



Annexes to Budget Report 2010 / 2011

Shaping Our Services

Annex 1 - A Profile of the Authority

1. The Unitary Council of Cheshire East, in the North West of England, serves an area previously served by the Councils of Congleton, Crewe and Nantwich, and Macclesfield. Cheshire East is bounded by Cheshire West and Chester to the west, the Manchester conurbation to the north and east, Stoke-on Trent to the south and the Peak District / Derbyshire and Staffordshire Moorlands to the east.

Geography of the Area

2. 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 and south west 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 countryside facilities such as Teggs 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 (Trent and Mersey, 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 Council covers an area of 116,638 hectares. The population is 360,700 (2007), making it the 3rd largest authority in the North West and 12th largest in England. Principal concentrations of population are in the towns of Macclesfield (50,160). Crewe (49,250) and Wilmslow (30,070). Other mains towns within Cheshire East are Congleton (26,580), Sandbach (17,880), Poynton (14,350), Nantwich (13,880), Middlewich (13,390), Knutsford (12,570) and Alsager (12,460).
8. Cheshire East has a diverse rural / urban profile. Nearly 40% of the population live in areas classed as rural. Crewe and Macclesfield are the largest urban 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 fifteen years, from 340,500 in 1991 to 360,700 in 2007. 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 2007, 5% of Cheshire East's residents were aged under 5, 12% were aged 5 to 14 and 18% 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 20% from around 54,200 in 1991 to 64,800 in 2007. The increase is greater in Congleton (29%) than either Crewe & Nantwich (19%) or Macclesfield (15%).

10. The number of children (aged 0-15) is the same in 2007 as it was in 1991 (66,800) in Cheshire East; however, whilst numbers have increased by 8% in Crewe & Nantwich they have decreased by 1% in Congleton and 5% in Macclesfield. It is forecast that by 2026 there will be around 6% fewer children living in Cheshire East than there were in 2006 whilst the number of people aged 85 or above will have doubled within the same period.
11. Cheshire East has a strong local economy which contributes 5.3% to the North West region's total population and 7.0% to regional output. Average household income is above the national average. However, Cheshire East is not immune from the national economic recession and unemployment has been rising rapidly. The population aged 16-64 is expected to fall by 4% between 2006 and 2026, so limiting the capacity to expand the labour supply.
12. Residents also enjoy better health than elsewhere in the region and nationally. For example, life expectancy is above the national average and incidence of smoking cigarettes is lower.
13. Educational attainment among school pupils in terms of achieving five or more GCSE grades A-C is above the national average.
14. 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.
15. 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 area looks.
16. 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 14 lower super output areas which are among the 20% most deprived in England, according to the national measure 'Index of Deprivation'. These contain 6% of the population of the Council area.

Annex 2 ~ Annual Minimum Revenue Provision Statement 2010/2011

Introduction

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.

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.

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”.

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.

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”

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.

For capital expenditure incurred before 1 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.

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.

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 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

For capital expenditure incurred on or after 1 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.

The 2009 SORP and IFRS may result in PFI schemes and leases being brought on balance sheet. Where this is the case the CFR will increase, which will lead to an increase in the MRP charge to revenue. MRP for these items will match the annual principal repayment for the associated deferred liability.

Finance Leases

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

The Council adopts the following policies in respect of calculating its annual Minimum Revenue Provision (MRP) for 2010/2011 and subsequent years.

For capital expenditure incurred before 1 April 2008 and incurred on or after that date if it forms part of Government-Supported Capital Expenditure: ***Option 2 (CFR Method)***

For capital expenditure incurred **before 1 April 2008** and which does not form part of Government-Supported Capital Expenditure: ***Option 2 (CFR Method) AND / OR Option 3: Asset Life Method***

For capital expenditure incurred **on or after 1 April 2008** and which does not form part of Government-Supported Capital Expenditure: ***Option 3: Asset Life Method*** - where MRP is charged in equal annual instalments over the estimated useful life of the asset, commencing in the financial year following the one in which expenditure was incurred, or the year following the one in which the asset becomes operational

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 3 ~ Prudential Indicators 2010/11 to 2012/13

1 Background:

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. It should be noted that CIPFA undertook a review of the Code in early 2008, and issued a revised Code in November 2009.

2. Net Borrowing and the Capital Financing Requirement:

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.

The Borough Treasurer & Head of Assets reports that the authority had no difficulty meeting this requirement in 2009/2010, 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.

3. Estimates of Capital Expenditure:

3.1 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. 1	Capital Expenditure	2009/10 Approved £m	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
	Total	97	105	103	29	15

3.2 Capital expenditure will be financed as follows:

Capital Financing	2009/10 Approved £m	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
Capital receipts	15	16	24	4	4
Government Grants	44	54	52	20	10
External Contributions	7	6	1	0	0
Revenue contributions	3	4	4	0	0
Supported borrowing	14	12	16	4	1
Unsupported borrowing	14	13	6	1	0
Total	97	105	103	29	15

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

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 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 at paragraph 87 of the Prudential Code.

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

No. 2	Ratio of Financing Costs to Net Revenue Stream	2009/10 Approved	2009/10 Revised	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
	Total	5.26%	5.35%	5.64%	6.32%	6.59%

5. Capital Financing Requirement:

- 5.1 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. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure**.

No. 3	Capital Financing Requirement	2009/10 Approved £m	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m	**
	Total CFR	153	170	184	192	197	

in line with CIPFA's guidance, any investments or other items not falling within the classification of fixed or intangible assets, but financed from capital resources must be included within the CFR for the purposes of this calculation.

6. Actual External Debt:

- 6.1 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. 4	Actual External Debt as at 31/03/2009	£m
	Borrowing	136
	Other Long-term Liabilities	-
	Total	136

7. Incremental Impact of Capital Investment Decisions:

- 7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council. 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. 5	Incremental Impact of Capital Investment Decisions	2009/10 Approved £	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £
	Increase in Band D Council Tax	3.10	3.27	8.31	11.53

8. Authorised Limit and Operational Boundary for External Debt:

- 8.1 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.
- 8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such

as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit 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. 6	Authorised Limit for External Debt	2009/10 Approved £m	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
	Borrowing	218	180	195	210	225
	Other Long-term Liabilities	-	-	-	-	-
	Total	218	180	195	210	225

8.5 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.

8.6 The Borough Treasurer & head of Assets 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. 7	Operational Boundary for External Debt	2009/10 Approved £m	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
	Borrowing	210	170	185	200	215
	Other Long-term Liabilities	-	-	-	-	-
	Total	210	170	185	200	215

9. Adoption of the CIPFA Treasury Management Code:

9.1 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 CIPFA Treasury Management Code at its Shadow Council meeting on 24 February 2009

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

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

10.1 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).

10.2 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

		2009/10 Approved %	2009/10 Revised %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
No. 9	Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100
No. 10	Upper Limit for Variable Interest Rate Exposure	100	100	100	100	100

10.3 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.

