced by the Localism Bill to allow the local electorate to determine if any proposed increase in the level of Council Tax is deemed to be excessive.
17. An increase will be deemed to be excessive if it contravenes a number of principles to be set out by the Secretary of State. This effectively replaces the 'capping' regime operated previously and represents additional costs for councils considering such a route. The provisional settlement has announced the Council Tax increase level that triggers a referendum to be above 3.5% compared to 2011/2012.
18. In terms of comparisons, **Chart 3** shows that the Council Tax requirement per head is second highest when compared to our Nearest Neighbours for 2011/2012. **Chart 4** shows that Cheshire East Council's Band D Council Tax (excluding parish councils) is 7th highest when compared with our Nearest Neighbours for 2011/2012.



Collection Fund

19. Receipts from Council Tax payers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire & Police Authorities and Local Town & Parish Councils). A predicted deficit in the Collection Fund reduces revenue funding for the following annual budget (and vice versa in the case of a surplus). This can happen if predicted changes in the Taxbase do not occur or if payments are delayed.
20. The estimated balance on the Collection Fund has been forecast as a net nil position for 31st March 2012. This represents no change from the position forecast at 31st March 2011.

Council Tax on Second Homes

21. During 2006 the Cheshire Local Government Association (CLGA) agreed to reduce the level of discount on Second Homes across Cheshire from 50% to 25% on the basis that the additional funds would be utilised as follows:
 - 50% to be retained by local authorities.

- The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

22. Under this agreement a small charge is made to the Police and Fire authorities for administration.
23. The final figures cannot be calculated until each authority has set its 2012/2013 Council Tax. Contributions under the Second Homes agreement to the CDRP from Cheshire Police Authority and Cheshire Fire and Rescue Authority will be made during 2012/2013 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is shown in the table below.
24. The further reduction in the Second Homes discount from 25% to 10% (made in 2011/2012) is not part of the CLGA agreement and therefore the additional income from that reduction is not included in the figure shown in **Table 4**.

Table 4 – CDRP Contribution

	2012/2013 £000
Contribution to CDRP by Cheshire East Council for the employment of Police Community Support Officers and other local activities	133

Source: Cheshire East Finance

Revenue Funding - Conclusion

25. This section has established that the Council is not well funded by grant compared to its statistical neighbours and already raises an above average level of income from Council Tax.
26. The key issues are why the Council is in this position, what the Council is doing about it and what the opportunities are.

27. With potential changes to local government finance ahead that could set the Council's funding at the current inadequate level for five to 10 years these issues become critical.

Why is the Council in this position?

28. A key issue here is the ability of the Council to raise income locally through Council Tax. This is taken into account in the calculation of formula grant.
29. However, the Council has acted prudently in previous years to restrict the impact of Council Tax meaning it does not have previous year's increases built into the base budget going forward.
30. The Council has reached a point where a very significant level of efficiencies have been driven out of the organisation since its creation. This factor, combined with on-going work on transformation programmes and lean service delivery, mean that it is very difficult to continue to reduce spend without removing services. In addition, demand for services and cost pressures through inflation and new responsibilities continue to grow.
31. Therefore, the Council is expected to consider increasing Council Tax to meet such costs. However, this permanent increase in the Council's funding sources is being restricted by the announcement of successive Council Tax freeze grants.
32. Specific grants are also low when compared to the Council's comparators. The reasons for this are not as straightforward as formula grant as they are often distributed on a different basis. The issues include:
- Generally lower levels of deprivation in Cheshire East.
 - The high Taxbase leading to assumptions over a wealthy area.
 - The existing success in attracting businesses.
 - The above-average attainment in schools.

What is the Council Doing About it?

33. There are several areas where the Council is attempting to ensure its voice is heard. These are:

i. Responding to Key Consultations

34. 2011 has seen several major consultations on local government finance take place. The Council has responded to all of these and a summary is set out below:

Local Government Resource Review – Phase 1 –Business Rates Retention

35. This consultation was launched in July and closed in October 2011. The aim was to consult on a scheme to allow local authorities to keep a greater proportion of their business rates income thereby providing an incentive to promote economic growth. Inevitably complex scheme design makes predicting the outcome of any new scheme difficult and the Council provided a balanced response based on available information.

36. The Government response to the consultation was issued on 19th December 2011. This helps to clarify some of the complexities but there is further work to do to understand the full impact. To that end there are no specific assumptions over any additional (or reduction in) business rates built into the scenario model as a result of the scheme.

Local Government Resource Review – Phase 2 – Community Budgets

Progress of Neighbourhood-level community budgets

37. The DCLG opened a community budgeting pilot process in November 2011. This focused on two levels of budgeting: whole place community budgeting and neighbourhood-level community budgeting. The aim is to develop locally-appropriate mechanisms for partners to pool certain budgets, for local use, that can be

replicated in other areas, to improve service delivery, and support the Open Public Services White Paper. Expressions of Interest were invited during November 2011 for both pilot levels.

38. The Moss Estate Community Budgeting Steering Group submitted an Expression of Interest (EOI) to become one of the DCLG neighbourhood-level community budget pilot programme areas. (The Steering Group brings together key public service providers and an active community group to improve conditions for those living in the area).

39. The EOI was successful, and the Moss Estate area was one of 24 areas shortlisted for interview with DCLG. The interview was held in early December but was not selected as one of the pilot areas. However, the Steering Group will continue to progress their efforts towards sharing pooled budgets. The next stage is to complete high-level resource mapping of all spend in the neighbourhood area. This will identify thematic areas of spend between partners that share intended outcomes that could be more efficiently aligned / co-designed to offer better value for money.

Progress of Total Community Improvement Pilot

40. The Total Community Improvement Pilot is a short-term project funded by Cheshire & Warrington Improvement & Efficiency Commission. It has the aim of learning how organisations work with families facing multiple issues to improve health inequalities and safeguarding of vulnerable citizens through effective partnership working. The pilot has focused on a small number of families in St Barnabas (Crewe) involved with a local primary school with some of the highest deprivation factors in Cheshire East.

41. Manchester Metropolitan University has been involved with this project to provide independent evaluation of the outcomes. The next stage is an evaluation of the project which will be shared with the pilot families.

Localisation of Council Tax Benefit

42. The Consultation was launched in July and closed in mid October. The aim was to consult on the detail of a proposal to hand Council Tax Benefit schemes to local authorities so they can design local schemes with the aim of reducing the overall level of benefits paid through increasing employment.
43. The Council's response highlighted the key concerns over:
- The very challenging timetable.
 - The disproportionate impact of the reductions on certain groups as a result of protecting others.
 - The need to hold a higher level of reserves to cover any shortfall between benefits paid and funding available.
44. The Government's response was issued on 16th December and work is underway to determine the impact.

Schools Funding

45. Several consultations on schools funding took place and were responded to during 2011 including:
- Consultation on proposals for school funding reform.
 - Consultation on the basis of appropriate funding for academies.
 - Consultation on Capital Investment (James Review).
46. These have been supplemented by a further consultation on the Local Authorities Central Services Equivalent Grant. This was launched on 8th December 2011 and closed on 12th January 2012. It considered the corresponding reduction to Formula Grant made in 2011/2012 and 2012/2013 as a result of reduced support costs arising from Academies transfer. The results of this consultation are awaited.

ii. Membership of Collective Groups.

47. The Council has membership of several collective groups which provide a stronger voice at a national level. They are:
- The Local Government Association
 - The Society of County Treasurers
 - The Sparse Rural Network
 - The F40 Group
48. In addition the Council uses specialists in Local Government Finance for in depth analysis of key announcements and consultations.
- ### **iii. On-going briefing with Members of Parliament.**
49. The Council provides an update on key issues to local MPs every six weeks, or when special updates are required. At certain times these focus on the Budget and funding issues.

The Shortfall in the Revenue Budget

50. The August 2011 Cabinet report set out the basis for the Council's budget, policy planning activity and the estimated funding gap for the next three years. The Draft Business Plan set out the process and resulting changes made by the Council to reach the Draft stage (see paragraphs 54 to 84 on pages 63 to 68 of the Draft Business Plan).

51. The closing position is set out in **Table 5**.

Table 5 - Cheshire East Council Revenue Budget

	2011/2012	2012/2013	2013/2014	2014/2015
Funding	£m	£m	£m	£m
Formula Grant Funding	-74.8	-67.7	-67.2	-62.2
Specific Grant Funding	-356.1	-334.5	-321.0	-314.5
Council Tax	-178.7	-178.6	-179.1	-179.6
Central Adjustments	18.1	20.0	24.1	13.5
Funding Available to Services	-591.5	-560.8	-543.1	-542.8
Budget for the Year				
Children and Families	56.5	58.4	56.3	56.6
Schools Ringfenced Expenditure (inc DSG)	234.9	205.4	199.5	193.5
Adults	93.5	92.0	97.0	102.8
Places & Organisational Capacity	81.4	76.5	76.3	74.2
Corporate Services	24.6	25.3	24.2	23.5
Council Tax and Housing Benefit Expenditure	95.5	95.5	93.5	93.5
Total Budget	586.4	553.2	546.8	544.1
Planned Contribution to Reserves / Surplus	5.1	7.6	9.5	6.1
Planned Contribution from Reserves / Deficit	0.0	0.0	0.0	0.0
Funding Gap / (Surplus)	0.0	0.0	13.1	7.4

Source: Cheshire East Council Finance

Balancing the Three-Year Position

52. While 2012/2013 has been balanced, the scenario for 2013/2014 and 2014/2015 currently reflects funding gaps of £13.1m and £7.4m respectively.

53. The Business Planning Process has not yet developed proposals to close the funding gaps in those two years. This has been done with good reason in that there are some major uncertainties surrounding the available funding levels in those years.

54. This will bring a number of further challenges, potential benefits and opportunities which are detailed below. All these issues will require in depth evaluation and potential consultation before any decisions are taken.

55. These include:

- **Autumn Statement** ~ the Chancellor of the Exchequer announced the Autumn Statement on 29th November 2011. There were several specific announcements in relation to local government. These included:
 - Further pay restraint with a further two years capped at 1%. This has been factored in to 2013/2014 and 2014/2015 leading to an increase in the funding gap in those years (£1.3m pa).
 - Overall departmental spending totals for 2015/2016 and 2016/2017 which is expected to lead to further budgetary reductions. No change at this stage.
 - A number of increases in funding for schools and Capital. At this stage no changes have been made as a result of the announcements.
- **Retention of Business Rates** ~ the Government has consulted on a new system of funding for local authorities which aims to enable them to retain a larger share of locally-collected business

rates (over and above a set amount) from April 2013. It is not possible at this stage to predict how much that will be but Cheshire East has a strong business rates yield and plans to improve this in future.

- **Tax Increment Financing** ~ The Government will make it possible to borrow against future business rates income under the new business rates scheme. This may provide additional investment opportunities if future growth is certain. No assumptions at this stage.
- **Supplementary Business Rates** ~ the Council may consider setting a local supplement to the business rate in agreement with local business to generate investment for specific projects. No assumptions at this stage.
- **New Homes Bonus** ~ the Capital Programme includes a scheme to increase the supply of affordable homes and therefore increase the new homes bonus reward grant as a result. At this stage the Council has acted prudently and not included any additional estimates of new homes bonus in the scenario but has accounted for the borrowing costs of this scheme.
- **New Savings Initiatives** ~ the Cabinet is exploring several strands of work to deliver significant savings in future years with work underway to develop these options. They include:
 - More economic purchasing.
 - More efficient processes.
 - More effective service delivery.

56. At the same time there are several issues which could worsen the position:

- **Localisation of Council Tax Benefit** ~ the Government has consulted councils on a scheme whereby the design of Council Tax benefit schemes is handed to local authorities and they have the incentive to reduce the level of benefit paid by increasing

employment. This will be accompanied by a 10% reduction in grant. However, certain groups such as pensioners and vulnerable people will be protected. This may result in the Council having to fund benefits from its existing budget.

- **Academies** ~ a growing number of schools are now moving to Academy status where they are independent of the Council and can make choices about the level of support they buy back from the local authority such as schools support, music etc. As schools convert the budget is transferred from the local authority to the school. If the conversion to Academy status continues at the current rate and they decide not to buy back, the Council will have to attempt to down size these services as they may no longer become viable.
- **Local Authorities Central Services Equivalent Grant (LACSEG)** ~ in addition to losing schools funding when the schools convert to Academies, the Council will also lose a proportion of non schools funding (through formula grant) to reflect spend on support function such as payroll. This will have to be found through downsizing services or reductions elsewhere. The Council's formula grant for 2011/2012 and 2012/2013 has already been reduced. The basis for this is being reviewed and may result in further changes.
- **Public Health Transfer** ~ the Council is expecting to receive funding for its new public health role. However, at this stage the expectation in terms of service delivery and therefore whether this funding is sufficient or some of the Council's current base budget is needed is unknown.
- **Further reductions in grant funding** ~ in addition to the above items the funding levels for these years, which are based on analysis of the October 2010 Comprehensive Spending Review could be changed nationally and become worse.

Council Tax

57. The amount of Council Tax charged to occupied properties in 2012/2013 will be frozen at the 2011/2012 amounts. For 2012/2013 the Band D Council Tax for Cheshire East Council will therefore remain at £1,216.34. This reflects the acceptance of the Council Tax freeze grant. The level of Council Tax for each band is shown in **Table 6** below:

Table 6 – Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	810.89	946.04	1,081.19	1,216.34
No of Dwellings	29,381	34,341	32,738	24,298
Band	E	F	G	H
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	18,773	12,836	11,839	1,736

Source: Cheshire East Finance

58. **Council Tax increase** ~ the Council has reached a point where it can no longer sustain a position of no increase on Council Tax levels. Residents have been protected during the period 2009/2010 to 2011/2012 with a cumulative increase of 1.7% compared to cumulative inflation of over 12% during the same period. The Council cannot continue this and, assuming there are no further freeze grant offers beyond 2012/2013, the Council anticipates the need for a Council Tax increase over the following two years.

Key changes from Draft Business Plan to Final Business Plan

59. The following key changes have been made since the Draft Business Plan:

- Refinement of Corporate Landlord Base Budget adjustments.

