

# Appendix 4

## BUSINESS PLANNING PROCESS - ENGAGEMENT

### Introduction

1. Cheshire East Council is conducting an engagement process on the Medium Term Financial Plans through a number of stages from October 2012 to Council in February 2013 and beyond that as proposals are implemented.
2. The major changes and uncertainties experienced by the Council have made the development of a suitable set of proposals challenging and therefore engagement on these proposals is being undertaken at a later stage than normal. Some of the major proposals remain “subject to consultation”, that is further targeted consultation activity will be undertaken in advance of those specific proposals being implemented.
3. The Council acknowledges that such consultation activity may alter the outcome of the final proposal and mean the expected financial impact included within the budget is not deliverable. The Council deals with this by factoring into its minimum level of reserves an allowance for changes to proposals arising from consultation or delayed implementation.

### Background

4. Local authorities have a statutory duty to consult on their Budget with certain stakeholder groups including the Schools Forum and businesses. In addition, the Council chooses to consult with wider stakeholder groups.

### Business Planning Process

5. On 23<sup>rd</sup> July 2012, the Cheshire East Cabinet agreed a comprehensive Business Planning Process. This was followed by reports on the revised financial position and the Three Year Council Plan being taken to Cabinet on 15<sup>th</sup> October. These included details of a series of major change programmes to deliver the Council's priorities through investment and to deliver savings.
6. A communications plan has been developed in relation to the Council's priorities and Budget. This sets out a phased approach to engagement:

Round 1 – from October to 25<sup>th</sup> January  
Round 2 – from 25<sup>th</sup> January to 21<sup>st</sup> February  
Round 3 – from 21<sup>st</sup> February

### Round 1 – October 2012 to January 2013

7. Round 1 of the engagement exercise used existing meetings and events to provide a briefing on the Council 3 Year plan, including the outcomes we are seeking to achieve and the priorities for action. The briefing also included the change to local government funding, the revised financial position and the implications for the Council. The key dates are set out below:

- 3<sup>rd</sup> October Business Planning Briefing to all Members
- 15<sup>th</sup> October Cabinet Report on the Medium Term Financial Strategy (MTFS) and the Three Year Council Plan
- 7<sup>th</sup> November Town and Parish Council Conference (to discuss a new deal between Cheshire East Council and local councils)
- 12<sup>th</sup> November Cabinet Report on the Mid-Year Review of Performance
- 10<sup>th</sup> December Cabinet Report on the updated MTFS following the Mid-Year Review of Performance
- 12<sup>th</sup> December Corporate Trades Union Meeting
- 9<sup>th</sup> January Corporate Trades Union Meeting

8. The Council's Senior Management Team was also briefed regularly throughout this period. A series of staff roadshows took place from November to January to enable the Chief Executive to brief staff on the funding position and a new deal for staff.

### **Round 2 – February 2013**

9. Round 2 is on-going and based on the Budget Report issued for consideration at Cabinet on 4<sup>th</sup> February and recommendation to Council on 21<sup>st</sup> February. It includes the following events:

- 29<sup>th</sup> January Business Planning Briefing to all Members
- 6<sup>th</sup> February Corporate Trades Union Meeting
- 12<sup>th</sup> February Schools Forum Meeting
- 20<sup>th</sup> February Business Event with Macclesfield Chambers of Commerce
- TBA Further Business Events

### **Engagement Material**

10. The key purpose of the second round is to engage on the Council's Budget Report that has been submitted to Cabinet. The document aims to present the Medium Term Financial Strategy, key service developments and impact of the budget in a user friendly and readable format. A link to the Budget Report was circulated electronically to those who attended the meetings, and hard copy made available on request. Staff were also notified that it was available.

11. The Budget Report was placed on the Cheshire East Council website in the week commencing 28<sup>th</sup> January. The document and website included details of how to comment on the issues.

### **Format of the January 2013 Meetings**

12. The events took a similar format with presentations followed by a question and answer session. The presentation related to:
  - The 2012/2013 expenditure position.
  - The funding position for 2013/2014 to 2015/2016.
  - The Three Year Council Plan.
  - The Business Planning Process.
  - The impact of revenue and capital policy proposals.
13. The Cheshire East Council Cabinet and Corporate Management Team were represented, with the Finance Portfolio Holder, Chief Executive and Head of Finance or representative attending the events as required.

### **Feedback**

14. A summary of issues raised at the events is attached at **Annex 1**.
15. At the time of issuing this report the engagement process is on-going. Therefore, any further issues or comments raised, in particular those relating to Directorate proposals and budgets, will be reported to the Cabinet and Council meetings in February.
16. As noted earlier, the consultation on specifically identified proposals will be undertaken prior to their implementation.

### **Conclusion**

17. Cabinet Members will review the feedback from the events and, where possible, factor these into their final budget deliberations prior to the Council meeting.
18. Feedback on the process or proposals can be sent to:  
[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@cheshireeast.gov.uk)

## **Business Planning Proposals – Engagement**

### **Summary of Key Engagement Issues**

#### **Financial Stability**

##### Provisional Settlement

This had been announced at a relatively late stage in the process and formed the basis for the Budget Report. The date of the Final Settlement was unknown at this stage. Any changes would be reported to the Council Meeting.

##### Council Tax Freeze

Confirmation that in return for freezing Council Tax for 2013/2014 the Council will receive a grant for two years of up to £1.8m per annum. Cabinet has already agreed to take the freeze in December 2012 and is recommending this to Council. The grant is not being used to balance the Budget.

##### Inflation

The Council is not providing for a general inflationary increase in 2013/2014. Any inflationary pressures have been accurately identified and offset by savings within each respective service.

##### Changes to Local Government Finance

There were a number of key changes for local authority funding from 1<sup>st</sup> April 2013. These included:

- The introduction of the Business Rate Retention Scheme (BRRS) to replace Formula Grant.
- The rolling up of several previously distinct specific grants into the new BRRS.
- The introduction of the local Council Tax Support Scheme to replace Council Tax Benefit with savings targets of over 10%.
- The introduction of Council Tax Technical Reforms to give Council's additional flexibility over discounts in relation to second homes and empty properties.

These meant that councils had a greater incentive to encourage economic growth to increase business rates and improve employment levels and to reduce Council Tax Support costs. In addition, control over discounts would help to bring more property into use.

## Business Rates Retention Scheme

It was confirmed the Council would be able to retain any Business Rate growth over and above certain targets and threshold levels.

This scheme would need to 'bed in' to allow its operation to be fully understood. At this point in time the rewards from substantial growth appeared to be relatively minor.

Information on deferment schemes will be published with the 2013/2014 business rate bills.

## Grants

Grant funding has reduced by c. £13m (-10%) from 2012/2013 to 2013/2014.

## Reserves

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

- The Council setting its fifth Budget
- Levels of change and uncertainty
- The forecast outturn position

## Feedback from Town and Parish Councils

- There needs to be a joint approach between Cheshire East Council and local councils to energise local residents to be increasingly involved in creating strong communities. Cheshire East Council's role is to co-ordinate, not dominate.
- The potential devolution and transfer of services and assets is still a key consideration for town and parish councils, and further dialogue is required on this. In particular to address capacity concerns in local councils, and to consider devolved services at the right scale eg potential for town and parish councils to cluster and share best practice.
- There was general agreement about the need for strong communication between Cheshire East Council and town and parish councils, recognising that this is a time of significant change in local service delivery, which presents challenges but also opportunities.

**Comments in relation to Directorate Proposals will be reported to Members in advance of the Council decision on the Budget.**