11. Maturity Structure of Fixed Rate borrowing:

11.1 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.

11.2 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. 11	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
	under 12 months	0	25%
	12 months and within 24 months	0	25%
	24 months and within 5 years	0	35%
	5 years and within 10 years	0	35%
	10 years and within 20 years	0	100%
	20 years and within 30 years	0	100%
	30 years and within 40 years	0	100%
	40 years and within 50 years	0	100%
	50 years and above	0	100%

12. Upper Limit for total principal sums invested over 364 days:

12.1 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. 12	Upper Limit for total principal sums invested over 364 days	2009/10 Approved %	2009/10 Revised £m	2010/11 Estimate £m	2011/12 Estimate £m	2012/13 Estimate £m
		40%	20.0	20.0	20.0	20.0

Note: Original approved limit expressed as a % of total investments. Revised and future estimates stated as maximum value.

Annex 4 - Balancing the Three Year Budget Position

Development of the 2010/2011 Revenue Budget

1. In July 2009 the Cheshire East Cabinet reviewed the high level financial scenario and set a series of financial targets for each Directorate.
2. Directorate responses were subject to challenge by a panel chaired by Cllr Keegan. The outcome of the challenge was to establish the variance at £13.8m in 2010/2011 due to significant growth pressures, particularly in Children and Families, Services to Adults and Waste.
3. Five measures were identified to address this position:
 - Measure 1 ~ Challenge Funding Assumptions
 - Measure 2 ~ Increase Council Tax
 - Measure 3 ~ Use General Reserves
 - Measure 4 ~ Reduce Expenditure
 - Measure 5 ~ Increase Income

More details on the actions taken are set out below.

Measure 1 ~ Challenge Funding Assumptions

4. The July Cabinet report set out a number of key planning assumptions including: the repayment of reserves; inflation levels; contingency levels; and Capital Financing estimates. These assumptions were challenged with key adjustments as follows:
 - **Forecast Base Budget** ~ the starting point for calculating expenditure commitments is to take the previous year's base and adjust for permanent changes such as inflation and policy proposals that will change expenditure levels. The original calculation included the previous year's base with pay inflation for 2009/2010 at a higher level than was finally agreed (2.5% compared to 1.5%). A further adjustment was also identified for chief officers pay which was not increased in that year. These reduced the funding gap by **£1.6m** in 2010/2011.
 - **Inflation** ~ the original assumptions have been challenged with the following results :
 - **Inflation** ~ the original assumption was to budget for a 2.5% increase. This has been reduced to 2% to align with the expected level of the Consumer Prices Index and resulted in a saving of **£0.4m**. The provision for pay inflation is 0%.
 - **Composition of the Base Budget** ~ a review of the composition of the base budget has altered the percentage split used to calculate inflation. This has resulted in a saving of **£0.3m**.
 - **Exceptional inflation** ~ with generally low inflation levels there are no separate bids for exceptional inflation over and above items included in the service policy proposals. Therefore, this provision has been removed giving a saving of **£1.7m**.

The total impact of these changes to inflation is a reduction of **£2.4m**.

- **Capital Financing** provides for the necessary repayments of Capital and interest. The provision for Capital Financing was based on calculations made during the development of the 2009/2012 Capital Programme. Given issues with affordability, slippage in delivery and capacity, the 2010/2011 Capital Financing provision has been reduced by **£1.7m**.
- **Revenue Support Grant** ~ a grant provided annually by central Government. The original assumption was a freeze at 2010/2011 levels as they had been previously confirmed and the expectation that later years funding would not increase in real terms. Given the current messages regarding public sector expenditure the amount of grant expected for years two and three has been reduced by 2.5% per annum. This equates to a further £0.4m shortfall over the three year period.
- **Contingency** ~ this was originally set at 1% of the Base Budget (at £2.1m). After a review of the overall reserves position, and confirmation these were at the risk assessed minimum level, it was agreed a separate contingency was no longer required and this has been removed. A saving of **£2.1m**.
- **Phasing Adjustment** ~ this was originally set at £1m to provide sufficient time to deliver the savings arising from re-organisation. However, good progress has been made and a balance of only £0.2m is now required for ICT schemes. This gives a saving of **£0.8m**.
- **Transitional costs** ~ to realise the significant benefits arising from re-organisation the Council has released staff through voluntary redundancy and early retirement. Further staff reductions and on-going actuarial costs need to be charged to the revenue budget. Therefore a provision of **£6.5m** has been created.

The overall impact of these changes is a £2m reduction in the net funding gap in 2010/2011.

Measure 2 ~ Increase Council Tax

5. Council Tax ~ several amendments have been made :

- **Council Tax increase** ~ the original planning assumption was no change in Council Tax. Given the significant cost pressures facing the Authority this has been amended to a 1.7% increase. This increases funding and reduces the funding gap by **£2.9m**.
- **Collection Fund** ~ the original assumption was a deficit of £0.5m. The forecast year end position is net nil resulting in a saving of **£0.5m**.
- **Council Tax Base** ~ the original assumption was an increase of 0.3%. The actual increase is 0.28%. This increases costs by **£0.03m**.

The overall impact of these changes is a £3.4m reduction in the net funding gap in 2010/2011.

Measure 3 ~ Use General Reserves

6. The Council's Reserves Strategy uses risk assessment to inform the prudent level of reserves. This complies with the requirement to maintain adequate reserves (see the Borough Treasurer's comments on page 3).
7. The current financial position includes a commitment to repay in to reserves to ensure the Authority maintains a risk assessed minimum level following re-payment of transitional costs from the re-organisation process. (The contribution is contained within the Central Adjustments figure). The level of risk has been amended to reflect the uncertainty over levels of inflation in the current economic conditions.

The overall impact of these changes is a £2.5m reduction in the net funding gap in 2010/2011.

Measure 4 ~ Reduce Expenditure & Measure 5 ~ Increase Income

Challenge Process and Consultation

8. Revised service responses were produced by Directors & Portfolio Holders following the initial challenge phase. These revised responses reduced the net funding gap and the proposals were challenged again in late November with the following total impact in 2010/2011 :

a. People:

- Revised response: additional savings of **£0.7m** through additional staff reductions, income generation and transport savings.
- Challenge round 2: additional **£1.8m** savings in 2010/2011 through bringing forward and making additional efficiencies.
- Total additional savings: **£2.5m**.

b. Places:

- Revised response: additional savings of **£3.2m** through charging highway maintenance spend to capital and transport savings.
- Challenge round 2: an additional £0.5m saving from Waste over 2011/2012 and 2012/2013.
- Total additional savings: **£3.2m**.

c. Performance and Capacity:

- Revised response: additional savings of **£1.7m** through increased procurement savings.
- Challenge round 2: additional **£0.3m** savings mainly from removal of a transitional funding item.
- Total additional savings: **£2.0m**.