- Additional grant payment to Town and Parish Councils to compensate for special expenses pending for the un-parished areas of Crewe and Macclesfield. This has been included in **Chapter Two, Priority One** and the Performance, Customer Services and Capacity page.
- Refinement of proposals within Adults and Corporate Service pages.

General Reserve Balances

60. The management of Reserves is an important part of financial planning. The Budget Report for 2011/2012 anticipated an opening balance for 2012/2013 of £15m. The latest estimate is set at £13.2m based on the three-quarter-year review.

61. The planned contribution in 2012/2013 was £6.1m; however, this has been increased to £7.6m through Council Tax Freeze Grant and an additional contribution offset by repayment of excess relocation costs to Cheshire West and Chester, payment of grant to Town and Parish Councils, and funding one-off cost of investment items of £3.9m. The investment will provide vital money for pump priming that will secure future savings.

62. A summary of the updated forecast reserves position for the life of the Business Planning Process is shown in **Table 7** below.

Table 7 – Summary of Reserve Levels

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Opening Balance	12.5	13.2	20.8	30.4
Change ⁽¹⁾	0.7	7.6	9.6	6.1
Closing Balance	13.2	20.8	30.4	36.5

Source: Cheshire East Finance

Note

1. The 2011/2012 change is as per the Third Quarter Review estimate.

Earmarked Reserves

63. The Council also holds Earmarked Reserves which provide a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives.
64. It is anticipated that at 1 April 2012, balances on existing revenue earmarked reserves held by Cheshire East Council will be £6.1m (excluding Schools balances estimated at £8m and Grants reserves).

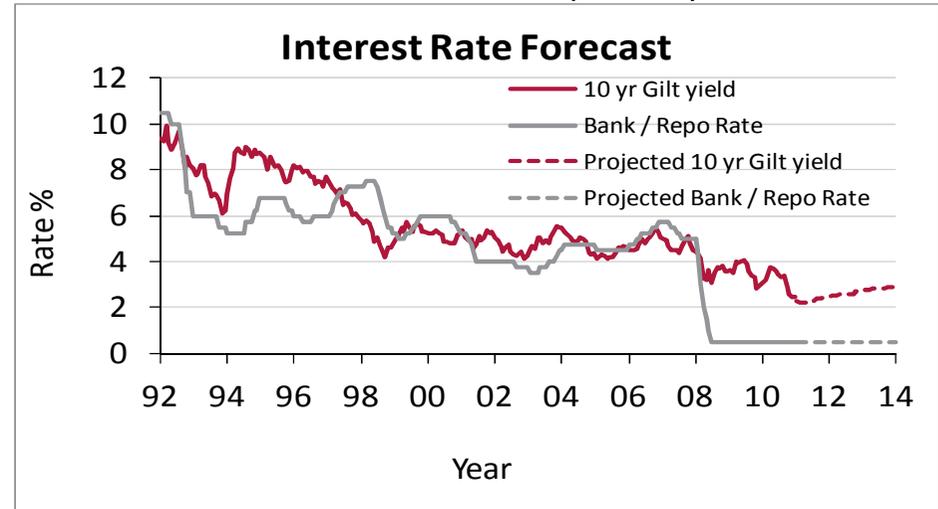
Reserves Strategy

Further information on the Council's Reserves can be found in **Annex 8**.

Investment, Borrowing & the Capital Programme

65. Conditions in the world's money and capital markets remain volatile. The concerns over the financial standing of the world's major financial institutions have been replaced by concerns over sovereign debt.
66. The latest economic forecast indicates that any momentum in economic growth is scarce. Conventional monetary policy has become largely redundant and the Bank of England and the US Federal Reserve have signalled that their respective official interest rates will be on hold through to the end of 2012 (see **Chart 5**). The current forecast is that it could be 2016 before official interest rates rise.

Chart 5: UK Interest Rates 1992 to 2015 (forecast)



Source: Arlingclose

Capital Financing Costs

67. The capital financing budget for 2012/2013 is £14.8m as shown in **Table 8**. This includes amounts charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long-term loans. These budgeted costs are partly offset by the budgeted amount of interest the Council anticipates earning from the temporary investment of its cash balances during the year. The budget is based on current commitments within the Capital Programme. Therefore, it should be noted that this budget is set to increase in forthcoming years as new schemes are included in the capital programme.

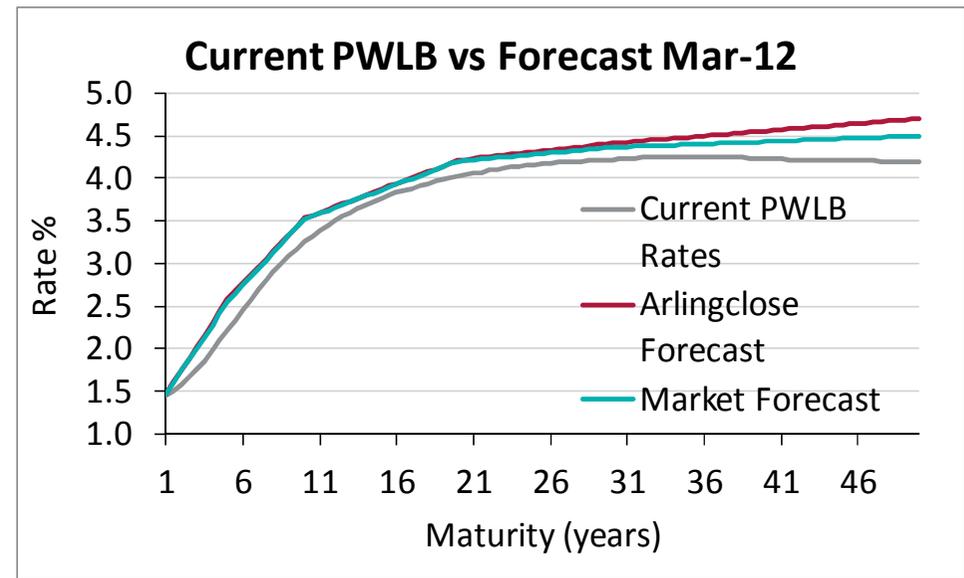
Table 8 Capital Financing Budget 2012/2013

	£m
Repayment of Outstanding Debt	9.5
Interest on Long Term Loans	6.4
Contribution from services towards the cost of borrowing	-0.8
	15.1
Less Interest Receivable on Cash Balances	-0.3
Net Capital Financing Budget	14.8

Source: Cheshire East Finance

68. The amount of interest paid on the Council's portfolio of long-term loans is mainly at fixed rate of interest (circa 4.04%). This provides a degree of certainty to the capital financing budget.
69. Currently, long-term fixed interest rates for periods longer than 10 years are around 4.1% (see **Chart 6**).
70. The rate of interest to be earned on the Council's cash balances that are temporarily invested (estimated at £27m) pending them being used is budgeted to be 1% during 2012/2013.
71. In line with many other local authorities, Cheshire East has taken the decision to use internal resources to fund capital expenditure in recent years, opting to "internally borrow". This strategy is sound, particularly with the 1% margin on Public Work Loan Board rates, low-investment yields and on-going concerns regarding credit risk.

Chart 6: Implied Interest Rate Forecasts



Source: Arlingclose

72. Investment balances will be significantly lower in 2012/2013 and periods of temporary borrowing will be required to cover short-term shortfalls in cashflow.
73. The decision on the timing of longer-term borrowing will be made with consideration to a number of factors. The securing of low-rate debt before an interest rate rise has to be balanced against the credit risk of our current investments.
74. Given the credit risk it is important that the Council examines how much borrowing is actually required. The Capital Financing Requirement represents the underlying need to borrow for capital purposes. However, in reality the Council is unlikely to fully externalise this borrowing requirement.

75. Analysis of cashflows during 2012/2013 will consider the level and maturity of investment balances and planned use of reserves, in addition to estimates on expenditure, the capital financing requirement and maturing debt. It will also include an analysis of working capital and schedules of planned receipts and payments.
76. The successful management of cashflow will enable the Council to reduce net treasury costs and significantly reduce counterparty risks. If liquidity becomes an issue, the Public Work Loans Board continue to provide access to funding at competitive levels at short notice.
77. The current effect of the heightened credit risk and the benign interest-rate outlook suggest that borrowing decisions are more likely to be delayed but this situation will be kept under constant review and estimates for additional interest payments are included within the 2012/2013 capital financing budget.

Capital Programme Funding

78. The Capital Programme is resourced by a combination of capital resources.
79. The Council has discretion over the use of internally-generated capital resources which mainly include capital receipts from the sale of surplus assets, prudential borrowing and revenue contributions. It is important that this discretion is used to ensure that these scarce capital resources are used to support capital schemes that make a major contribution to ensuring the Council's assets are suitable for delivering the future priorities, improving service delivery and generating revenue savings.

Central Government Grants

80. Government grants are generally allocated by specific Government departments to fund projects and therefore are used by the Council to support the spending programmes for which they are approved. The Council seeks to maximise such allocations of

grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs in the community. Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and the Local Transport Plan. Over the period 2012/2015, these resources equate to £49m.

Capital Receipts

81. A capital receipt is an amount of money which is generated from the sale of an asset. The Asset Challenge process will continue to explore opportunities to generate capital receipts by rationalising the estate and disposing of surplus property assets. This will also have revenue benefits by reducing costs relating to those assets. Capital Receipts form an important financing source for the capital programme in each financial year.
82. Under the Council's Capital Receipts Policy, all receipts are pooled centrally in the capital reserve and are allocated in line with corporate priorities as part of the overall development of the capital programme. The Head of Assets maintains an asset disposal schedule which indicates the timing and estimated values of future receipts. As part of this budget setting process, capital receipts of £6m have been allocated to fund the capital programme in 2012/2013 and £5m has initially been allocated for both 2013/2014 and 2014/2015. This will be continually reviewed as part of the monitoring process of the capital programme.
83. A summary of the updated forecast capital reserves position for the life of the Business Planning Process is shown in **Table 9**.

Table 9: Capital Reserve

	2011/12	2012/13	2013/14	2014/15
	£m	£m	£m	£m
Opening Balance	25.4	11.0	4.3	2.1
Change	-14.4	-6.7	-2.2	-1.6
Closing Balance	11.0	4.3	2.1	0.5

Source: Cheshire East Finance

Borrowing

84. The Council's capital investment falls within, and needs to comply with the "Prudential Code for Capital Finance in Local Authorities". Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.
85. As funding sources for capital are expected to be limited during this planning period, there will be a requirement to finance schemes from Prudential Borrowing. The revenue consequences have been considered as part of the Business Planning Process to ensure they can be afforded in future years.

Revenue

86. Capital expenditure may be funded directly from revenue. However, the general pressure on the Council's revenue budget limits the extent to which this may be used as a source of capital funding and therefore no revenue contributions are planned for new starts.

Other Contributions

87. The Council also receives contributions from developers towards the provision of public assets or facilities, such as Section 106

contributions to mitigate the impact of their developments. These contributions are usually earmarked for specific purposes in planning agreements.

Capital Programme Planning

88. New capital projects have been reviewed alongside uncommitted schemes in the current programme. The objective of the review has been to identify priorities that are affordable given the constraints on capital resources.
89. The programme will continue to contribute to various areas of the economy and includes major investment in the school estate, other Council buildings, highway improvements and major regeneration.
90. Investment in public buildings and infrastructure is crucial in ensuring much-needed facilities, used by the public, are also kept open as lack of investment will lead to health and safety issues and potential closures. It is even more of a priority that in the short term, the Council's capital investment plans support both our local residents and the business community.
91. The current three-year capital programme 2011/2012 to 2013/2014, originally approved by the Cabinet in February 2011, is being implemented and has been updated for the amendments and additions approved by the Cabinet throughout the year. As part of the budget process, the Programme has been reviewed to ensure it continues to meet Council priorities and remains affordable within the level of resources available.
92. The programme has been reviewed at key stages throughout the Business Planning Process to determine the final position. The capital programme is determined by reference to the Council's aims, the Capital Strategy and the available funding. Government support has significantly reduced in recent years, which has led to a smaller capital programme and an emphasis on the affordability of prudential borrowing.

93. The proposed new capital schemes for the 2012/2013 programme take into account the following factors:

- Essential investment in the Council's ICT and property infrastructure.
- Invest to save – capital investment required to deliver revenue saving proposals.
- Available external funding.
- Available capital receipts.
- Affordable levels of Prudential Borrowing.

94. The programme is set out in **Table 10** below and further details are provided in **Annex 7**.

Table 10 – Capital Programme

	2012/13 £m	2013/14 £m	2014/15 £m
Proposed New Starts	42.6	41.4	24.4
Committed schemes	41.2	6.4	1.6
Total Capital Programme	83.8	47.8	26.0
FINANCING			
Prudential Borrowing	30.9	26.4	19.4
Supported Borrowing	1.8	0.5	0.0
Government Grants	36.1	13.1	0.0
Capital Receipts	14.3	7.2	6.6
External Contributions	0.2	0.1	0.0
Other Revenue Contributions	0.5	0.5	0.0
Total Sources of Funding	83.8	47.8	26.0

Source: Cheshire East Finance

Central Adjustments

95. The Council is providing for Central Adjustments in 2012/2013 of £20m as shown in **Table 5**. As explained in the preceding paragraphs:

- £14.8m relates to Capital financing costs.
- £4.0m has been included to meet the additional contributions to the Cheshire Pension Fund associated with the early release of pensions on severance.
- Based on the actuarial valuation of the Pension Fund, £0.7m has also been provided to meet the 0.5% increase in the employer pension contributions rate in 2012/2013.
- The final element is a repayment of £0.5m to Cheshire West and Chester Council of excess funding provided for LGR relocation costs.

Annex 4 – Grant Funding Schedule

The estimated Grant Funding Schedule for 2012/2015 is shown below.