The overall impact of these changes is further savings of £7.7m in 2010/2011.

Adjustments Post Pre-Budget Report

9. Following the publication of the Pre-Budget Report and the January consultation process a number of further amendments have been made to the policy proposals going forward for 2010/2011:

- a. People:** Additional investment in the transformation of services to children of **£0.8m**.
- b. Places:** Additional growth of **£0.5m** arising from reduced levels of car parking income less additional grant monies in the Regeneration Service.
- c. Performance and Capacity:** Additional **£0.6m** growth from investment in the employment of young people, additional Member support and promoting the take up of benefits.

The overall impact of these changes is growth of £1.9m in 2010/2011.

The total of changes to the policy proposals is £5.8m.

Summary of Changes

10. Overall total changes of £13.8m have been made.

11. The table overleaf summarises the changes set out above to reach a balanced position for each Directorate and the Authority as a whole.

Table 19 : Impact of Measures to Balance the Budget

Revenue	2010-11 Impact £m	2010-11 Totals £m
Potential Budget Gap reported at 3rd November 2009		13.8
Measure 1 ~ Challenge Funding Assumptions		
- Forecast Base Budget	(1.6)	
- Inflation	(2.4)	
- Capital Financing	(1.7)	
- Revenue Support Grant	-	
- Contingency	(2.1)	
- Phasing Adjustment	(0.8)	
- Transitional costs	6.5	
Sub total - Measure 1		(2.1)
Measure 2 ~ Increase Council Tax		
- Council Tax Increase	(2.9)	
- Collection Fund and Council Tax Base	(0.5)	
Sub total - Measure 2		(3.4)
Measure 3 ~ Use General Reserves		
- Transfer to general reserves		(2.5)
Measure 4 ~ Reduce Expenditure & Measure 5 ~ Increase Income		
People		
▪ Challenge Process	(2.5)	
▪ Post Pre-Budget Report (£0.8m investment in services to Children)	0.8	
Places		
▪ Challenge Process	(3.2)	
▪ Post Pre-Budget Report	0.5	
P&C		
▪ Challenge Process	(2.0)	
▪ Post Pre-Budget Report (including £0.1m for benefit take up)	0.6	
Sub total - Measures 4 and 5		(5.8)
Total - All Measures		(13.8)
Revised Current Net Funding Gap		0

Source: Cheshire East Finance

Summary

12. The results of these changes have reduced the funding gap from £13.8m to nil.
13. Table 20 overleaf summarises the three year financial scenario position after these changes.

Table 20 : Summary of Financial Position for 2010/2013

	2010/2011		Financial Impact 2011/2012		2012/2013	
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Council Tax	(176,578)		(177,108)		(177,639)	
Less Surplus / Deficit on Collection Fund	0		0		0	
Grant Funding (RSG and NNDR)	(63,487)		(63,286)		(63,090)	
Less: Central Adjustments (see note 1)	<u>27,130</u>		<u>35,278</u>		<u>34,615</u>	
TOTAL INCOME		(212,935)		(205,116)		(206,114)
EXPENDITURE						
People Directorate						
Base Budget (see note 2)	124,772		123,886		122,643	
Policy Options						
Children & Families	1,772		(1,650)		(2,000)	
Adults Services	(2,995)		(1,650)		(1,350)	
Health & Wellbeing	<u>(610)</u>		<u>(1,475)</u>		<u>(462)</u>	
Sub total		122,939		119,111		118,831
Places Directorate						
Base Budget (see note 2)	48,350		49,815		49,547	
Policy Options						
Environmental Services	964		(769)		444	
Safer & Stronger Communities	190		(150)		(350)	
Planning & Policy	651		(470)		(270)	
Regeneration	<u>(725)</u>		<u>(300)</u>		<u>0</u>	
Sub total		49,430		48,126		49,371
Performance and Capacity						
Base Budget (see note 2)	39,466		40,994		39,047	
Policy Options						
Borough Solicitor	444		(156)		(155)	
Borough Treasurer & Head of Assets	(52)		(2,593)		(611)	
HR & Organisational Development	355		(115)		(118)	
Policy & Performance	<u>353</u>		<u>(251)</u>		<u>(251)</u>	
Sub total		40,566		37,879		37,912
TOTAL EXPENDITURE		212,935		205,116		206,114
FUNDING GAP		<u>0</u>		<u>0</u>		<u>0</u>

Notes:

1 : The Central Adjustment figure is made up of £26.4m (para 84) adjusted for corporately held budgets of £0.7m to give £27.1m.

2 : The Base Budget figure shown is an estimate based on the previous year's Budget adjusted for permanent changes such as inflation and the impact of agreed policy proposals.

3 : Revenue Budget of £240.065m = total expenditure of £212.935m plus central adjustments of £27.130m.

Development of the 2010/2011 Capital Programme

1. The Capital Strategy was approved by Cabinet on 14 July 2009 as part of the Medium Term Financial Strategy 2010-2013. The strategy sets out the process for the development of the Capital Programme and the main criteria for the evaluation of proposed new schemes
2. In September 2009 a draft capital programme was compiled from the submitted business cases and following an initial assessment for viability, the schemes were then considered against estimated resources and the following corporate issues.
 - Deliverability – can the proposed capital schemes be delivered in terms of timescale and sufficient resources given the level of slippage in the current year's programme.
 - Review and rationalisation of the asset base – a comprehensive review of the existing property assets and their usage is to be undertaken in 2010 and will consider joint usage of sites with partner authorities.
 - Available Capital Receipts – the forecast for future capital receipts is currently limited due to the economic climate and the downturn in the property market, however a review of the surplus asset list has identified potential receipts in 2010/2011 and brought forward capital receipts are available from the predecessor Councils of Cheshire East.
 - The available Capital Pot to fund Corporate and Cross-Cutting schemes.
 - The current level of debt – the level of outstanding debt is increasing year on year as the amount of debt repayment is less than the amount raised in new borrowing each year.
3. The initial funding gap in the draft Capital Programme was identified as £21.4m, following a series of Challenge Sessions proposed schemes were prioritised in terms of their fit with the Corporate Objectives of:
 - Transformation – does the scheme contribute towards the corporate transformation goals.
 - Infrastructure – does the scheme support the ICT infrastructure and asset base.
 - Compliance – does the scheme contribute towards compliance with statutory, legislative and health and safety requirements.
4. As part of the challenge process an exercise was undertaken to identify those schemes which can be considered as core programme, i.e., schemes which are necessary for the day to day delivery and operation of the Council. The proposed new ICT schemes have been assessed and prioritised in accordance with the ICT Strategy and any schemes relating to the on-going maintenance and improvement of assets have been reviewed by the Asset Management department and considered against a strategic view of assets and the Corporate Accommodation Strategy.
5. The overall impact of the Challenge Process resulted in a prioritised draft Capital Programme with a funding gap of £10.8m over three years, £4.6m relating to capital expenditure within 2010/2011. This will be funded from available capital receipts.
6. In order to stabilise the Council's borrowing position, the amount of Prudential Borrowing undertaken to finance new capital schemes has been limited to schemes where efficiency savings within the service will meet the cost of repayments.
7. A summary of the Capital Programme is provided in the following table, further details are provided within **Annex 5** by service area.

Table 21: Capital Programme Summary

	2010-11 £000	2011-12 £000	2012-13 £000	Total £000
People				
Committed schemes				
Children and Families	23,284	2,538	50	25,872
Adult Services	3,864	1,633	0	5,497
Health and Wellbeing	3,751	700	385	4,836
	30,899	4,871	435	36,205
New Starts				
Children and Families	8,767	4,773	537	14,077
Adult Services	1,329	1,000	0	2,329
Health and Wellbeing	400	400	400	1,200
	10,496	6,173	937	17,606
Total Capital Programme - People	41,395	11,044	1,372	53,811
Places				
Committed schemes				
Environmental Services	18,668	3,237	0	21,905
Safer & Stronger Communities	0	0	0	0
Planning & Policy	0	0	0	0
Regeneration	4,932	374	0	5,306
	23,600	3,611	0	27,211
New Starts				
Environmental Services	11,543	8,949	8,949	29,441
Safer & Stronger Communities	1,508	160	160	1,828
Planning & Policy	2,100	0	0	2,100
Regeneration	2,280	2,900	1,230	6,410
	17,431	12,009	10,339	39,779
Total Capital Programme - Places	41,031	15,620	10,339	66,990
Performance & Capacity				
Committed schemes				
Borough Solicitor	60	0	0	60
Borough Treasurer & Head of Assets	10,968	1,283	0	12,251
HR & Organisational Development	0	0	0	0
Policy & Performance	655	185	0	840
	11,683	1,468	0	13,151
New Starts				
Borough Solicitor	0	0	0	0
Borough Treasurer & Head of Assets	8,388	1,704	2,954	13,046
HR & Organisational Development	0	0	0	0
Policy & Performance	90	10	0	100
	8,478	1,714	2,954	13,146
Total Capital Programme - P & C	20,161	3,182	2,954	26,297
Total Committed schemes	66,182	9,950	435	76,567
Total New Starts	36,405	19,896	14,230	70,531
Total Capital Expenditure	102,587	29,846	14,665	147,098
FINANCING				
Non spec supported Borrowing	14,238	4,035	300	18,573
Ringfenced Supported Borrowing	1,514	0	0	1,514
Unsupported Borrowing - Prudential	5,959	619	0	6,578
Government Grants	51,494	20,912	10,186	82,592
Capital Receipts	4,597	2,529	3,634	10,760
Capital Reserve	9,323	280	0	9,603
Linked/earmarked Capital Receipts	10,304	700	385	11,389
External Contributions	1,008	586	160	1,754
Other Revenue Contributions	4,150	185	0	4,335
Total Sources of Funding	102,587	29,846	14,665	147,098

Annex 5 - Service Budget and Capital Details

Total All Directorates					
Objective Analysis of Services provided in 2009/2010					
Directorates	Employees £000	Other Expenditure £000	Gross Budget £000	Income £000	Net Budget £000
People	234,301	243,451	477,752	(346,991)	130,761
Places	36,300	70,699	106,999	(59,190)	47,809
Performance and Capacity	33,408	90,616	124,024	(84,689)	39,335
Total Budget	304,009	404,766	708,775	(490,870)	217,905
Summary of Policy Proposals for 2010/2011 Budget					
					£000
People					(1,833)
Places					1,080
Performance and Capacity					1,100
Financial Impact of 2010/2011 Policy Proposals					347

People Directorate

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services	£000	£000	£000	£000	£000
Children and Families	177,973	115,815	293,788	(250,692)	43,096
Adult Services	43,205	114,376	157,581	(85,046)	72,535
Health and Wellbeing	13,123	13,260	26,383	(11,253)	15,130
Total Budget	234,301	243,451	477,752	(346,991)	130,761

Key Policy Proposals for 2010/2011 Budget

	£000
Children and Families	1,772
Adult Services	(2,995)
Health and Wellbeing	(610)

Financial Impact of 2010/2011 Policy Proposals

(1,833)

Children and Families

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services Provided :	£000	£000	£000	£000	£000
Schools (ISB)	145,296	30,713	176,009	(176,009) *	0
Learning	17,182	68,714	85,896	(66,256) *	19,640
Social Care	12,034	12,874	24,908	(1,452)	23,456
School Catering	3,461	3,514	6,975	(6,975)	0
Total Budget	<u>177,973</u>	<u>115,815</u>	<u>293,788</u>	<u>(250,692)</u>	<u>43,096</u>

(* - Note the income above includes £194.101m of Dedicated Schools Grant, shown overleaf)

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Increased expenditure on looked after children	3,700	
Investment in transformation of services	788	
Post 16 funding transfer (former Learning Skills Council)	35,000	
Post 16 (Grant Funding)	(35,000)	
Project Management to Children's Services Redesign	100	
Increased expenditure on care for homeless 16 / 17 year olds	100	
Impact of 2009/2010 outturn costs for Children's Homes	709	
Sub total		5,397
Decreases in Net Budget		
Further efficiencies from direct / commissioned services	(300)	
Reducing Out of Borough Placements (Special Educational Needs)	(150)	
Further staff reductions (in addition to 2009/2010)	(2,000)	
Review of Family Centres / Children Centres	(150)	
Children Services Redesign / Early Intervention	(100)	
Review of Transport (reducing subsidies)	(100)	
Review Residential Care Provision through exploring preventative activity	(150)	
Further more effective use of Grant Funding	(300)	
Income / charges from Schools	(375)	
Sub total		(3,625)
Financial Impact of 2010/2011 Policy Proposals		<u>1,772</u>

Children and Families - Dedicated Schools Grant (DSG)

Net Budget 2009/2010

	£000	Net Budget £000
Services Provided :		
Individual Schools Budget (ISB)		
Primary	82,729	
Secondary	87,925	
Special	5,124	175,778
Central Spend		18,323
Total Budget		194,101 *

(* - Note: this is an element of the Children and Families Service (previous page) showing the DSG part of the budget).

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Inflation requirement	4,002	
Ministerial priorities for personalised learning and special educational needs (net figure after applying decreases required to balance to the available grant)	1,582	
Special educational needs	600	
Increase in the number of free school meals	490	
Funding of specialist nurseries	61	
Revenue impact of capital schemes	130	
Continued phasing in of Individual Pupil Funding	159	
Phased changes to Special Schools funding formula	70	
Sandbach High School inflation and pupil number changes	170	
		7,264
Decreases in Net Budget		
Pupil number reductions	-913	
Net revenue savings arising from Cheshire County Council's Transforming Learning Communities Programme	-207	
Additional DSG anticipated for 2010/2011	-6,144	-7,264
		0

Note : the above figures are subject to review in the light of the latest pupil number figures which will impact on the anticipated DSG receivable.