Specific Grants	2012/2013 £000	2013/2014 £000	2014/2015 £000	Specific Grants	2012/2013 £000	2013/2014 £000	2014/2015 £000
Ringfenced Grants				Unringfenced Grants (continued)			
Dedicated Schools Grant	193,822	188,482	183,143	NHS Funding	3,756	3,568	3,310
Pupil Premium Grant	2,696	3,263	3,787	Local Service Support Grant -			
Sixth Form funding	8,898	7,756	6,613	- Preventing Homelessness Grant	253	241	223
Council Tax Benefit ⁽¹⁾	20,408	18,367	18,367	- Lead Local Flood Authorities	176	168	155
Housing Benefit	75,128	75,128	75,128	- Community Safety Fund	148	140	130
Total Ringfenced Grants	300,952	292,996	287,038	- Extended Rights to Free Transport Children's Workforce in Schools Modernisation Grant	385	366	339
				Youth Offending Team Grant	79	0	0
Unringfenced Grants				Learner Support Funds	411	0	0
Early Intervention Grant	12,908	12,263	11,374	16+ Transport Partnership grant	37	0	0
Learning Disabilities & Health Reform	4,124	3,918	3,634	Further Education Funding (16-18)	68	0	0
New Homes Bonus 2011/12	870	870	870	Adult and Community Learning	9	0	0
New Homes Bonus 2012/13	1,844	1,844	1,900	Train to Gain Grant	675	641	595
New Homes Bonus 2013/14	0	870	870	Grants claimed retrospectively	216	205	190
New Homes Bonus 2014/15	0	0	870	Total Unringfenced Grants	382	363	336
Affordable Homes	85	85	100		33,545	28,024	27,454
Council Tax Freeze Grant	4,505	0	0				
Housing & Council Tax Benefit Admin	2,094	1,989	2,100	TOTAL SPECIFIC GRANTS	334,497	321,020	314,492
Business Rates Admin Grant	519	493	458				

Note

1. This reflects the effect of the Localisation of Council Tax Benefit proposed by the DCLG from April 2013.

Annex 5 – Minimum Revenue Provision

Introduction

1. Under 2003 Regulations¹, local authorities are required to charge to their revenue account for each year a Minimum Revenue Provision (MRP) to account for the cost of their debt in that financial year.
2. Debt is created where capital expenditure has been financed by borrowing or other credit arrangements (e.g. finance leases); it may be self-financed or Government-supported. Supported Capital Expenditure means expenditure taken into account by Government in the calculation of the Revenue Support Grant due to the authority.
3. Prior to its amendment by the 2008 Regulations², the method authorities were required to follow in calculating MRP was prescribed. For the financial year 2007/2008 and subsequent years, the detailed calculation has been replaced with a requirement that local authorities calculate an amount of MRP which they consider to be “prudent”.
4. At the same time the Secretary of State issued guidance³ on the duty to make a prudent provision and local authorities are legally obliged to “have regard” to this guidance.

5. Authorities are required to prepare an annual statement of their policy on making MRP for submission to their Full Council. The aim is to give elected Members the opportunity to scrutinise the proposed use of freedoms conferred by the arrangements, following a shift in emphasis from regulations to guidance.

Meaning of “Prudent Provision”

6. The broad aim of a prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. The Secretary of State considers that the methods of making prudent provision include the options set out below.
7. For capital expenditure incurred before 1st April 2008 and incurred on or after that date if it forms part of Government-Supported Capital Expenditure:
 - **Option 1: Regulatory Method** - MRP is equal to the amount determined in accordance with the 2003 Regulations (as amended), as if they had not been revoked by the 2008 Regulations

This calculation would include any technical adjustments, as statutorily required.

¹ Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 2003/3146, as amended]

² Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414]

³ Guidance on Minimum Revenue Provision, issued by the Secretary of State for Communities and Local Government, under Section 21(1A) of the Local Government Act 2003, 28 February 2008

- **Option 2: CFR Method** - MRP is equal to 4% of the Capital Financing Requirement (CFR), as derived from the balance sheet at the end of the preceding financial year.

This produces a similar MRP charge to Option 1, but is technically simpler.

- **Option 3: Asset Life Method** - MRP is determined by reference to the life of the asset, by equal instalment method or annuity method.

MRP should commence in the financial year following the one in which expenditure was incurred, or the year following the one in which the asset becomes operational.

- **Option 4: Depreciation Method** - MRP is to be equal to the provision required in accordance with depreciation accounting

8. For capital expenditure incurred on or after 1st April 2008 and which does not form part of Government-Supported Capital Expenditure, only Options 3 and 4 are considered prudent under the guidance issued by the Secretary of State.
9. The move to International Financial Reporting Standards (IFRS) means that private finance initiative (PFI) schemes and operating leases may be brought on balance sheet. Where this is the case, such items are classed in accounting terms as a form of borrowing and the CFR will increase which will lead to an increase in the MRP charge to revenue. To ensure that the impact on the revenue account is neutral MRP for these items will match the principal repayment embedded within the PFI or lease agreement.
10. The Council is party to one PFI contract in respect of Extra Care Housing, this was recognised on the balance sheet in 2009/2010.

Finance Leases

11. In the case of finance leases, the MRP is equal to the amount that goes to write down the Balance Sheet liability; thus **Option 3** will apply in a modified form.

Policy Statement

12. The Council adopts the following policies in respect of calculating its annual Minimum Revenue Provision (MRP) for 2012/2013 and subsequent years.
13. The Council will apply Option 2 (CFR Method) in respect of supported capital expenditure and Option 3 (Asset Life Method) in respect of unsupported capital expenditure.
14. Other approaches may be developed, but they will be fully consistent with the statutory duty to make prudent revenue provision. These may relate to large, complex or novel schemes. Legal advisors and external auditors will be consulted if significant departures from the guidance are proposed and any alternative approaches developed will be incorporated in future annual policy statements, for approval by Council prior to application.

Annex 6 – Prudential Borrowing Indicators

Prudential Indicators 2012/2013 to 2014/2015

Background:

1. There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

Net Borrowing and the Capital Financing Requirement:

2. This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
3. The Director of Finance and Business Services reports that the authority had no difficulty meeting this requirement in 2011/2012, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure:

4. This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

No.	Capital Expenditure	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
1	Total	77.0	73.7	83.9	47.8	26.0

5. Capital expenditure will be financed as follows:

Capital Financing	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
Capital receipts	15.3	16.5	14.3	7.2	6.6
Government grants	35.1	36.9	36.1	13.1	0.0
External contributions	1.4	3.0	0.2	0.1	0.0
Revenue contributions	1.1	1.0	0.6	0.5	0.0
Supported borrowing	4.1	5.5	1.8	0.5	0.0
Unsupported borrowing	20.0	10.8	30.9	26.4	19.4
Total	77.0	73.7	83.9	47.8	26.0

Note: the element to be financed from borrowing impacts on the movement in the Capital Financing Requirement.

Ratio of Financing Costs to Net Revenue Stream:

6. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The definition of financing costs is set out in the Prudential Code.

7. The ratio is based on costs net of investment income.

No.	Ratio of	2011/12	2011/12	2012/13	2013/14	2014/15
2	Financing Costs to Net Revenue Stream Total	Approved %	Revised %	Estimate %	Estimate %	Estimate %
		5.59	5.59	6.01	7.15	8.56

Capital Financing Requirement:

8. The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

No.	Capital Financing Requirement	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
3	Total CFR	221	211	233	247	252

Actual External Debt:

9. This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No.	Actual External Debt as at	£m
4	31/03/2011	
	Borrowing	134
	Other Long-term Liabilities	26
	Total	160

Incremental Impact of Capital Investment Decisions:

10. This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

No.	Incremental Impact of Capital Investment Decisions	2011/12 Approved £	2012/13 Estimate £	2013/14 Estimate £	2014/15 Estimate £
5	Increase in Band D Council Tax	2.33	6.02	19.05	21.00

Authorised Limit and Operational Boundary for External Debt:

11. The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

12. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

No.	Authorised Limit for External Debt	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
6	Borrowing	213	222	245	259	265
	Other Long-term Liabilities	22	25	23	22	22
	Total	235	247	268	281	287

Adoption of the CIPFA Treasury Management Code:

15. This indicator demonstrates that the Council has adopted the principles of best practice.

No. 8 Adoption of the CIPFA Code of Practice in Treasury Management

The Council approved the adoption of the revised 2011 CIPFA Treasury Management Code at its Council meeting on 6 February 2012.

16. The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

13. The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

14. The Director of Finance and Business Services has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council.

No.	Operational Boundary for External Debt	2011/12 Approved £m	2011/12 Revised £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m
7	Borrowing	203	212	235	249	255
	Other Long-term Liabilities	22	25	23	22	22
	Total	225	237	258	271	277

Gross and Net Debt:

17. The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need.

Upper Limit on Net Debt Compared to Gross Debt No. 9	2011/12 Estimated £m	2012/13 Estimated £m	2013/14 Estimated £m	2014/15 Estimated £m
Outstanding Borrowing (at nominal value)	129	210	225	230
Other Long-term Liabilities (at nominal value)	25	23	22	22
Gross Debt	154	233	247	252
Less: Investments	(13)	(34)	(29)	(25)
Net Debt	141	199	218	227

18. Note: CIPFA has acknowledged that the upper limit does not work as was intended and is working on a revised indicator. This indicator will be amended once revised guidance has been received from CIPFA.

Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

19. These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

20. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

No.	Upper Limit for Fixed Interest Rate Exposure	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
No. 10	Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100
No.	Upper Limit for Variable Interest Rate Exposure					
No. 10	Upper Limit for Variable Interest Rate Exposure	100	100	100	100	100

21. The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

Maturity Structure of Fixed Rate borrowing:

22. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

23. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No.	Maturity structure of fixed rate borrowing	Existing level as at 06/02/12 %	Lower Limit %	Upper Limit %
11	under 12 months	13%	0	25%
	12 months and within 24 months	4%	0	25%
	24 months and within 5 years	18%	0	35%
	5 years and within 10 years	14%	0	50%
	10 years and within 20 years	14%	0	100%
	20 years and within 30 years	13%	0	100%
	30 years and within 40 years	7%	0	100%
	40 years and within 50 years	17%	0	100%
	50 years and above	0%	0	100%

27. The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

Upper Limit for total principal sums invested over 364 days:

24. The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No.	Upper Limit for total principal sums invested over 364 days	2011/12 Approved %	2011/12 Revised %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %
12		40	40	40	40	40

28. The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Credit Risk:

25. The Authority considers security, liquidity and yield, in that order, when making investment decisions.

26. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.

Annex 7 – Financial Summary Tables

Note the 2011/2012 Budget shown as the starting point takes account of any permanent changes made during the 2011/2012 financial year to date. There may be differences to the quarterly monitoring reports where all permanent and temporary budget changes are shown. Further details are available on request.

Cheshire East Council
Revenue Budget Summary

REVENUE

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families	302,287	-245,803	56,484	278,644	-220,858	57,786	271,231	-214,944	56,287
Adults	145,015	-51,559	93,456	142,945	-51,559	91,386	148,530	-51,559	96,971
Places and Organisational Capacity	136,873	-55,437	81,436	130,672	-56,088	74,584	132,896	-56,572	76,324
Corporate Services	126,995	-102,386	24,609	127,068	-102,495	24,573	126,655	-102,508	24,147
Base Budget	711,170	-455,185	255,985	679,329	-431,000	248,329	679,312	-425,583	253,729

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families	-23,643	24,945	1,302	-7,413	5,914	-1,499	-5,840	6,110	270
Adults	-2,070	0	-2,070	5,585	0	5,585	5,835	0	5,835
Places and Organisational Capacity	-6,201	-651	-6,852	2,224	-484	1,740	-1,774	-350	-2,124
Corporate Services	73	-109	-36	-413	-13	-426	-623	0	-623
Financial Impact of Policy Proposals	-31,841	24,185	-7,656	-17	5,417	5,400	-2,402	5,760	3,358
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	679,329	-431,000	248,329	679,312	-425,583	253,729	676,910	-419,823	257,087

Cost of Investment Items

Children and Families	650		650						
Adults	650		650						
Places and Organisational Capacity	1,901		1,901						
Corporate Services	730		730	30		30			
Total Cost of Investment Items	3,931	0	3,931	30	0	30	0	0	0
Total Budget for the Year	683,260	-431,000	252,260	679,342	-425,583	253,759	676,910	-419,823	257,087

Cheshire East Council Summary of the Three Year Position

Funding Sources	2011/2012 Budget (Restated)		2012/2013 Budget		2013/2014 Budget		2014/2015 Budget	
	£000	£000	£000	£000	£000	£000	£000	£000
Formula Grant	-74,802		-67,677		-67,171		-62,155	
Ringfenced Specific Grants	-330,391		-300,952		-292,996		-287,038	
Unringfenced Specific Grants	-25,699		-33,545		-28,025		-27,454	
Council Tax	-178,679		-178,568		-179,103		-179,641	
		-609,571		-580,742		-567,295		-556,288
Central Adjustments								
Provision for Pay Inflation					1,348		2,696	
Pensions - Employers contribution			668		1,336		2,004	
Capital Financing	13,916		14,800		17,605		20,706	
Early Retirement - ongoing costs	4,167		4,002		3,837		1,205	
Relocation costs ⁽¹⁾			500					
Funding gap to be addressed							-13,103	
		18,083		19,970		24,126		13,508
Available Funding for Services		-591,488		-560,772		-543,169		-542,780
Budget for the Year (incl Cost of Investment)	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	56,484		58,436		56,287		56,557	
Schools Ringfenced Expenditure (incl DSG)	234,855		205,416		199,501		193,543	
Adults	93,456		92,036		96,971		102,806	
Places and Organisational Capacity	81,436		76,485		76,324		74,200	
Corporate Services	24,609		25,303		24,177		23,524	
Council Tax and Housing Benefit Expenditure	95,536		95,536		93,495		93,495	
Total Budget for the Year		586,376		553,212		546,755		544,125
Planned Contribution to Reserves / Surplus		5,112		7,560		9,517		6,100
Planned Contribution from Reserves / Deficit		0		0		0		0
Gap		0		0		13,103		7,445

Notes -

1. This relates to the repayment of excess relocation costs to Cheshire West and Chester Council in 2012/2013.

CHILDREN AND FAMILIES

REVENUE

The Children & Families Directorate delivers services to schools and other education services, social care provision and the delivery of early intervention strategies.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	732	0	732	3,346	0	3,346	3,346	0	3,346
Schools (Individual School Budgets)	200,385	-200,385	0	175,825	-175,825	0	168,971	-168,971	0
Other Schools Provision	15,152	-15,152	0	11,072	-11,072	0	11,444	-11,444	0
Pupil Premium	0	0	0	2,696	-2,696	0	3,263	-3,263	0
Safeguarding and Specialist Support	27,015	-123	26,892	26,995	-123	26,872	26,115	-123	25,992
Early Intervention and Prevention	11,449	-817	10,632	11,449	-817	10,632	11,449	-817	10,632
Strategy, Planning and Performance	47,554	-29,326	18,228	47,262	-30,326	16,936	46,643	-30,326	16,317
Base Budget	302,287	-245,803	56,484	278,645	-220,859	57,786	271,231	-214,944	56,287

Note: the above includes total Dedicated Schools Grant (DSG) of £218m (2011/2012), £193m (2012/2013) and £188m (2013/2014).