Adult Services

Objective Analysis of Services provided in 2009/2010

	Employees	Other Expenditure	Gross Budget	Income	Net Budget
Services Provided :	£000	£000	£000	£000	£000
Joint Commissioning	6,221	62,043	68,264	(38,101)	30,163
Individual Commissioning	9,635	50,619	60,254	(17,882)	42,372
Social Care Provision	27,349	1,714	29,063	(29,063)	0
Total Budget	43,205	114,376	157,581	(85,046)	72,535

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Extra Care Housing (unachievable economies)	200	
Impact of increasing population and complex packages of care (net cost and income)	400	
Consultation, participation and engagement	125	
Sub total		725
Decreases in Net Budget		
Improve care cost procurement	(1,000)	
Review third sector commissioning	(250)	
Review of transport provision	(170)	
Review building based services / Provider Services	(750)	
Rationalisation of hot meals	(100)	
Supported Employment	(200)	
Rationalisation of Direct Payments	(300)	
Review staffing requirement	(850)	
Additional income from service users	(100)	
Sub total		(3,720)
Financial Impact of 2010/2011 Policy Proposals		(2,995)

Health and Wellbeing

Objective Analysis of Services provided in 2009/2010

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income £000	Net Budget £000
Leisure and Green Space	8,135	9,767	17,902	(8,441)	9,461
Libraries and Cultural Services	4,891	3,413	8,304	(2,776)	5,528
Health Improvement	97	80	177	(36)	141
Total Budget	13,123	13,260	26,383	(11,253)	15,130

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Free Swimming Scheme	100	
Deliver Arts, Heritage & Museums Strategy	63	
2012 Co-ordinator (Cheshire East Council part contribution)	12	
Training and Development	25	
Impact of 2009/2010 Budget Outturn Pressures	550	
Sub total	750	750
Decreases in Net Budget		
Additional Service Review in addition to 2009/2010	(200)	
Reduction in grounds maintenance provision	(160)	
Reduce funding for festivals	(10)	
Reduce third sector funding	(20)	
Review and rationalise Library Services	(150)	
Review Civic Halls and Community Facilities	(190)	
Review / outsource discretionary Leisure & Culture Services	(230)	
Further staffing restructure	(400)	
Sub total	(1,360)	(1,360)
Financial Impact of 2010/2011 Policy Proposals		(610)

CAPITAL PROGRAMME 2010/11 - 2012/13

People	Total Approved Budget £000	Prior Year Spend	2010-11 Expenditure £000	2011-12 Expenditure £000	2012-13 Expenditure £000
People					
Ongoing Schemes					
Children & Families					
Devolved Formula Capital 07-08 East	5,170	4,999	171		
TLC Dean Oak's PS	3,187	3,157	30		
TLC Sir William Stanier Comm S	21,598	21,383	215		
TLC Vernons PS Amalgamation	3,753	3,553	200		
Integrated Children's Systems (ICS) 08-09 East	922	266	656		
Devolved Formula Cap 08-09 East	5,131	2,806	1,958	367	
Gorseley Bank Floor Repair	1,768	1,697	71		
ICT Childrens Centres Ph3 East	125	59	66		
East Cheshire Minor Works Ph3	330	198	132		
Sandbach Childrens Centres Ph3	717	0	717		
East Rural Programme Ph3	150	0	150		
Brine Leas Sixth Form	7,311	3,964	3,347		
Alsager Highfields Toilet adaptations	215	200	15		
Kings Grove High School, Crewe	150	120	30		
Schools - Minor Works (Basic Need)	582	109	473		
VA Contributions 09-10	50	0	50		
Land Block 09-10	50	0	50		
Land Drainage MWK 09-10	77	57	20		
Schools - Access Initiative	668	253	415		
Devolved Formula Capital	5,693	1,500	2,500	1,693	
Extended Schools	363	100	263		
Springfield Spec School	120	90	30		
Harnessing Technology	801	467	334		
14-19 diploma	1,000	300	700		
SureStart Aiming High for Disabled Children	168	66	102		
Primary Capital Programme	324	0	324		
Cledford TLC Scheme	3,289	830	2,459		
Contact Point / Further Dev of Children's Hub/ e-CAF	382	100	231	51	
Wilmslow Specialist Sports College	616	5	611		
Capital for Kitchen & Dining Facilities	600	200	400	0	
Devolved Formula Capital in Advance	2,277	620	1,180	427	50
Primary School & YOT Extension repairs	230	40	190		
Kings Grove Mobile Replacement	790	70	720		
Stapely Broad Lane PS - Replacement of temp accomodation.	906	70	836		
Offley Primary School	845	57	788		
Christ the king Catholic & C of E PS	3,039	189	2,850		
Total Children & Families	73,397	47,525	23,284	2,538	50
Adults					
2008-09 Building Review Block	192	90	102		
Extra Care Housing	3,067	530	1,969	568	
Modernising ICT Delivery	638	498	140		
Building Review	180	0	180		
Mental Health Capital	99	33	66		
Social Care IT Infrastructure	96	11	85		
Common Assessment Framework - Demonstrator Bid	2,234	169	1,000	1,065	
National Dementia Strategy - Lincoln House	1,000	850	150		
Community Support Centre (CSC) Misters	280	108	172		
Total Adults	7,786	2,289	3,864	1,633	0
Health & Wellbeing					
Crangan Bowling Green & Pavilion refurbishment	20	10	10		
Nantwich Pool Enhancements (part-funding)	1,385	0	300	700	385
Bridges and other structures on Middlewood Way	828	725	103		
Middlewood Way Viaduct Repairs	546	488	58		
Springfield Road Allotments	36	0	36		
Alsager Skate Park/Milton Park	27	9	18		
Sandbach Park Building Refurbish	29	9	20		
Improvements to Congleton Park	35	0	35		
Play Capital	1,100	473	627		
Sandbach United Football complex	2,200	0	2,200		
Swim for Free Capital	128	108	20		
Sandbach Park	128	0	128		
Lower Heath Play Space Renewal,	120	6	114		
Congleton Park Improvements - Town Wood	82	0	82		
Total Health & Wellbeing	6,664	1,828	3,751	700	385
Total Ongoing Schemes	87,847	51,642	30,899	4,871	435