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Directorate	2,614	0	2,614	0	0	0	0	0	0
DSG Adjustments - Academy Conversions	-25,945	25,945	0	-5,914	5,914	0	-6,110	6,110	0
Safeguarding and Specialist Support	-20	0	-20	-880	0	-880	100	0	100
Early Intervention and Prevention	0	0	0	0	0	0	0	0	0
Strategy, Planning and Performance	-292	-1,000	-1,292	-619	0	-619	170	0	170
Financial Impact of Policy Proposals	-23,643	24,945	1,302	-7,413	5,914	-1,499	-5,840	6,110	270
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	278,644	-220,858	57,786	271,232	-214,945	56,287	265,391	-208,834	56,557
Cost of Investment Items	650		650						
Total Cost of Investment Items	650	0	650	0	0	0	0	0	0
Total Budget for the Year	279,294	-220,858	58,436	271,232	-214,945	56,287	265,391	-208,834	56,557

Note.

1. DSG policy proposals are not included within the "Changes to Budget Requirement" analysis, as changes within DSG do not represent changes to the Council funded budget requirement. Further details are set out on the memorandum page.

Children and Families Directorate

REVENUE

The budget incorporates the costs of the Directorate Management Team and support for specific initiatives corporately across the Directorate.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Management	534	0	534	534	0	534	534	0	534
Corporate Initiatives	198	0	198	2,812	0	2,812	2,812	0	2,812
Base Budget	732	0	732	3,346	0	3,346	3,346	0	3,346

Changes to Budget Requirement

	2012/2013		2013/2014		2014/2015	
Alleviation of Prior Year Pressures (See note 1)	849	849	0	0	0	0
Funding ongoing Teacher's Pensions Commitment	2,000	2,000	0	0	0	0
Reduction in Corporate Support Budgets (See note 2)	-235	-235	0	0	0	0
Financial Impact of Policy Proposals	2,614	0	2,614	0	0	0
Budget Carried Forward	3,346	0	3,346	3,346	0	3,346
Cost of Investment Items						
Total Cost of Investment Items	0	0	0	0	0	0
Total Budget for the Year	3,346	0	3,346	3,346	0	3,346

1. The 2011/2012 budget did not include expenditure budgets for two specific grants that were previously held in the Directorate. They are Music (£0.4m) and Youth Offending Service (£0.45m).

2. The Reduction in Corporate Support Budgets includes a reduction of £0.2m in the budget retained for Directorate wide initiatives and £0.35m in the catering subsidy.

MEMORANDUM PAGE

Dedicated Schools Grant

REVENUE

This Dedicated Schools Grant is ring-fenced funding used to support schools. The largest proportion of the grant is allocated directly to schools, with a proportion also held back to fund Local Authority schools related expenditure.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Nursery Schools	232		232	232		232	232		232
Primary Schools	104,693	-47	104,646	100,784	-47	100,737	99,117	-47	99,070
Secondary Schools	89,203	-13,450	75,753	68,552	-10,424	58,128	63,364	-9,282	54,083
Special Schools	6,257	-22	6,235	6,257	-22	6,235	6,257	-22	6,235
Sandbach Free School	5,357	-1,010	4,347						
Academies	931		931	2,208		2,208	2,581		2,581
Private Voluntary and Independent Nurseries	7,517		7,517	7,517		7,517	7,517		7,517
Pupil Referral Unit	1,347		1,347	1,347		1,347	1,347		1,347
Central Spend	17,418		17,418	17,418		17,418	17,418		17,418
Base Budget	232,955	-14,529	218,426	204,315	-10,493	193,822	197,833	-9,351	188,483

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Academy Conversions	-22,630	3,026	-19,604	-6,854	1,142	-5,712	-6,854	1,142	-5,712
Sandbach Independent Free School Conversion	-5,357	1,010	-4,347						
Inflationary requirements	2,086		2,086	1,939		1,939	1,862		1,862
Pupil Premium Adjustment	-1,930		-1,930						
Autism Special School	200		200	200		200	50		50
Increase in complex need places	200		200						
Academies Special Educational Needs Funding	1,277		1,277	373		373	372		372
Initiatives and savings to be determined by schools	-3,386		-3,386	-3,007		-3,007	-2,748		-2,748
Pupil number fluctuation	900		900	868		868	836		836
Financial Impact of Policy Proposals	-28,640	4,036	-24,604	-6,481	1,142	-5,339	-6,482	1,142	-5,340
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	204,315	-10,493	193,822	197,834	-9,351	188,483	191,351	-8,209	183,143

Safeguarding and Specialist Support

REVENUE

The service is responsible for the delivery of the full range of children's social care, safeguarding and support.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children in Need and Child Protection	1,938	-25	1,913	1,938	-25	1,913	1,938	-25	1,913
Children's Assessment Team	1,255	0	1,255	1,255	0	1,255	1,255	0	1,255
16+ and Cared for Support	5,135	-98	5,037	4,935	-98	4,837	4,935	-98	4,837
Disability / Short Breaks	4,164	0	4,164	3,964	0	3,964	3,764	0	3,764
Residential Services	3,626	0	3,626	2,806	0	2,806	2,026	0	2,026
Placements	10,897	0	10,897	12,097	0	12,097	12,197	0	12,197
Base Budget	27,015	-123	26,892	26,995	-123	26,872	26,115	-123	25,992

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Review Disability / Short Breaks Placements	-200		-200	-200		-200			0
Rationalise Residential Provision	-820		-820	-780		-780			0
Invest in Fostering & Support	200		200	100		100	100		100
Invest in 13+ Early Intervention	1,000		1,000			0			0
Rationalise 16+ and Cared For Support	-200		-200			0			0
Financial Impact of Policy Proposals	-20	0	-20	-880	0	-880	100	0	100
Budget Carried Forward	26,995	-123	26,872	26,115	-123	25,992	26,215	-123	26,092
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	26,995	-123	26,872	26,115	-123	25,992	26,215	-123	26,092

Early Intervention & Prevention

REVENUE

Supports the delivery of early intervention to prevent children and young people needing further social care, and the delivery of targeted youth and youth offending services.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Early Intervention and Prevention Service	333	0	333	333	0	333	333	0	333
Targeted Youth Service	3,100	0	3,100	3,100	0	3,100	3,100	0	3,100
Family Service	6,241	-70	6,171	6,241	-70	6,171	6,241	-70	6,171
First Contact	570	0	570	570	0	570	570	0	570
Youth Offending Service	1,205	-747	458	1,205	-747	458	1,205	-747	458
Base Budget	11,449	-817	10,632	11,449	-817	10,632	11,449	-817	10,632

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
No proposals									
Financial Impact of Policy Proposals	0	0	0	0	0	0	0	0	0
Budget Carried Forward	11,449	-817	10,632	11,449	-817	10,632	11,449	-817	10,632
Cost of Investment Items									
Rationalise the Connexions Contract	350		350						
Total Cost of Investment Items	350	0	350	0	0	0	0	0	0
Total Budget for the Year	11,799	-817	10,982	11,449	-817	10,632	11,449	-817	10,632

Strategy, Planning & Performance

REVENUE

Comprises a wide range of services that support schools and the delivery of central educational support to other areas of the Directorate.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
School Support	16,368	-5,163	11,205	16,262	-6,163	10,099	15,643	-6,163	9,480
Special Education	12,439	-11,873	566	12,439	-11,873	566	12,439	-11,873	566
Targeted Intervention	4,393	-3,972	421	4,393	-3,972	421	4,393	-3,972	421
Early Years	8,841	-7,517	1,324	8,841	-7,517	1,324	8,841	-7,517	1,324
Workforce Development & Commissioning	2,522	-391	2,131	2,522	-391	2,131	2,522	-391	2,131
Business Support	1,399	-47	1,352	1,213	-47	1,166	1,213	-47	1,166
Safeguarding	1,592	-363	1,229	1,592	-363	1,229	1,592	-363	1,229
Base Budget	47,554	-29,326	18,228	47,262	-30,326	16,936	46,643	-30,326	16,317
Changes to Budget Requirement									
Rationalisation of Home to School Transport	356	-1,000	-644	-619	-	-619	170	-	170
Review of Staffing Related Budgets (See Note 1)	-186	-	-186						
Reduction in Music Services	-206		-206						
Review Services charged to Schools	-256	-	-256						
Financial Impact of Policy Proposals	-292	-1,000	-1,292	-619	-	-619	170	-	170
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	47,262	-30,326	16,936	46,643	-30,326	16,317	46,813	-30,326	16,487
Cost of Investment Items									
Redundancy Costs	300		300						
Total Cost of Investment Items	300	0	300	0	0	0	0	0	0
Total Budget for the Year	47,562	-30,326	17,236	46,643	-30,326	16,317	46,813	-30,326	16,487

1. Salary budgets across the service have been reduced as a consequence of pay harmonisation, the salary sacrifice schemes for cars and annual leave; and a reduction in the ratio of personal assistants to senior managers.

ADULTS

REVENUE

The Adult Social Care service provides social care for adults, including older people, people with disabilities and vulnerable adults. The service primarily provides the assessment; commissioning / contracting and some delivery functions of social care within Cheshire East.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Care4CE	21,063	-21,063	0	19,919	-21,063	-1,144	20,279	-21,063	-784
Strategic Commissioning	49,009	-13,608	35,401	44,386	-13,608	30,778	44,086	-13,608	30,478
Joint Commissioning	2,949	-77	2,872	2,940	-77	2,863	3,065	-77	2,988
Individual Commissioning	71,994	-16,811	55,183	75,700	-16,811	58,889	81,100	-16,811	64,289
Base Budget	145,015	-51,559	93,456	142,945	-51,559	91,386	148,530	-51,559	96,971
Changes to Budget Requirement									
	2012/2013			2013/2014			2014/2015		
Care4CE	-1,144	0	-1,144	360	0	360	360	0	360
Strategic Commissioning	-4,623	0	-4,623	-300	0	-300	-300	0	-300
Joint Commissioning	-9	0	-9	125	0	125	-125	0	-125
Individual Commissioning	3,706	0	3,706	5,400	0	5,400	5,900	0	5,900
Financial Impact of Policy Proposals	-2,070	0	-2,070	5,585	0	5,585	5,835	0	5,835
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	142,945	-51,559	91,386	148,530	-51,559	96,971	154,365	-51,559	102,806
Cost of Investment Items	650		650						
Total Cost of Investment Items	650	0	650	0	0	0	0	0	0
Total Budget for the Year	143,595	-51,559	92,036	148,530	-51,559	96,971	154,365	-51,559	102,806

Care4CE deliver the internal care provision (including day centres, community support centres and homecare re-ablement service) across the Cheshire East area.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Provider Management	653	-19,212	-18,559	248	-19,212	-18,964	248	-19,212	-18,964
Building Based Review Savings	-1,024	0	-1,024	-1,024	0	-1,024	-1,024	0	-1,024
Community Support Reablement	4,064	-100	3,964	3,552	-100	3,452	3,552	-100	3,452
Day Services (Adults)	3,404	-168	3,236	3,400	-168	3,232	3,400	-168	3,232
Day Services (Older People)	560	-122	438	560	-122	438	560	-122	438
Intermediate Care	874	-521	353	873	-521	352	873	-521	352
Community Support Centres	3,161	-144	3,017	2,955	-144	2,811	3,315	-144	3,171
Social Inclusion	8,672	-624	8,048	8,657	-624	8,033	8,657	-624	8,033
Respite	457	-172	285	457	-172	285	457	-172	285
Shared Lives	242	0	242	241	0	241	241	0	241
Base Budget	21,063	-21,063	0	19,919	-21,063	-1,144	20,279	-21,063	-784

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Provider Management									
Review overtime working	-200		-200						
Care4CE Trading Options review funding	-200		-200						
Community Support Reablement									
Reduce commission for Care4CE reablement	-500		-500						
CSC's									
Investment in Buildings				360		360	360		360
Supported Living Networks Assistive Technology	-200		-200						
Other Policy Proposals (See note 1)	-44		-44						
Financial Impact of Policy Proposals	-1,144	0	-1,144	360	0	360	360	0	360
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	19,919	-21,063	-1,144	20,279	-21,063	-784	20,639	-21,063	-424
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	19,919	-21,063	-1,144	20,279	-21,063	-784	20,639	-21,063	-424

1. The other policy proposals line includes pay harmonisation.

Strategic Commissioning

REVENUE

Strategic Commissioning monitors and commissions contracts with third sector organisations. This area also holds joint budgets with Health and other Local Authorities for services such as LD Pooled Budget, Community Equipment Service and Extra Care Housing. Strategic Commissioning also holds Supporting People funding and contracts and manages the Domestic Abuse and Safeguarding teams.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Directorate	2,986	0	2,986	3	0	3	3	0	3
Social Care Redesign	-800	0	-800	-800	0	-800	-800	0	-800
Increasing Population Growth	0	0	0	0	0	0	0	0	0
Prevention	17,714	0	17,714	17,658	0	17,658	17,658	0	17,658
NHS & Safeguarding	28,938	-13,572	15,366	27,354	-13,572	13,782	27,054	-13,572	13,482
Health Improvement	171	-36	135	171	-36	135	171	-36	135
Base Budget	49,009	-13,608	35,401	44,386	-13,608	30,778	44,086	-13,608	30,478

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Directorate									
Management Restructure Savings	-190		-190						
Temporary alleviation	-2,800		-2,800						
Prevention									
Rationalisation of hot meals	-50		-50						
NHS & Safeguarding									
Review of Strategic Commissioning Contracts	-1,250		-1,250						
Removing voids from Supported Living tenancies	-300		-300	-300		-300	-300		-300
Other Policy Proposals (See note 1)	-33		-33						
Financial Impact of Policy Proposals	-4,623	0	-4,623	-300	0	-300	-300	0	-300
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	44,386	-13,608	30,778	44,086	-13,608	30,478	43,786	-13,608	30,178
Cost of Investment Items									
Public Health Transition	50		50						
Total Cost of Investment Items	50	0	50	0	0	0	0	0	0
Total Budget for the Year	44,436	-13,608	30,828	44,086	-13,608	30,478	43,786	-13,608	30,178

1. The other policy proposals line includes pay harmonisation, salary sacrifice and annual leave purchase.

Joint Commissioning

REVENUE

This service supports the overall operation of the Adults service and includes the following areas: client finance, business information, workforce development, system development, complaints and business support

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Joint Commissioning	2,949	-77	2,872	2,940	-77	2,863	3,065	-77	2,988
Base Budget	2,949	-77	2,872	2,940	-77	2,863	3,065	-77	2,988

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Joint Commissioning									
Invest in new Service Business Systems				125		125	-125		-125
Other Policy Proposals (See note 1)	-9		-9						
Financial Impact of Policy Proposals	-9	0	-9	125	0	125	-125	0	-125
Budget Carried Forward	2,940	-77	2,863	3,065	-77	2,988	2,940	-77	2,863
Cost of Investment Items									
Investment in Core System Stability	300		300						
Total Cost of Investment Items	300	0	300	0	0	0	0	0	0
Total Budget for the Year	3,240	-77	3,163	3,065	-77	2,988	2,940	-77	2,863

1. The other policy proposals line includes pay harmonisation.

Individual Commissioning

REVENUE

This part of the service delivers front line support and assessment to clients through social workers, occupational therapists and social care assessors. Care package costs, including nursing and residential packages; direct payments and community based packages are reflected in this service.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Individual Commissioning Manager	443	0	443	442	0	442	442	0	442
Skilled Multi-Agency Response Teams	7,253	-454	6,799	7,214	-454	6,760	7,214	-454	6,760
Specialist Teams	1,654	-147	1,507	1,645	-147	1,498	1,645	-147	1,498
Delayed Discharges	602	0	602	602	0	602	602	0	602
Traditional Care Packages	47,045	-16,210	30,835	50,300	-16,210	34,090	56,200	-16,210	39,990
Direct Payments	14,329	0	14,329	14,329	0	14,329	14,329	0	14,329
Transport Service Level Agreement	668	0	668	1,168	0	1,168	668	0	668
Base Budget	71,994	-16,811	55,183	75,700	-16,811	58,889	81,100	-16,811	64,289

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Traditional Care Package									
Impact of Increasing demand / costs	3,606		3,606	5,900		5,900	5,900		5,900
Review Care Cost	-150		-150						
Extra Care Housing	-200		-200						
Transport Service Level Agreement									
Transport reduction costs / savings	500		500	-500		-500			
Other Policy Proposals (See note 1)	-50		-50						
Financial Impact of Policy Proposals	3,706	0	3,706	5,400	0	5,400	5,900	0	5,900
Budget Carried Forward	75,700	-16,811	58,889	81,100	-16,811	64,289	87,000	-16,811	70,189
Cost of Investment Items									
Care Provision	300		300						
Total Cost of Investment Items	300	0	300	0	0	0	0	0	0
Total Budget for the Year	76,000	-16,811	59,189	81,100	-16,811	64,289	87,000	-16,811	70,189

1. The other policy proposals line includes pay harmonisation.

PLACES AND ORGANISATIONAL CAPACITY

REVENUE

Service includes: Waste, Recycling and Streetscape, Highways & Transport, Community Services, Development, Performance, Customer Services & Capacity.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Waste, Recycling & Streetscape	33,159	-5,318	27,841	31,005	-5,017	25,988	32,840	-5,017	27,823
Highways & Transport	37,975	-20,243	17,732	36,437	-20,236	16,201	36,730	-20,236	16,494
Community Services	16,599	-15,045	1,554	15,744	-15,603	141	15,530	-15,662	-132
Development	37,902	-13,508	24,394	36,888	-13,894	22,994	37,407	-14,319	23,088
Performance, Customer Services and Capacity	11,238	-1,323	9,915	10,598	-1,338	9,260	10,389	-1,338	9,051
Base Budget	136,873	-55,437	81,436	130,672	-56,088	74,584	132,896	-56,572	76,324

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Waste, Recycling & Streetscape	-2,154	301	-1,853	1,835	0	1,835	-2,090	0	-2,090
Highways & Transport	-1,538	7	-1,531	293	0	293	272	0	272
Community Services	-855	-558	-1,413	-214	-59	-273	0	-59	-59
Development	-1,014	-386	-1,400	519	-425	94	94	-291	-197
Performance & Capacity	-640	-15	-655	-209	0	-209	-50	0	-50
Financial Impact of Policy Proposals	-6,201	-651	-6,852	2,224	-484	1,740	-1,774	-350	-2,124
Budget Carried Forward	130,672	-56,088	74,584	132,896	-56,572	76,324	131,122	-56,922	74,200
Cost of Investment Items	1,901	0	1,901	0	0	0	0	0	0
Total Budget for the Year	132,573	-56,088	76,485	132,896	-56,572	76,324	131,122	-56,922	74,200

Waste, Recycling & Streetscape

REVENUE

This service includes Waste Collection & Recycling services, Waste Disposal, Strategy & Minimisation, Streetscape Services (Grounds Maintenance (including Verges), Street Cleansing, Bereavement Services, Public Conveniences and Markets), Greenspaces (Parks, Open Spaces & Playing Fields).

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Waste & Recycling	24,381	-753	23,628	22,647	-832	21,815	24,521	-832	23,689
Streetscape	8,280	-4,375	3,905	8,002	-4,010	3,992	7,963	-4,010	3,953
Greenspaces	498	-190	308	356	-175	181	356	-175	181
Base Budget	33,159	-5,318	27,841	31,005	-5,017	25,988	32,840	-5,017	27,823

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Waste & Recycling									
Waste disposal - decreased / increased running costs	-994		-994	823		823	909		909
Waste disposal - diversion from landfill	-100		-100	-475		-475	-635		-635
Waste disposal - HWRC site review			0	1,500		1,500	-2400		-2400
Waste Collection & Recycling - Route Optimisation	-400		-400	26		26	36		36
Structure, running costs & income review	-300	-50	-350						
Streetscape									
Local Service Delivery - Transfers	-411	324	-87	-39		-39			
Grounds Maintenance 2011/2012 pressures	240		240						
Structure & running costs review	-250		-250						
Auto-Public Conveniences - running costs review	-100		-100						
Bereavement Services - review of charges		-150	-150						
Greenspaces									
Structure & running costs review	-140		-140						
Other policy proposals (See note 1)	301	177	478						
Financial Impact of Policy Proposals	-2,154	301	-1,853	1,835	0	1,835	-2,090	0	-2,090
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	31,005	-5,017	25,988	32,840	-5,017	27,823	30,750	-5,017	25,733
Cost of Investment Items									
Potential VR costs	380		380						
Review auto public convenience agreements	500		500						
Total Cost of Investment Items	880	0	880	0	0	0	0	0	0
Total Budget for the Year	31,885	-5,017	26,868	32,840	-5,017	27,823	30,750	-5,017	25,733

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management restructure, pay harmonisation, fuel inflation and Greenspace - review of charges and income pressures.

Highways & Transport

REVENUE

This service includes Highways (Strategic Client, Cheshire Highways & Public Rights of Way / Countryside), Transport and Fleet.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Highways	12,305	-1,529	10,776	11,700	-1,522	10,178	11,700	-1,522	10,178
Transport	19,059	-12,186	6,873	18,202	-12,186	6,016	18,495	-12,186	6,309
Fleet	6,611	-6,528	83	6,535	-6,528	7	6,535	-6,528	7
Base Budget	37,975	-20,243	17,732	36,437	-20,236	16,201	36,730	-20,236	16,494

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Highways									
Highways - non pay and income review	-60	-40	-100						
Highways - new contract savings	-500		-500						
Transport									
Public Transport - subsidy reduction (subject to consultation)	-500		-500						
Other service efficiency measures (subject to consultation)	-300		-300						
Review concessionary bus pass entitlement for community transport (subject to consultation)	-100		-100						
Other Policy Proposals (See note 1)	-78	47	-31	293		293	272		272
Financial Impact of Policy Proposals	-1,538	7	-1,531	293	0	293	272	0	272

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	36,437	-20,236	16,201	36,730	-20,236	16,494	37,002	-20,236	16,766
Cost of Investment Items									
Potential VR costs	163		163			0			0
Flexible Transport investment	100		100			0			0
Total Cost of Investment Items	263	0	263	0	0	0	0	0	0
Total Budget for the Year	36,700	-20,236	16,464	36,730	-20,236	16,494	37,002	-20,236	16,766

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management restructure, pay harmonisation, review transport grants, Local Bus and Concessionary Fares exceptional inflation, PROW underlying pressures & running costs review and Fleet structure & running costs review.

Community Services

REVENUE

This service includes: Parking Services, Neighbourhood Enforcement, CCTV, Regulatory Services (Environmental Health, Licensing, Trading Standards), Leisure and Cultural Services .

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Parking, Neighbourhood Enforcement & CCTV	3,087	-6,467	-3,380	2,899	-6,585	-3,686	2,760	-6,644	-3,884
Regulatory Services	2,911	-1,123	1,788	2,854	-1,123	1,731	2,854	-1,123	1,731
Leisure and Cultural Services	10,395	-7,455	2,940	9,825	-7,895	1,930	9,750	-7,895	1,855
Directorate Training	206	0	206	166	0	166	166	0	166
Base Budget	16,599	-15,045	1,554	15,744	-15,603	141	15,530	-15,662	-132

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Parking, Neighbourhood Enforcement & CCTV									
Emergency Planning review shared service	-60		-60						
Neighbourhood Policing transfer of Grant to Police and Crime Commissioner				-150		-150			
Car Parking developments	-31	-118	-149	23	-59	-36		-59	-59
Leisure and Cultural Services									
Additional income school swim / reduction of options card discount		-20	-20						
Sport Cheshire Grant	-22		-22						
Transfer of Town & Civic Halls under Local Service Delivery	-118		-118						
Cheshire Records Office - Shared Service Budget Challenge	-60		-60						
Leisure Management Review	-100		-100						
Inherited budget pressures	121		121						
Review Leisure Centre operations	-210		-210	-75		-75			
Review Leisure fees and charges		-410	-410						
Review Grants	-50		-50						
Other Policy Proposals (See note 1)	-325	-10	-335	-12		-12			
Financial Impact of Policy Proposals	-855	-558	-1,413	-214	-59	-273	0	-59	-59
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	15,744	-15,603	141	15,530	-15,662	-132	15,530	-15,721	-191
Cost of Investment Items									
Car Parking VR Costs	32		32						
Review Leisure Centre Agreements - VR Costs	40		40						
Total Cost of Investment Items	72	0	72	0	0	0	0	0	0
Total Budget for the Year	15,816	-15,603	213	15,530	-15,662	-132	15,530	-15,721	-191

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management savings, pay harmonisation, review of Drug and Alcohol Action Team contribution, Environmental Out of Hours, Directorate training, 2012/2013 Coordinator, CCTV reduction in premises and infrastructure rationalisation.

Development

REVENUE

This service includes Spatial Planning, Housing, Development Management, Building Control, Economic Development, Assets, Visitor Economy & Tatton Park.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Strategic Planning & Housing	3,003	-797	2,206	2,810	-802	2,008	2,935	-802	2,133
Development Management & Building Control	4,417	-3,853	564	4,425	-3,878	547	4,425	-3,878	547
Economic Development	1,756	0	1,756	1,519	0	1,519	1,519	0	1,519
Assets	24,935	-5,814	19,121	24,425	-6,059	18,366	24,770	-6,059	18,711
Visitor Economy and Tatton Park	3,791	-3,044	747	3,709	-3,155	554	3,758	-3,580	178
Base Budget	37,902	-13,508	24,394	36,888	-13,894	22,994	37,407	-14,319	23,088

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Strategic Planning & Housing									
Housing: increase Homelessness service	113		113						
Spatial Planning: Local Development Framework Public Enquiry Examination				150		150			
Housing: Review Service / Private Sector Housing	-200		-200						
Development Management & Building Control									
Transformation efficiencies	-100		-100						
Reinstate Flood Defence Levy budget	135		135						
Economic Development									
Town Centre Management review	-120		-120						
Assets									
Planned Programme of Inspections	400		400	400		400			
Increase in Energy Consumption Budgets	800		800	510		510	510		510
Energy Consumption Invest to Save project				-330		-330	-330		-330
Asset Management Efficiencies	-258		-258						
Caretaking & Cleaning Review				-100		-100			
Reductions in street lighting energy costs	-275		-275	-125		-125	-125		-125
Reduce Assets supplies & services budgets	-750		-750						
Reduce Assets Planned Mtce Budget	-250		-250						
Fuel Levy re: Leisure Fees and Charges		-240	-240						
Savings linked to accelerated disposal of assets	-200		-200						
Visitor Economy and Tatton Park									
Reduce Council's subsidy to Tatton Park	-73	-111	-184	54	-395	-341	64	-291	-227
Other Policy Proposals (See note 1)	-236	-35	-271	-40	-30	-70	-25		-25
Financial Impact of Policy Proposals	-1,014	-386	-1,400	519	-425	94	94	-291	-197
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	36,888	-13,894	22,994	37,407	-14,319	23,088	37,501	-14,610	22,891
Cost of Investment Items									
Assets & Housing VR costs	391		391			0			0
LDF Infrastructure Planning	100		100			0			0
Macclesfield Cultural Strategy	40		40			0			0
Total Cost of Investment Items	531	0	531	0	0	0	0	0	0
Total Budget for the Year	37,419	-13,894	23,525	37,407	-14,319	23,088	37,501	-14,610	22,891

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, increases in fees and charges, management restructure, pay harmonisation, review of Housing service, virement of Town Partnerships funding, Make it Macclesfield Economic Forum contribution, Review Sub-Regional Funding and Sustainable Towns activity, Remove Nantwich Food & Drink Festival subsidy, Visitor Information Centres income generation, street lighting exceptional inflation and review costs of illumination of traffic signs and street lighting.