Capital Programme - People	Total Approved Budget	Prior Year Spend	2010-11 Expenditure	2011-12 Expenditure	2012-13 Expenditure
	£000		£000	£000	£000
People					
New Starts 2010-11					
Children & Families					
Schools - Basic Need	1,005	0	604	401	
Schools - Access Initiative	668	0	501	167	
Childrens Social Care	35	0	35		
Extended Schools	276	0	276		
Devolved Formula Capital	3,582	0	1,970	1075	537
Schools Modernisation Programme	3,546	0	1,773	1773	
Specialist Schools	300	0	198	102	
Hamessing Technology	765	0	510	255	
Primary Capital Programme (PCP)	134	0	134		
Targetted Capital Funding (TCF) 14 - 19 Diploma	3,000	0	2,100	900	
Sure Start Aiming Higher	391	0	391		
Electronic Social Care Records (ESCR)	350	0	250	100	
PCT Access to Child Protection Data	25	0	25		
Total Children & Families	14,077	0	8,767	4,773	537
Adults					
Adults Social Care	180	0	180		
Mental Health Capital	99	0	99		
Adult CAF demonstrator	2,000	0	1,000	1000	
Adults Protection into Paris	50	0	50		
Total Adults	2,329	0	1,329	1,000	0
Health & Wellbeing					
Radio Frequency Identification (RFID)	1,200	0	400	400	400
Total Health & Wellbeing	1,200	0	400	400	400
Total New Starts 2010-11	17,606	0	10,496	6,173	937
Total People Programme	105,453	51,642	41,395	11,044	1,372

Places Directorate

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services Provided :	£000	£000	£000	£000	£000
Environmental Services	15,897	37,116	53,013	(19,323)	33,690
Safer & Stronger Communities	5,281	3,430	8,711	(8,155)	556
Planning & Policy	6,191	2,372	8,563	(5,500)	3,063
Regeneration	8,931	27,781	36,712	(26,212)	10,500
Total Budget	36,300	70,699	106,999	(59,190)	47,809

Key Policy Proposals for 2010/2011 Budget

	£000
Environmental Services	964
Safer & Stronger Communities	190
Policy & Planning	651
Regeneration	(725)
Financial Impact of 2010/2011 Policy Proposals	1,080

Environmental Services

Objective Analysis of Services provided in 2009/2010

	Employees	Other Expenditure	Gross Budget	Income	Net Budget
	£000	£000	£000	£000	£000
Services Provided :					
Waste & Recycling	6,521	21,411	27,932	(6,733)	21,199
Highways Operations	3,787	10,556	14,343	(4,260)	10,083
Streetscape & Bereavement	5,589	5,149	10,738	(8,330)	2,408
Total Budget	15,897	37,116	53,013	(19,323)	33,690

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Waste & Recycling:		
Contract budget pressures	1,787	
Waste disposal - increased running costs	167	
Green waste - increased running costs	260	
Highways Operations:		
Street Lighting - growth in costs	100	
Streetscape & Bereavement:		
Cremations - equipment replacement costs	30	
Verge Maintenance & Public Conveniences - deferred structure savings	125	
Sub total		2,469
Decreases in Net Budget		
Waste & Recycling:		
Environmental Wardens - review of service delivery	(75)	
Highways Operations:		
Urban Traffic Control - realisation of efficiencies in service delivery	(80)	
Highways Operations - structure review	(200)	
Review of geotechnical lab	(40)	
Adjustment to operational highways budgets	(750)	
Streetscape & Bereavement:		
Transport Transformation Project	(200)	
Review of operation of highways works team	(100)	
Cremations - increased income	(30)	
Roundabout sponsorship - increased income	(30)	
Sub total		-1,505
Financial Impact of 2010/2011 Policy Proposals		964

Safer & Stronger Communities

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services Provided :	£000	£000	£000	£000	£000
Community Safety	1,381	1,029	2,410	(539)	1,871
Regulatory Services	2,967	616	3,583	(1,153)	2,430
Parking	933	1,785	2,718	(6,463)	(3,745)
Total Budget	5,281	3,430	8,711	(8,155)	556

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Community Safety:		
Reduction in penalty notice income	30	
Parking:		
Reduced car parking Income due to current recession	645	
Sub total		675
Decreases in Net Budget		
Non pay budget efficiency savings	(110)	
Review of charges	(50)	
Community Safety:		
Rationalisation of CCTV services	(40)	
Increased allocation of ring-fenced income	(40)	
Regulatory Services:		
Review of Regulatory Services	(120)	
Licensing Services - staffing structure savings	(45)	
Environmental Health - reduction in running costs	(40)	
Parking:		
Harmonisation of on-street parking enforcement	(40)	
Sub total		(485)
Financial Impact of 2010/2011 Policy Proposals		190

Planning & Policy

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services Provided :	£000	£000	£000	£000	£000
Spatial Planning	781	331	1,112	(14)	1,098
Building Control	995	130	1,125	(1,357)	(232)
Development Management	3,346	870	4,216	(3,645)	571
Housing Strategy	1,069	1,041	2,110	(484)	1,626
Total Budget	6,191	2,372	8,563	(5,500)	3,063

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Development Management:		
Planning & Land Charges reduction in income	1,235	
Transformation & GIS projects	50	
Sub total		1,285
Decreases in Net Budget		
Spatial Planning:		
Reduction in running costs	(115)	
Housing & Planning Delivery Grant income	(148)	
Building Control:		
Reduction in share of costs / time to non-fee earning activity	(56)	
Development Management:		
Reduction in running costs	(100)	
Structure review	(120)	
Housing & Planning Delivery Grant income	(50)	
Housing Strategy:		
Provide homelessness services in-house	(25)	
Reduction in running costs & additional income	(20)	
Sub total		(634)

Financial Impact of 2010/2011 Policy Proposals

651

Regeneration

Objective Analysis of Services provided in 2009/2010

	Employees	Other Expenditure	Gross Budget	Income	Net Budget
	£000	£000	£000	£000	£000
Services Provided :					
Strategic Highways & Transportation	4,573	24,678	29,251	(23,347)	5,904
Visitor Economy	2,209	1,444	3,653	(2,431)	1,222
Economic Development	1,333	792	2,125	(225)	1,900
Performance Improvement Unit	816	867	1,683	(209)	1,474
Total Budget	8,931	27,781	36,712	(26,212)	10,500

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Strategic Highways & Transportation:		
Adjustment for 2009/2010 budget outturn pressures	160	
Economic Development:		
Recession / Economic recovery projects	300	
Nantwich Food Festival pump-priming	20	
Visitor Economy:		
Tatton Biennial pump-priming	30	
Sub total		510

Decreases in Net Budget

Strategic Highways & Transformation:		
Transport Transformation Project	(300)	
Reduction in running costs	(149)	
Review of structure	(100)	
Supported bus network - reduced running costs	(51)	
Street Works - increased income	(70)	
Economic Development:		
Review of 3rd party Service Level Agreements	(150)	
Housing & Planning Delivery Grant income	(320)	
Visitor Economy:		
Reduction in contributions to projects	(50)	
Review of 3rd party Service Level Agreement	(15)	
Housing & Planning Delivery Grant income	(30)	
Sub total		(1,235)