Performance, Customer Services and Capacity

REVENUE

The service includes Policy, Corporate Performance, Research and Intelligence, Customer Services and Libraries and Communications.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Customer Services	2,985	-123	2,862	2,836	-163	2,673	2,836	-163	2,673
Performance & Partnerships	2,265	0	2,265	2,334	0	2,334	2,125	0	2,125
Communications	1,016	-43	973	853	-43	810	853	-43	810
Organisational Change	394	0	394	43	0	43	43	0	43
Libraries	4,578	-1,157	3,421	4,532	-1,132	3,400	4,532	-1,132	3,400
Base Budget	11,238	-1,323	9,915	10,598	-1,338	9,260	10,389	-1,338	9,051

Changes to Budget Requirement

	2012/2013		2013/2014		2014/2015	
Customer Services						
Remove transition funding	-150		-150			
Increase in Blue Badge income		-40	-40			
Performance & Partnerships						
Review voluntary sector funding	-70		-70			
Performance & Partnerships efficiencies	-155		-155			
External funding team	50		50			
One off Grants to Town and Parish Councils	209		209	-209	-209	-50
Communications (subject to consultation)						
Rationalisation of corporate communication function	-230		-230			
Cheshire East news	70		70			
Organisational Change						
Rationalise Corporate Improvement Service	-250		-250			
Corporate Lean Review	-100		-100			
Libraries						
Inherited pressures	288	44	332			
Review of Library services (subject to consultation)	-125		-125			
Review Library book fund	-90		-90			
Shared service budget challenge plus savings	-118		-118			
Other Policy Proposals (See note 1)	31	-19	12			
Financial Impact of Policy Proposals	-640	-15	-655	-209	0	-209

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	10,598	-1,338	9,260	10,389	-1,338	9,051	10,339	-1,338	9,001
Cost of Investment Items									
VR costs	155		155			0			0
Total Cost of Investment Items	155	0	155	0	0	0	0	0	0
Total Budget for the Year	10,753	-1,338	9,415	10,389	-1,338	9,051	10,339	-1,338	9,001

1. The other policy proposals line includes: savings related to salary sacrifice, purchase of annual leave, management restructure savings, increase in fees and charges, pay harmonisation and virements to Development.

CORPORATE SERVICES

REVENUE

Corporate Services includes Finance and Business Services, HR and Organisational Development, Borough Solicitor and retained cross-cutting Corporate savings.

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Finance and Business Services	115,797	-99,830	15,967	116,173	-99,860	16,313	115,908	-99,873	16,035
HR and Organisational Development	4,383	-1,354	3,029	4,179	-1,360	2,819	4,004	-1,360	2,644
Borough Solicitor	6,815	-1,202	5,613	6,716	-1,275	5,441	6,743	-1,275	5,468
Base Budget	126,995	-102,386	24,609	127,068	-102,495	24,573	126,655	-102,508	24,147

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Finance and Business Services	376	-30	346	-265	-13	-278	-600	0	-600
HR and Organisational Development	-204	-6	-210	-175	0	-175	0	0	0
Borough Solicitor	-99	-73	-172	27	0	27	-23	0	-23
Financial Impact of Policy Proposals	73	-109	-36	-413	-13	-426	-623	0	-623
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	127,068	-102,495	24,573	126,655	-102,508	24,147	126,032	-102,508	23,524
Cost of Investment Items	730		730	30		30			0
Total Budget for the Year	127,798	-102,495	25,303	126,685	-102,508	24,177	126,032	-102,508	23,524

Finance and Business Services

REVENUE

This service includes Service Finance teams, Finance Back Office Shared Service, Revenues and Benefits, Internal Audit, ICT and Procurement

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Accountancy	6,186	-1,375	4,811	5,748	-1,405	4,343	5,548	-1,418	4,130
Finance Shared Service	779	-110	669	777	-110	667	777	-110	667
Revenues	1,873	-709	1,164	1,854	-709	1,145	1,814	-709	1,105
Benefits	98,864	-96,295	2,569	98,835	-96,295	2,540	98,775	-96,295	2,480
Audit	473	0	473	471	0	471	471	0	471
ICT	8,153	-1,341	6,812	7,737	-1,341	6,396	8,272	-1,341	6,931
Procurement	301	0	301	273	0	273	273	0	273
Cross Directorate	-832	0	-832	478	0	478	-22	0	-22
Base Budget	115,797	-99,830	15,967	116,173	-99,860	16,313	115,908	-99,873	16,035

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Accountancy									
Insurance re-tendering and efficiencies	-150		-150	-150		-150			
Oracle Optimisation Project	-141		-141						
Investment in a Training Facility	-50		-50	-50		-50	-100		-100
Revenues and Benefits									
Optimisation of Revenues and Benefits Service Delivery	-29		-29	-100		-100			
ICT									
Investment in Core System Stability				650		650			
ICT Harmonisation of Contracts / Sweating Assets	-335		-335	-50		-50			
Cross Directorate									
Salary Sacrifice / Reed Agency	310		310						
Non Delivery of Council-Wide Cross Cutting Develop Separate Legal Entity	1,000		1,000	-500		-500	-500		-500
Other									
Other Policy Proposals (See note 1)	-229	-30	-259	-65	-13	-78			0
Financial Impact of Policy Proposals	376	-30	346	-265	-13	-278	-600		-600

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	116,173	-99,860	16,313	115,908	-99,873	16,035	115,308	-99,873	15,435

Cost of Investment Items									
Investment in Core System Stability	50		50			0			0
Strategy Structure Reductions	30		30	30		30			
ICT Shared Services Rationalisation	650		650			0			
Total Cost of Investment Items	730	0	730	30	0	30	0	0	0
Total Budget for the Year	116,903	-99,860	17,043	115,938	-99,873	16,065	115,308	-99,873	15,435

1. The other policy proposals line includes: pay harmonisation, salary sacrifice savings, purchase of annual leave, increases in fees and charges, finance SBSA, supplies and services rationalisation, optimisation of Revenues and Benefits processes, ICT Strategy structure reductions and Procurement structure savings.

HR & Organisational Development

REVENUE

This service includes HR Strategy and Policy (including the Occupational Health Unit), Organisation and Workforce Development, HR Delivery and HR Shared Back Office

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
HR Strategy & Policy	1,112	-145	967	1,108	-145	963	1,108	-145	963
HR Strategy & Policy (Shared Service)	330	-235	95	330	-235	95	330	-235	95
Organisation and Workforce Development	678	0	678	592	0	592	592	0	592
HR Delivery	1,087	-384	703	1,003	-386	617	1,003	-386	617
HR Delivery (Shared Services)	1,176	-590	586	1,146	-594	552	971	-594	377
Base Budget	4,383	-1,354	3,029	4,179	-1,360	2,819	4,004	-1,360	2,644
Changes to Budget Requirement									
	2012/2013			2013/2014			2014/2015		
HR Delivery (Shared Services)									
Develop Separate Legal Entity	-25		-25	-175		-175			
Other									
Other Policy Proposals (See note 1)	-179	-6	-185						
	-204	-6	-210	-175	0	-175	0	0	0
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	4,179	-1,360	2,819	4,004	-1,360	2,644	4,004	-1,360	2,644
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	4,179	-1,360	2,819	4,004	-1,360	2,644	4,004	-1,360	2,644

1. The other policy proposals line includes: pay harmonisation, salary sacrifice savings, purchase of annual leave, increases in fees and charges and management savings.

Borough Solicitor

REVENUE

This service includes Legal Services, Democratic Services, Scrutiny, Executive Office, Member Services, Coroner and Registration Services

	2011/2012 Budget			2012/2013 Budget			2013/2014 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Democratic & Registration	5,083	-1,080	4,003	5,031	-1,153	3,878	5,058	-1,153	3,905
Legal Services	1,732	-122	1,610	1,685	-122	1,563	1,685	-122	1,563
Base Budget	6,815	-1,202	5,613	6,716	-1,275	5,441	6,743	-1,275	5,468

Changes to Budget Requirement

	2012/2013			2013/2014			2014/2015		
Other									
Other Policy Proposals (See note 1)	-99	-73	-172	27		27	-23		-23
	-99	-73	-172	27	0	27	-23	0	-23
	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
Budget Carried Forward	6,716	-1,275	5,441	6,743	-1,275	5,468	6,720	-1,275	5,445
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	6,716	-1,275	5,441	6,743	-1,275	5,468	6,720	-1,275	5,445

1. The other policy proposals line includes: pay harmonisation, salary sacrifice savings, purchase of annual leave, increases in Registration and Legal Services fees and charges, increase to Legal Services capacity, rationalisation of staffing and supplies and services within the Democratic Services & Scrutiny functions, review of Twinning Association grants and the Electoral Registration Service.

CAPITAL PROGRAMME - SUMMARY

CAPITAL

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Children & Families	16,465	8,060	24,525	1,543	808	2,351	0	250	250
Adults	503	905	1,408	0	3,300	3,300	0	3,270	3,270
Places and Organisational Capacity									
Waste, Recycling & Streetscape	562	0	562	0	4,000	4,000	0	150	150
Highways & Transport	5,060	14,000	19,060	2,819	11,758	14,577	1,615	1,050	2,665
Community Services	1,727	699	2,426	150	113	263	0	59	59
Development	12,615	10,944	23,559	801	8,904	9,705	0	10,300	10,300
Performance, Customer Services and Capacity	379	100	479	0	0	0	0	0	0
Places and Organisational Capacity Sub Total	20,343	25,743	46,086	3,770	24,775	28,545	1,615	11,559	13,174
Corporate Services	3,920	7,915	11,835	1,099	12,582	13,681	0	9,345	9,345
Total	41,231	42,623	83,854	6,412	41,465	47,877	1,615	24,424	26,039

Funded By

Prudential Borrowing	13,841	17,021	30,862	445	25,957	26,402	0	19,424	19,424
Supported Borrowing	1,867	0	1,867	484	0	484	0	0	0
Grants	16,524	19,602	36,126	2,610	10,508	13,118	0	0	0
Capital Receipts	8,273	6,000	14,273	2,248	5,000	7,248	1,615	5,000	6,615
Developer / Other Contributions	176	0	176	80	0	80	0	0	0
Revenue Contributions	550	0	550	545	0	545	0	0	0
	41,231	42,623	83,854	6,412	41,465	47,877	1,615	24,424	26,039

**Capital Programme 2012/2013 - 2014/2015
Children and Families**

CAPITAL

Scheme	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Ongoing Schemes	16,465		16,465	1,543		1,543	0		
Schools Basic Need Grant		1,389	1,389						
Schools Capital Maintenance Grant		4,961	4,961						
Devolved Formula Capital		902	902						
System Replacement		250	250		250	250		250	250
Hurdesfield Centre / Ethel Elks Family Centre		558	558		558	558			
Total	16,465	8,060	24,525	1,543	808	2,351	0	250	250
Funded By									
Prudential Borrowing	3,989	808	4,797		808	808		250	250
Supported Borrowing	1,849		1,849	60		60			
Grants	10,397	7,252	17,649	1,483		1,483			
Capital Receipts	230		230						
Developer / Other Contributions									
Revenue Contributions									
Total	16,465	8,060	24,525	1,543	808	2,351	0	250	250

Further Details

Schools Basic Need Grant

Basic need funding is allocated from the Department of Education according to relative need for new places, based on forecast data.

Schools Capital Maintenance Grant

Maintenance grants are awarded to local authorities to support the needs of the schools that they maintain and for the Sure Start children's centres in the area.

Devolved Formula Capital (DFC)

DFC is a Standards Fund Grant devolved directly to schools to enable them to have independence in spending capital on building projects and ICT in line with School Development Plan requirements.

Systems Replacement

Investment in the ICT infrastructure to support the transition to a new integrated system. (see also Adults)

Hurdesfield Centre / Ethel Elks Family Centre

Investment to either significantly refurbish or replace the Hurdsfield Centre in Macclesfield and refurbish the Ethel Elks Family Centre in Crewe.

**Capital Programme 2012/2013 - 2014/2015
Adults**

CAPITAL

Scheme	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Ongoing Schemes	503		503						
Hollins View					3,000	3,000		3,000	3,000
Service Business Systems		655	655		50	50		20	20
System Replacement		250	250		250	250		250	250
			0						
Total	503	905	1,408	0	3,300	3,300	0	3,270	3,270
Funded By									
Prudential Borrowing	72	905	977		3,300	3,300		3,270	3,270
Supported Borrowing									
Grants	431		431						
Capital Receipts									
Developer / Other Contributions									
Revenue Contributions									
Total	503	905	1,408	0	3,300	3,300	0	3,270	3,270

Further Details

Hollins View

To demolish existing facility & replace with new 60 bed facility

Service Business Systems

Investment in business systems including Common Assessment Framework (CAF), Home Care Roster and Resources Allocation System (RAS).

System Replacement

Investment in the ICT infrastructure to support the transition to a new integrated system. (see also Children & Families)

Capital Programme 2012/2013 - 2014/2015
Recycling, Waste & Streetscape

CAPITAL

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Recycling, Waste & Streetscape									
Ongoing Schemes	562		562						
Extension of Weston Cemetery								150	150
HWRC Sites Review					4,000	4,000			
	562	0	562	0	4,000	4,000	0	150	150
Funded By									
Prudential Borrowing			0		4,000	4,000		150	150
Supported Borrowing			0			0			0
Grants			0			0			0
Capital Receipts	81		81			0			0
Developer / Other Contributions	31		31			0			0
Revenue Contributions	450		450			0			0
Total	562	0	562	0	4,000	4,000	0	150	150

Further Details

Extension of Weston Cemetery

Land was acquired by Crewe and Nantwich Borough Council and full planning consent has been attained for the development of the land, which is situated across the road from the existing cemetery.

HWRC Sites Review

To reduce the number of Household Waste Recycling Centres across Cheshire East from nine sites ranging in size and effectiveness to a maximum of three supersites.

**Capital Programme 2012/2013 - 2014/2015
Highways & Transport**

CAPITAL

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Highways & Transport									
Ongoing Schemes	5,060		5,060	2,819		2,819	1,615		1,615
Integrated Transport Block Funding		2,281	2,281		2,281	2,281			
Highways Maintenance Block Funding		8,469	8,469		8,227	8,227			
Crewe Green Link Road		500	500		500	500		300	300
Street Lighting Carbon Reduction		2,000	2,000						
Structural Maintenance		750	750		750	750		750	750
	<u>5,060</u>	<u>14,000</u>	<u>19,060</u>	<u>2,819</u>	<u>11,758</u>	<u>14,577</u>	<u>1,615</u>	<u>1,050</u>	<u>2,665</u>
Funded By									
Prudential Borrowing	570	3,250	3,820	20	1,250	1,270		1,050	1,050
Supported Borrowing	18		18	424		424			
Grants	4,167	10,750	14,917	871	10,508	11,379			
Capital Receipts	160		160	1,424		1,424	1,615		1,615
Developer / Other Contributions	145		145	80		80			
Revenue Contributions									
Total	<u>5,060</u>	<u>14,000</u>	<u>19,060</u>	<u>2,819</u>	<u>11,758</u>	<u>14,577</u>	<u>1,615</u>	<u>1,050</u>	<u>2,665</u>

Further Details

Crewe Green Link Road

Key infrastructure project of the All Change for Crewe Strategy. It will open up the Basford East Development site and deliver wide ranging transport / congestion benefits for Crewe.

Street Lighting Carbon Reduction

The introduction of dimming and trialling of control and management systems will include the upgrade of the lighting equipment.

**Capital Programme 2012/2013 - 2014/2015
Community Services**

CAPITAL

Scheme	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Community Services									
Ongoing Schemes	1,727		1,727	150		150			
Parking Penalty Charge Notice Processing		112	112						
Macclesfield Car Park Management Plan		242	242						
Other Car Parking Improvements		295	295		63	63		9	9
CCTV - Infrastructure rationalisation		50	50		50	50		50	50
	<u>1,727</u>	<u>699</u>	<u>2,426</u>	<u>150</u>	<u>113</u>	<u>263</u>	<u>0</u>	<u>59</u>	<u>59</u>
Funded By									
Prudential Borrowing	344	699	1,043	150	113	263		59	59
Supported Borrowing									
Grants	10		10						
Capital Receipts	1,373		1,373						
Developer / Other Contributions									
Revenue Contributions									
	<u>1,727</u>	<u>699</u>	<u>2,426</u>	<u>150</u>	<u>113</u>	<u>263</u>	<u>0</u>	<u>59</u>	<u>59</u>
Further Details									

Parking Penalty Charge Notice Processing

Upgraded software both for initial enforcement (handheld computers) and subsequent appeals processing.

Macclesfield Car Park Management Plan

Replacement of existing Pay and Display terminals on selected sites with card accepting machines.

Other Car Parking Improvements

Mobile automated number plate recognition.

Resurface / Refurb of Car Parks.

Other card payment terminals to offer improved range of payment method to customers.

CCTV - Infrastructure rationalisation

Rationalisation of CCTV Camera network following creation of new single control room in 2011/2012.

**Capital Programme 2012/2013 - 2014/2015
Development**

CAPITAL

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Development									
Ongoing Schemes	12,615		12,615	801		801			
Visitor Information Centres		30	30						
Tatton Vision		1,314	1,314		654	654			
Town Centre Regeneration		1,500	1,500		2,000	2,000	2,500	2,500	2,500
Housing Development		1,000	1,000		2,000	2,000	3,000	3,000	3,000
Disabled Facilities Grant		1,500	1,500						
Private Sector Assistance		300	300		300	300	300	300	300
Gypsy and Traveller Sites		540	540						
Corporate Landlord - Planned Maintenance		3,000	3,000		3,000	3,000	4,000	4,000	4,000
Corporate Landlord - Minor Works		500	500		500	500	500	500	500
Municipal Buildings Office Refurbishment		200	200		450	450			
Energy Consumption - Invest to Save		660	660						
Compliance		400	400						
	12,615	10,944	23,559	801	8,904	9,705	0	10,300	10,300
Funded By									
Prudential Borrowing	7,060	9,344	16,404		8,904	8,904		10,300	10,300
Supported Borrowing									
Grants	1,119	1,600	2,719	256		256			
Capital Receipts	4,336		4,336						
Developer / Other Contributions									
Revenue Contributions	100		100	545		545			
Total	12,615	10,944	23,559	801	8,904	9,705	0	10,300	10,300

Further Details

Visitor Information Centres - Refurbishment of centre

Tatton Vision - Stable yard and functions facilities at Tatton Park.

Town Regeneration & Development - Regeneration and development of the Council's own land and property assets to deliver economic benefits to the whole of Cheshire East

Housing Development - Increase in housing either built or bought back into use which will result in a bonus payment

Disabled Facilities Grant - Administered under the Housing Grants, Construction and Regeneration Act 1996 to enable residents to remain living independently within their own homes.

Private Sector Assistance - Assist vulnerable homeowners and reduce the negative impact of poor housing on their health and wellbeing.

Assisted Purchase Scheme - The ability for first time buyers to access the housing market, a 25 per cent loan which is interest free and repayable after a period of 10 years.

Gypsy and Traveller Sites - Part of larger project where Plus Dane Housing has bid for grant funding to part fund the bigger picture

Corporate Landlord - Planned Maintenance - Essential maintenance works to ensure that premises remain wind and watertight and operationally effective.

Corporate Landlord - Minor Works - Ensure that the corporate premises continue to meet operational Service delivery requirements and maintain effective compliance with any existing statutory requirements and changes in legislation.

Municipal Buildings Office Refurbishment - Bring the existing office accommodation within the building to the same standards already established in the Council's corporate offices.

**Capital Programme 2012/2013 - 2014/2015
Performance and Capacity**

CAPITAL

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
<u>Performance & Capacity</u>									
Ongoing Schemes	379		379						
Website and Telephony Harmonisation		100	100						
	<u>379</u>	<u>100</u>	<u>479</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Funded By</u>									
Prudential Borrowing	254	100	354						
Supported Borrowing									
Grants									
Capital Receipts	125		125						
Developer / Other Contributions									
Revenue Contributions									
Total	<u>379</u>	<u>100</u>	<u>479</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Further Details

Website and Telephony Harmonisation

Website and telephony transformation to simplify and enhance the customer experience.

**Capital Programme 2012/2013 - 2014/2015
Corporate Services**

CAPITAL

	2012/2013			2013/2014			2014/2015		
	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000	Committed £000	New Starts £000	Total £000
Corporate									
Ongoing Schemes	3,920		3,920	1,099		1,099			
Superfast Broadband		400	400		690	690	110	110	
ICT Investment - Local Independent Workforce		2,682	2,682		3,685	3,685	3,239	3,239	
ICT Investment - Enabled Citizens and Businesses		640	640		600	600	460	460	
ICT Investment - Core System Stability		4,193	4,193		7,607	7,607	5,536	5,536	
	3,920	7,915	11,835	1,099	12,582	13,681	0	9,345	9,345
Funded By									
Prudential Borrowing	1,552	1,915	3,467	275	7,582	7,857	4,345	4,345	
Supported Borrowing									
Grants	400		400						
Capital Receipts	1,968	6,000	7,968	824	5,000	5,824	5,000	5,000	
Developer / Other Contributions									
Revenue Contributions			0						
Total	3,920	7,915	11,835	1,099	12,582	13,681	0	9,345	9,345

Further Details

Superfast Broadband

Cheshire East requires access to superfast broadband so it can continue to be recognised as a good place to do business and live. Attracting and winning public sector grant funding and private sector investment.

ICT Investment - Local Independent Workforce

New systems and technologies to permit staff mobility and service flexibility will allow the authority to work more effectively.

ICT Investment - Enabled Citizens and Businesses

'Connecting Cheshire' to deliver superfast broadband to areas of market failure, which are largely rural.

ICT Investment - Core System Stability

Core System Stability – All the systems and technologies which underpin the organisation are required to be maintained, refreshed and reworked to sustain currency, fit for purpose and compliance with mandatory standards.



Reserves Strategy

**Ambition
Action
Achievement**

2012/2015

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Executive Summary

Cheshire East Council will maintain reserves for two main purposes:

February 2012

1. to protect against risk, and;
2. to support investment

The Reserves Strategy presents information about the requirements to maintain adequate financial reserves and provides statements on the types of reserves and current and predicted balances.

This strategy is revised annually, in line with the process to determine the Council's Business Plan, and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances for the period 2012/2015.

The report follows guidance issued by the Chartered Institute of Public Finance & Accountancy ~ *LAAP Bulletin 55 – February 2003: Guidance Note on Local Authority Reserves and Balances*. Compliance with the guidance is recommended in the Institute's 2003 Statement on the Role of the Finance Director in Local Government and the regulatory framework and role of the Chief Finance Officer are set out in **Annex A**.

This strategy represents the latest position, following a review of the balances previously held, to ensure they meet the needs of Cheshire East Council.

Lisa Quinn

Director of Finance & Business Services
Section 151 Officer

1. Introduction

Types of Reserves

1. When reviewing medium term financial plans and preparing annual Business Plans the Council considers the establishment and maintenance of reserves. Two types of Revenue Reserves will be held:

General Reserves (see Section 2)

This represents the non-ringfenced balance of Council funds. There are two main purposes of general reserves: firstly to operate as a **working balance** to help manage the impact of uneven cash flows and avoid unnecessary temporary borrowing, and; secondly to provide a **contingency** to cushion the impact of emerging events or genuine emergencies. The target level of reserves retained will be risk based. General Reserves must be adequate and will increase and decrease as follows:

Increasing General Reserves

- *Planned repayment* as set-out in the Business Planning process, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks or investment.
- Allocation of an *operating surplus* at the close of the financial year.

Decreasing General Reserves

- *Planned draw-down* of reserves to create investment, and to counteract the possibility of over-taxing in any financial year.
- Allocation of an *operating deficit* at the close of the financial year.

Earmarked Reserves (see Section 3)

This provides a means of building up funds, for use in a later financial year, to meet known or predicted policy initiatives. Discipline is required around setting up and maintaining earmarked reserves, and this strategy sets out the Council's approach to this. Earmarked reserves will increase through decisions of the Council and will decrease as they are spent on specific intended purposes.

Assessing the Adequacy of Reserves

2. In order to assess the adequacy of unallocated general reserves when setting the budget, the Director of Finance and Business Services will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

3. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Chief Finance Officer will ensure that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.
4. Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the Business Plan for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
5. **Table 11** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves that are in addition to the issue of cashflow:

Table 11: Holding adequate reserves will depend on a number of key factors

Budget Assumptions	Financial Standing & Management
The treatment of inflation and interest rates	The overall financial standing of the Authority (including: level of borrowing, debt outstanding, council tax collection rates)
Estimates of the level and timing of capital receipts	The Authority's track record in budget and financial management including the robustness of the medium term plans
The treatment of demand led pressures	The Authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings / productivity gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The Authority's virement and end of year procedures in relation to budget under / overspends at authority and departmental level
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the Authority's insurance arrangements to cover major unforeseen risks

Source: CIPFA ~ LAAP Bulletin 55, 2003

6. These factors can only be assessed properly at local level. A considerable degree of professional judgment is required. The Director of Finance may choose to express advice on the level of balances in cash and / or as percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the Authority for that particular year.
7. Advice will be set in the context of the Authority's Business Planning Process and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit, and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.
8. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.
9. Capital reserves will be maintained as part of the Capital Strategy monitoring and review. Such balances will inform decisions on borrowing and general management of the capital programme.

2. General Fund Reserves (Revenue)

Purpose

10. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
 - Emergencies.
 - In-year emerging issues.
11. The Finance Procedure Rules set the parameters for the use of general reserves.
12. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenues budgets in the following financial year or a suitable payback period is agreed in advance.
13. In all cases the use of reserves should be approved by the Director of Finance and Business Services.

Opening Balances

14. At 1st April 2012, Cheshire East Council is anticipated to hold general reserves of £13.2m. This balance is calculated from:

Amount of General Fund Balance generally available for new expenditure (£12.5m)

(source: 2010/2011 Statement of Accounts)

adjusted for

The estimated impact of performance against the 2011/2012 Revenue Budget (£0.7m)

(source: 2011/2012 Third Quarter Review of Performance)

15. It is therefore important to note that there is scope for amendments. Financial performance in the final quarter may vary from the estimates in the Third Quarter Review of Performance Report, and figures are therefore still provisional at this stage.

Estimated Movement in Reserves (2011/2012 onwards)

16. **Table 12** (overleaf) summarises the current estimated movements in general reserves from 2011 to 2015. This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.
17. In addition the level of reserves needed will be assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

Table 12: Reserves will increase to create strategic flexibility.

Detail	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Estimated Balance @ 1st April	12.5	13.2	20.8	30.4
Projected Increases in Reserves				
- Estimated Impact of 2011/2012 Spending	0.7			
- Planned Contribution to Reserves		7.6*	9.6*	6.1*
Forecast General Reserves @ 31st March	13.2	20.8	30.4	36.5
Risk Assessed Minimum Level		15.0		
Un-Allocated Balance		5.8		

*c. £4.5m of each 'Planned Contribution' represents Council Tax Freeze Grant (see paragraph 22)

Source: Cheshire East Finance ~ February 2012

18. Upfront costs, for transformation of services, have been met from general reserves, and by making a contribution from revenue income each year those reserves are being replaced.

19. The reserves position for 2012/2013, as detailed in **Table 12** (above), reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and to generate flexibility from balances to support further transformation and invest-to-save opportunities.

20. In February 2011 the Reserves Strategy estimated a planned contribution to reserves of £6.1m in 2012/2013. This reflected the continuing commitment to pay back to reserves from the previous allocations to enable staff reductions. However, **Table 13** (overleaf) shows how this figure has been adjusted for a number of factors including providing funding that can pump-prime savings proposals contained within the 2012/2013 Business Plan.