Financial Impact of 2010/2011 Policy Proposals	(725)
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Capital Programme - Places	Total Approved Budget	Prior Year Spend	2010-11 Expenditure	2011-12 Expenditure	2012-13 Expenditure
	£000		£000	£000	£000
Ongoing Schemes					
Environmental Services					
A538 Altrincham Rd, Wilmslow-Cycle path & Assoc Wks	200	100	100		
Alderley Edge By-Pass Scheme Implementation	51,600	33,078	15,340	3,182	
Queens Park Restoration	6,477	3,588	2,889		
Crewe and Macc HWRCs	870	853	17		
Street Furniture	31	29	2		
Crematorium Plant Repairs	275	165	55	55	
LTP - Road Safety Grant	220	220	0		
LTP - Local Area Programmes - North	219	175	44		
LTP - SEMMMS - Environment Services allocation	1,158	937	221		
Total Environmental Services	61,050	39,145	18,668	3,237	0
Regeneration					
Section 278 Agreements (2007-08)	148	30	2	116	
Section 278 Agreements (2004-05)	200	175	12	13	
Section 278 Agreements (2003-04)	222	199	7	16	
Crewe Town Squares/ Shopping Facilities Refurbishment & Toilets	3,146	1,846	1,300		
Crewe Town Squares - Lyceum Square	1,866	1,266	600		
Parkgate	2,381	322	2,059		
Section 278 Agreements - (2008-09)	357	60	83	214	
LTP - Crewe Infrastructure Project	594	394	200		
LTP - Crewe Green Link Road	8,383	8,293	90		
LTP - A533 Middlewich Eastern By Pass	825	475	350		
LTP - Safer Routes to Schools	266	190	76		
LTP - Bus Quality Partnerships/Public Transport Inf	285	200	85		
LTP - Demand Management	24	0	24		
Section 278's - 09-10 New Starts	41	12	14	15	
Transport Asset Management Grant	162	132	30		
Total Regeneration	18,900	13,594	4,932	374	0
Total Ongoing Schemes	79,950	52,739	23,600	3,611	0
New Starts 2010-11					
Environmental Services					
LTP - Maintenance & Bridges	17,242	0	6,442	5,400	5,400
LTP - Integrated Transport	9,234	0	2,594	3,320	3,320
LTP - Road Safety Grant	687	0	229	229	229
LTP - Detrunked Road	950	0	950		
Crematoria - Replacement cremators	450	0	450		
Waste Infrastructure Capital Grant (WICG)	242	0	242		
Replacement Bin Stock	36	0	36		
Cemetery road and path improvements	100	0	100		
Waste PFI Procurement	500	0	500		
Total Environmental Services	29,441	0	11,543	8,949	8,949
Safer & Stronger					
Residents Parking Schemes	480	0	160	160	160
Car Park Improvements	225	0	225		
CCTV Rationalisation	815	0	815		
Urban Traffic Control Rationalisation	308	0	308		
Total Safer & Stronger	1,828	0	1,508	160	160
Planning & Policy					
Private Sector Housing Assistance Initiative	800	0	800		
Disabled Facilities Grant	1,000	0	1,000		
Affordable Housing - Assisted Purchase Scheme	300	0	300		
Total Planning & Policy	2,100	0	2,100	0	0
Regeneration					
LTP - SEMMMS	575	0	575		
LTP - Crewe Infrastructure	900	0	300	300	300
Crewe Green Link Road	300	0	300		
Town Centres Spatial Regeneration	845	0	250	315	280
Tatton - Visioning feasibility	50	0	50		
Tatton - Development	240	0	55	185	
Poynton Revitalisation Scheme	3,500	0	750	2,100	650
Total Regeneration	6,410	0	2,280	2,900	1,230
Total New Starts 2010-11	39,779	0	17,431	12,009	10,339
Total Places Programme	119,729	52,739	41,031	15,620	10,339

PERFORMANCE AND CAPACITY

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services :	£000	£000	£000	£000	£000
Borough Solicitor	3,305	2,889	6,194	(858)	5,336
Borough Treasurer & Head of Assets	18,928	85,472	104,400	(82,266)	22,134
HR & Organisational Development	3,878	305	4,183	(1,318)	2,865
Policy & Performance	7,297	1,950	9,247	(247)	9,000
Total Directorate Budget	33,408	90,616	124,024	(84,689)	39,335

Key Policy Proposals for 2010/2011 Budget

	£000
Borough Solicitor	444
Borough Treasurer & Head of Assets	(52)
HR & Organisational Development	355
Policy & Performance	353
Financial Impact of 2010/2011 Policy Proposals	1,100

Borough Solicitor

Objective Analysis of Services provided in 2009/2010

	Employees	Other Expenditure	Gross Budget	Income	Net Budget
Services Provided :	£000	£000	£000	£000	£000
Democratic & Registration Services	1,850	2,625	4,475	(716)	3,759
Legal Services	1,455	264	1,719	(142)	1,577
Total Budget	3,305	2,889	6,194	(858)	5,336

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Impact of 2009/2010 Outturn with Democratic Services	264	
Legal Services restructure (relates to outturn and compliance needs)	250	
Mayor's attendant service	21	
Additional Scrutiny officer	36	
Sub total		571

Decreases in Net Budget

Registration income generation / reduction in Civic expenditure	(89)	
Reduction in professional legal staff	(38)	
Sub total		(127)

Financial Impact of 2010/2011 Policy Proposals

444

Borough Treasurer & Head of Assets

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
	£000	Expenditure £000	Budget £000	£000	Budget £000
Services Provided :					
Building Maintenance	0	3,428	3,428	(12)	3,416
The Farms Estate	97	382	479	(553)	(74)
Facilities Management	2,866	748	3,614	(2,750)	864
Finance	4,141	3,610	7,751	(1,454)	6,297
ICT	4,471	3,281	7,752	(1,715)	6,037
Procurement	887	1,279	2,166	(2,441)	(275)
Property Services	3,043	4,411	7,454	(2,457)	4,997
Revenue & Benefits	3,423	68,333	71,756	(70,884)	872
Total Budget	18,928	85,472	104,400	(82,266)	22,134

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Asset Management - Statutory & legislative requirements	500	
Impact of 2009/2010 outturn in ICT	755	
Finance support to major projects	250	
Procurement staffing	223	
ICT support for projects that will enhance Partnership Working	250	
Improve take up of Benefits	100	
Sub total		2,078
Decreases in Net Budget		
ICT income & savings from partnership working and rationalisation	(455)	
Asset Management - Staffing Reductions/efficiencies	(211)	
Asset Management - Energy Saving from Climate Change projects *	(50)	
Savings from system optimisation and rationalisation within Finance	(139)	
Savings from targeted and collaborative procurement activity *	(1,275)	
Sub total		(2,130)
Financial Impact of 2010/2011 Policy Proposals		(52)

* Cross Cutting

HR and Organisational Development

Objective Analysis of Services provided in 2009/2010

	Employees £000	Other Expenditure £000	Gross Budget £000	Income £000	Net Budget £000
Services Provided :					
HR Delivery					
- Non-Shared Services	950	95	1,045	(346)	699
- Shared Services	1,204	63	1,267	(591)	676
HR Strategy and Policy					
- Non-Shared Services	871	69	940	(101)	839
- Shared Services	266	65	331	(235)	96
Organisation & Workforce Development	587	13	600	(45)	555
Total Budget	3,878	305	4,183	(1,318)	2,865

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Develop employee and organisational capability and capacity	150	
Supporting Organisational restructuring	111	
Employing Young People	247	
Sub total	508	508
Decreases in Net Budget		
Funding from Invest to save provision relating to redeployment post	(38)	
Reduction in recruitment costs following staff development *	(50)	
Savings from Agency contracts and Childcare scheme *	(65)	
Sub total	(153)	(153)
Financial Impact of 2010/2011 Policy Proposals		355

* Cross cutting

Policy & Performance

Objective Analysis of Services provided in 2009/2010

	Employees	Other	Gross	Income	Net
		Expenditure	Budget		Budget
Services Provided :	£000	£000	£000	£000	£000
Audit	936	68	1,004	0	1,004
Chief Executive & Partnerships	1,153	1,212	2,365	(52)	2,313
Communications	1,113	178	1,291	(67)	1,224
Customer Services	3,171	346	3,517	(66)	3,451
Planning & Performance	924	146	1,070	(62)	1,008
Total Budget	<u>7,297</u>	<u>1,950</u>	<u>9,247</u>	<u>(247)</u>	<u>9,000</u>

Key Policy Proposals for 2010/2011 Budget

	£000	£000
Increases in Net Budget		
Supporting Local Area Partnership Working	375	
Impact of 2009/2010 staffing outturn	61	
Attendance at Cheshire Shows	40	
Partnership Grants	83	
Sub total	<u> </u>	559
Decreases in Net Budget		
Harmonisation of Customer Services resources	(206)	
Sub total	<u> </u>	(206)
Financial Impact of 2010/2011 Policy Proposals		<u><u>353</u></u>

Capital Programme - Performance & Capacity	Total Approved Budget £000	Prior Year Spend	2010-11 Expenditure £000	2011-12 Expenditure £000	2012-13 Expenditure £000
Ongoing Schemes					
Borough Solicitor					
Integrated Legal ICT System	60	0	60		
Total Borough Solicitor	60	0	60	0	0
Borough Treasurer & Head of Assets					
Building Alteration & Improvements	155	129	26		
County Farms 2008-09	362	255	107		
Municipal buildings - Reg accommodation	200	0	200		
Urgent Safety Works	19	18	1		
Fixed Electrical Installation	153	68	85		
Office Accommodation Strategy	9,450	2,969	6,481	0	
Farms Estates Reorganisation & Reinvestment	1,410	160	1,250		
Building Maintenance Programme	5,645	5,445	200		
Septic Tanks-Rural Properties	315	235	40	40	
Single Revenue & Benefits Systems	444	150	294		
Transforming Cheshire - Information Management	1,484	745	36	703	
Transforming Cheshire - Improving Oracle (Shared Services)	1,770	1,132	638		
Government Connect	290	118	172		
Essential Replacement of Core ICT Infrastructure	891	713	178		
ICT Security & Research	209	167	42		
Enterprise Content Management proposal	500	200	300		
Flexible & Mobile Working	1,425	292	593	540	
Data Centre Macclesfield	495	170	325		
Total Borough Treasurer & Head of Assets	25,217	12,966	10,968	1,283	0
Policy & Performance					
Transforming Cheshire - Customer Access	428	243	0	185	
Capital Investment Scheme Grants	400	300	100		
Customer Relationship Management & Telephone System	1,705	1,150	555		
Total Policy & Performance	2,533	1,693	655	185	0
Total Ongoing Schemes	27,810	14,659	11,683	1,468	0
New Starts 2010/11					
Borough Treasurer & Head of Assets					
Building Maintenance	6,075	0	6,075	0	0
Corporate Minor Works	300	0	300		
Oracle Optimisation/Back Office Transformation	3,960	0	990	990	1,980
Essential Replacement of Core ICT Infrastructure	2,384	0	696	714	974
ICT Security Programme	185	0	185		
Internet Service Provision (renewal)	142	0	142		
Total Borough Treasurer & Head of Assets	13,046	0	8,388	1,704	2,954
Policy & Performance					
Performance Management IT System	100	0	90	10	
Total Policy & Performance	100	0	90	10	0
Total New Starts 2010/11	13,146	0	8,478	1,714	2,954
Total Performance & Capacity Programme	40,956	14,659	20,161	3,182	2,954

Annex 6 ~ Staffing Analysis 2010/2013

Staffing Analysis 2010/2013

Directorate / Service	Staffing Impact			TOTAL FTE
	2010/11 FTE	2011/12 FTE	2012/13 FTE	
People Directorate				
Children & Families	(29)	(3)	0	(32)
Adults Services	(37)	(17)	(17)	(71)
Health & Wellbeing	(25)	(15)	(7)	(47)
Sub total	(91)	(35)	(24)	(150)
Places Directorate				
Environmental Services	(13)	(27)	0	(40)
Safer & Stronger Communities	(1)	(1)	0	(2)
Planning & Policy	(5)	(10)	(4)	(19)
Regeneration	(8)	0	0	(8)
Sub total	(27)	(38)	(4)	(69)
Performance and Capacity				
Borough Treasurer & Head of Assets	(7)	(8)	(4)	(19)
HR & Organisational Development *	32	(3)	(3)	26
Borough Solicitor	9	(1)	(1)	7
Policy & Performance	(1)	0	0	(1)
Sub total	33	(12)	(8)	13
Total - All Directorates	(85)	(85)	(36)	(206)

Note

FTE = Full Time Equivalent

* includes apprentice scheme - staff will be based in Directorates

Annex 7 ~ Charges to Service Users 2010/2011

1. Charges for services represent approximately 8% of total revenue income to Cheshire East Council. The approach to setting fees & charges is to generate income from discretionary and statutory services that can reasonably reduce the impact on council tax payers in the local area whilst making sure services remain accessible to those who will benefit most from them.
2. In reaching the current budgeted position there has been an underlying assumption that income from fees & charges would increase by 2.5% compared to 2009/2010 levels.
3. The attached Pricing Schedule for Cheshire East Council mirrors the 2009/2010 prices with the addition of the proposed prices for 2010/2011. Directors and Heads of Service were asked to calculate prices to reflect feedback from users and members and to reflect the growth in costs and statutory restrictions.
4. Additional information was also requested from Directorates on the target users and the likely level of income. This additional information will support the larger review of pricing which will be undertaken during 2010/2011.