21. The decision to strategically reduce the planned contribution, to support one-off expenditure in 2012/2013, provides greater resilience to the estimates contained within the Business Plan. Of the £3.9m funding for pump priming, £2.1m will be used to support redundancy costs.

Council Tax Freeze Grant

22. The coalition Government has provided access to grant funding for local authorities that agree to freeze Council Tax levels. The funding provides welcome support to residents, and Cheshire East accepted the proposal in 2011/2012 and proposes to accept it in 2012/2013. A consequence of this grant is the temporary distortion of funding levels in the short to medium term. When the grant ends the Council would only be able to replace this level of funding through increasing Council Tax, or could choose not to replace the funding and instead reduce expenditure on services.

23. To minimise the impact when freeze grant funding ends the Council's strategy is to remove reliance on the grant and instead apply the value of the grant to reserves for strategic use.

24. Freeze Grant awarded in 2011/2012 is payable from 2011/2012 through to 2014/2015. Freeze Grant awarded in 2012/2013 is payable in 2012/2013 only.

25. £4.4m of Freeze Grant is supporting revenue expenditure in 2011/2012 and 2012/2013 financial years. However, **Table 12** shows how the remaining freeze grant will support planned contributions to general reserves in 2012/2013 through to 2014/2015. This approach removes the dependency on this grant in the medium term.

Table 13: Planned Contribution to Reserves have Increased.

	£m	£m
Planned Contribution to General Reserves @ 23rd February 2011		6.1
Adjustment for:		
Pump Priming funded in 2012/2013		
- Children & Families	-0.7	
- Adults	-0.6	
- Places & Organisational Capacity	-1.9	
- Corporate Services	-0.7	
Total		-3.9
Council Tax Freeze Grant		4.5
Impact of Business Planning Proposals		1.6
Repayment due to CWAC for relocation costs		-0.5
Grants for Town and Parish Councils		-0.2
Total Adjustments		1.5
Planned Contribution to General Reserves @ 23rd February 2012		7.6

General Fund Reserves - Risk Assessment

26. The risks facing each local area will vary, and in the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies and pressure on public services to reduce overall expenditure are key issues. These present the potential for significant emerging risk.
27. The minimum target level of reserves is therefore quantified by a detailed risk assessment. This approach allows the Council to take account of the circumstances around current structural changes and economic circumstances.
28. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume a level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year by smoothing the impact on citizens.
29. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 14** (overleaf) shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.
30. It is possible that a number of events could happen in a single year. It is also possible that Cheshire East Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

31. Risks will be included and managed using the following basic principles:

- a. The risk may impact within the medium term.
- b. Risks are potential one-off events.
- c. The risk will have genuine financial consequences.
- d. Mitigating actions will be in place to minimise the potential requirement for financial support.
- e. If a risk becomes 100% likely it will be allocated to earmarked reserves or included within appropriate Revenue Budget estimates.
- f. Emerging risks will be addressed from in-year surplus or virement before any request to allocate general reserves.

Table 14: A robust level of reserves is guided by an assessment of potential risks

Risk Assessment to inform Cheshire East General Reserves ~ 2012/2013 Budget

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	£400,000
	Loss of income	Substantial disruption to income streams / Robust disaster recovery	
	Lost reputation	Cost of new advertising to regain confidence / Effective Communication Plans	
	Effect on recruitment	Additional advertising costs to attract staff / Employment options on standby	
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	£900,000
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans	
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Budget Pressures	<p>Opening Balances vary from current predictions</p> <p>Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs.</p> <p>Higher than anticipated Inflation arising in year</p> <p>Increasing risk following Government proposals to change local government financing.</p> <p>Cost reduction or increased income targets revised following consultation exercises.</p>	<p>Impact on opening balances / apply prudent assumptions to opening balances</p> <p>Impact of 2011/2012 projected outturn / robust remedial plans and monitoring of progress</p> <p>Increased inflation on contracts and services / contract management and robust remedial plans</p> <p>Financial stability varies year on year / model the impacts of policies and give early consideration to the Council's approach.</p> <p>Potential deficit / transparent policies based on sound business cases.</p>	£8,300,000
Litigation: ICT & Security	<p>Legal challenges to Council service delivery</p> <p>Data corruption and need to improve security</p>	<p>Court costs and Compensation / clear processes and good workforce management</p> <p>ICT service days to repair, loss of service / robust security policies and firewalls</p>	£900,000
Industrial relations / External organisations	<p>Disruption to service and possible costs of arbitration/tribunal</p>	<p>Loss of income, costs of providing essential services or direct costs of resolution, reduced pay budget / emergency planning</p>	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Strategic Reserve		Strategic/Emergency risk cover, potential further invest to save options and future pay and structure changes	£4,500,000
OVERALL RISKS			£15,000,000
% of Net Revenue Budget			6.2%

Source: Cheshire East Finance February 2012

32. The outcome of this analysis has been to place an estimated total value on the range of risks that may arise and which are not covered by insurance. This is equivalent in total to **£15m**.
33. It should be noted that these risks reflect the net effect of issues relating to performance against the 2012/2013 Revenue Budget. The key factors are:
- the capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely,
 - potential underachievement of cost reduction targets following consultation processes,
 - demand for services rising above estimated trends,
 - changes to Government settlements.

Adequacy of General Reserves

34. A duty of the Chief Finance Officer is to comment on the adequacy of financial reserves (**see Annex A**).
35. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Chief Finance Officer will use information contained within the Reserves Strategy to comment specifically in the annual Business Plan Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

36. The purpose of earmarked reserves is:
- a. To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
 - b. To set aside amounts for projects that extend beyond 1 year.
37. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Director of Finance and Business Services, to ensure balances are spent in line with their purpose.
38. **Table 15** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

Table 15: All earmarked reserves should have a clear rationale

Category of Earmarked Reserve	Rationale
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations.	Where expenditure is planned in future accounting periods, it is prudent to build up resources in advance.
Insurance reserves.	An Insurance Fund has been established to meet the potential costs of insurance excesses arising from claims in respect of fire and consequential loss, public and employer liability, and vehicles relating to both Cheshire East Council and the former Cheshire County Council.
Reserves of trading and business units.	Surpluses arising from in-house trading may be retained, or may have to be retained by statute to cover potential losses in future years, or to finance capital expenditure.
Reserves retained for service departmental use.	Increasingly, authorities have internal protocols that permit year-end surpluses at departmental level to be carried forward.
School Balances.	These are unspent balances of budgets delegated to individual schools.

Source: CIPFA ~ LAAP Bulletin 55, 2003

39. For each earmarked reserve held by Cheshire East Council there will be a clear protocol setting out:

- the purpose of the reserve,
- how and when the reserve can be used,
- procedures for the reserve's management and control,
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy,
- clear indication of payback periods and approach (if applicable).

40. When establishing reserves, Cheshire East Council will ensure that it complies with the Code of Practice on Local Authority Accounting in the United Kingdom and in particular the need to distinguish between reserves and provisions.

41. The protocol for Cheshire East Council earmarked reserves is set out below. The Director of Finance will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

42. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Director of Finance and Business Services,
- Supported by a business case,
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
- Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level,
- Be reviewed at least annually.

43. Services may also carry forward balances in accordance with Financial Procedure Rules.

Opening Balances

44. At 1st April 2012 it is anticipated that the balances on existing earmarked reserves held by Cheshire East Council will be **£6.1m**. **Table 16** (overleaf) shows the position on each earmarked reserve.

45. Earmarked reserves have the effect of transferring the tax burden across financial years as current taxpayers' funds are being used to support future years' spending. It is therefore recommended that Cheshire East Council's earmarked reserves are subject to annual review, at least as part of the budget-setting process to ensure that they are still appropriate, relevant and adequate for the intended purpose.

Table 16: Earmarked Reserves that are statutory or essential have been retained for 2012/2013

Directorate / +Description	Opening Balance 1 April 2011 £000	Estimated movement to 31 March 2012 £000	Estimated Available Balances for 2012/13 £000	Reason / Use
CHILDREN & FAMILIES				
Long Term Sickness	517	-27	490	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks	257	-257	0	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
ADULTS				
Extra Care Housing (PFI)	892	0	892	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Section 117 Care Costs	133	-133	0	To meet potential claims for reimbursement of care costs under S117 of the Mental Health Act
PLACES & ORGANISATIONAL CAPACITY				
Landfill Allowance Trading Scheme	235	150	385	Carried forward unused allowances to offset future years landfill usage
Streetscape	31	-31	0	Fixed Penalty notice income set aside to meet public realm improvements
Community Safety	25	-25	0	Balance for Community Safety Initiatives in 2011/2012.

Directorate / +Description	Opening Balance 1 April 2011 £000	Estimated movement to 31 March 2012 £000	Estimated Available Balances for 2012/13 £000	Reason / Use
Local Development Framework	39	-39	0	Assessing deliverability of potential growth sites
Building Control	337	-135	202	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Housing Strategy	26	-26	0	Balance for completion of Housing Stock condition survey
Tatton Park	309	-57	252	Ring-fenced surplus on Tatton Park trading account
Economic Development Projects	463	-251	212	Support for town centres and economic development initiatives
Enabling Local Delivery	625	-275	350	Available to promote local delivery
People into Jobs	57	-57	0	Balance of funds committed for 2011/2012 to finalise project
Recession Task Group	48	-15	33	Economic recovery planned expenditure
Climate Change	67	0	67	Renewable Energy project
Partnerships & Grants Support	92	0	92	Funding issued to groups who meet the Cheshire East Council's criteria
FINANCE & BUSINESS SERVICES				
Invest-to-Save Projects	1,093	-443	650	Central reserve to support invest-to-save projects
Insurance Reserve	3,590	-1,071	2,519	To settle insurance claims and manage excess costs.
Totals	8,836	-2,692	6,144	

Source: Cheshire East Finance, February 2012

4. Capital Reserves

46. Cheshire East Council retains a capital receipts reserve to finance future capital expenditure. This reserve is largely financed by capital receipts set aside on the disposal of land, buildings and other assets but can be supplemented from revenue reserves if required.
47. The purpose of capital reserves is to:
- a. Minimise risk from potential emergency spending requirements on assets.
 - b. Support investment in tangible and intangible assets.
 - c. Hold committed balances, where spending is restricted to capital schemes, to support cashflow and investment income.
48. The nature of this reserve determines that the balance will vary with the timing of Cheshire East Council's capital expenditure. Based upon the 2011/2012 capital programme being delivered, the balance of this reserve is forecast to be £11m at the end of this financial year. In 2012/2013, Cheshire East Council is forecast to generate capital receipts of £10m and has committed £6m of this to support new starts in the capital programme.
49. Funding held in capital reserves can be released to fund new capital schemes. In considering the available funding for the capital programme, schemes will be cross referenced to Section 106 agreements and commuted sums and where possible funded from this source.

5. Conclusion

50. Overall Cheshire East Council is establishing reserves that initially match, and then over time exceed, the minimum risk levels. This recognises local issues and allows the Director of Finance and Business Services to comment favourably on the adequacy of reserves.
51. The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

CIPFA, Local Authority Accounting Panel: Bulletin 55, Local Authority Reserves & Balances (2003)

General Fund Reserves ~ Risk Assessment Working Papers 2011

Cheshire East Council - Final Accounts 2010/2011:

Cheshire East Council Budget Report 2011/2012

Quarter Three Review of Performance 2011/2012

Cheshire East Council Business Plan 2012/2013

Annex A to Reserve Strategy

Protocol & Controls

The Existing Legislative/Regulatory Framework

Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There are three significant safeguards in place that militate against local authorities over-committing themselves financially:

1. The balanced budget requirement.
2. Chief Finance Officers' S114 powers.
3. The External Auditor's responsibility to review and report on financial standing.

The balanced budget requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer to report to all the Authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. The Authority's full Council must meet within 21 days to consider the S114 notice and during that period the Authority is prohibited from entering into new agreements involving the incurring of expenditure.

While it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, External Auditors have a responsibility to review the arrangements in place to

ensure that financial standing is soundly based. In the course of their duties External Auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The Role of the Chief Finance Officer

It is the responsibility of the Chief Finance Officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. There is no statutory minimum.

Local authorities, on the advice of their Chief Finance Officers, are required to make their own judgements on the level of reserves taking into account all the relevant local circumstances. Such circumstances vary. A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves. There is a broad range within which authorities might reasonably operate depending on their particular circumstances.

Good Governance

It is important that Members take responsibility for ensuring the adequacy of reserves and provisions when they set the budget. CIPFA recommend that the respective roles of officers and Councillors in relation to reserves should be codified locally and given due recognition in the Constitutions. This codification should:

- state which council bodies are empowered to establish reserves

- set out the responsibilities of the Chief Finance Officer and Councillor – or group of Councillors – responsible for finance
- specify the reporting arrangements

balances for the year, planned additions / withdrawals and the estimated closing balances.

A New Reporting Framework

The Chief Finance Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The level and utilisation of reserves will be determined formally by the Council, informed by the advice and judgement of the Chief Finance Officer. To enable the Council to reach its decision, the Chief Finance Officer should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where the advice is not accepted this should be recorded formally in the minutes of the Council meeting.

CIPFA recommended that:

The Business Planning report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the additional contribution to / withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure this should be accompanied by a statement from the Chief Finance Officer on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the Authority's medium term financial strategy.

A statement reporting on the annual review of earmarked reserves should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening

Annex 9 – Abbreviations

1. This annex provides details of the abbreviations used in the Report in alphabetical order.

Term	Meaning
AGMA	Association of Greater Manchester Authorities
ArcAngel	Initiative run by Cheshire Police and other agencies including Cheshire East Council to tackle Alcohol Related Crime.
ASC	Autistic Spectrum Continuum
CFO	Chief Finance Officer
DCLG	Department for Communities and Local Government – Government department responsible for supporting local government and communities.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
FE	Further Education – such as colleges or sixth forms etc.
ICT	Information and Communication Technologies – service responsible for technology at Cheshire East Council.
NNDR	National Non Domestic Rates – contribution to local authority costs by businesses. Rate is set by central Government.
PWLB	Public Work Loan Board – a Government agency providing loans to public bodies for capital works.
QUEST	Quality mark awarded to Leisure Services.
RSG	Revenue Support Grant – an element of Formula Grant given to local authorities by central Government.
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.