



Budget Report

2010 / 2011

Shaping Our Services

February 2010

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Foreword by Cllr Frank Keegan



The Council's vision is to "Work together to improve community life" and this Budget for 2010/2011 takes us a step closer to achieving this despite the significant emerging pressure on public finances.

This report is the first Budget produced solely by Cheshire East Council elected Members and staff, and it represents seven months of listening and planning.

Services delivered by Cheshire East Council are adapting to the modern service user. And, through significant up front investment, we aim to build services that are suited to the needs of our local citizens and are focused on the outcome of service delivery. We are also well aware of the need to get the maximum value from the resources we have.

The Council is not well funded from central Government, so we must rely on local people to understand both the financial pressure faced by the Council and how we are meeting these demands. In November we asked key local stakeholders to tell us which relative priorities they valued more or less and in January we consulted on detailed budget proposals.

There was a clear message from the consultation meetings that local services were highly valued and that maintaining service levels was important even if that came at a cost to the taxpayer. The feedback we received from these events was positive and we were pleased that our local representatives felt well informed and engaged. Can I thank everyone who attended for their time and for their attention to these pressing matters.

The £2.7m funding gap in the Pre-Budget Report has been closed following the established approach of looking at economic factors, Council Tax, Reserves and managing income and expenditure. This process has been well informed by the feedback received.

The transformation of Children's Services is considered of such high priority that £0.8m is being allocated to bring this essential work forward to 2010/2011.

Also £0.1m will be allocated to promote Benefit take up to ensure that residents receive financial support where appropriate, particularly pensioners who represent 25% of the tax base.

These important changes and a review of inflation, following consultation actually reconfirmed the gap as £2.9m. This will be funded by a below inflation increase in Council Tax of 1.7% (equal to £2.9m).

This report focuses on local people, local places and supporting local service delivery. The report highlights the fine balance between local taxes, national taxes and charging for services that must be addressed in funding the delivery of local services.

Transforming services can be costly in the short term, and while the Council is reducing staffing numbers and refocusing the workforce there will be significant pressure on financial reserves. This continues to be managed through balancing up front investment against the assessment of risk.

Throughout 2010/2011 the Council will challenge whether certain discretionary services can continue to be provided in the current climate and whether these services offer the best value to local taxpayers.

This Budget represents another step in the right direction and we will continue to engage the community and carry on working towards services that meet customer expectations.

Cllr Frank Keegan
Resources Portfolio Holder

Comment from the Borough Treasurer



The Budget process for 2010/2011 was first reported as part of the overall Business Planning process in July 2009. Officers and Members have worked together since then to provide regular updates, to consult with

stakeholders and to finally balance the position between available resources and planned expenditure.

The final Budget is based on estimates. Income and expenditure must be forecast as they are not fixed. In accordance with S.25(1)(a) of the Local Government Act 2003, I am satisfied that these estimates are robust. I have reviewed the assumptions and a formal challenge process was carried out by the Portfolio Holder – Resources and I throughout October & November 2009. This process included meetings with all Portfolio Holders and all members of the Corporate Management Team.

It is difficult to judge past performance as the Council was only formed on 1st April 2009, however, budget pressures identified in the current year are reflected in the 2010/2011 budget, again adding to the quality of the estimates.

In accordance with Part (b), of the same legislation noted above, I have reviewed the level of reserves projected in the medium term. I conclude that reserves will be adequate based on a detailed risk assessment.

The Council has ambitious plans to transform services and this has impacted on the levels of reserves in the first year of operation when up front costs have been settled.

However, risks related to increasing service demands and emergencies, such as the heavy snowfall in January 2010, have been assessed and, where financial values can be determined, I am satisfied that reserves are being maintained at an appropriate level.

Overall the process to produce the 2010/2011 Budget has been open and inclusive. This approach improves accountability to local people and organisations and the aim is to develop this even further throughout 2010/2011 and beyond.

Lisa Quinn

Borough Treasurer & Head of Assets

Overview

This Budget Report outlines proposals to support the Council's vision whilst acknowledging new financial pressures. Cheshire East Council's vision is to

Work together to improve community life

Rising inflation, demographic changes to population, rising demand for key services, new legislation and the recession all impact on the Council's financial standing.

Key proposals within the Budget Report 2010/2011:

- Investing an **additional £5.4m** in services for **Children and Families** in Cheshire East to promote the think family strategy and to safeguard vulnerable young people.
- Launching a **three-year transformational programme** to redesign services for **Children and Families** in Cheshire East through the Council and through the Children's Trust, so that up to **£3.6m efficiencies** are realised.
- Realising **£3.7m efficiency** savings from the **transformation of Adult Services** across a range of activities such as hot meal provision, transport and direct service provision.
- Transforming **Health and Wellbeing Services** by reducing their level of direct involvement in service delivery, to yield **savings of up to £2.5m** over three years (£0.6m in 2010/2011).
- Providing an **additional £2.1m** for **Waste Minimisation and Recycling** recognising rising landfill costs.
- Exploring how transport within Cheshire East can be transformed through the **Total Transport** programme, which could create **savings of up to £0.5m**.
- **Local Area Partnerships** will be enhanced through an **additional £0.4m** of funding to provide support staff.
- **Economic Recovery** in the local area will be supported by **new funding of £0.3m**.
- Making a **further £36.4m** available for **capital expenditure** supporting new projects such as investment in schools, supporting the Local Transport Plan, managing assets and making enhancements in ICT.
- Increase **Council Tax by 1.7%**, (with **£0.8m** invested in transforming services to **children and families** plus **£0.1m** invested in promoting **Benefit take-up** particularly for pensioners).
- **No Supplementary Business Rates** are being levied in 2010/2011.
- **Income from charges** for Council services **will increase by an average of 2.5%**.
- General **reserves** will remain at an **appropriate level** according to assessed risks.
- **Capital expenditure** will be financed from **borrowing of £21.7m** of which £11.8m relates to new starts and £9.9m for ongoing schemes.
- The net **capital financing costs** have increased to £13.6m, **5.6% of the net revenue budget**.

Introduction – Getting the most from this report

This section helps you to make most effective use of the Budget Report by outlining the information contained within each chapter.

Main Report

Chapter	What's in this Chapter
1. Financial Stability	The detailed funding arrangements and related issues faced by the Council. The economic factors that impact on the revenue and capital budget proposals.
2. Local People	The overall vision and approach taken in the People's Directorate to deliver services in the medium term. This is followed by details of the issues and proposals for the service areas of Children and Families, Adults Services and Health and Wellbeing.
3. Local Places	The overall vision and approach taken in the Places Directorate to deliver services in the medium term. This is followed by details of the issues and proposals for the service areas of Environmental Services, Safer & Stronger Communities, Planning & Policy and Regeneration.
4. Supporting Service Delivery	Information on the key support services such as Legal and Finance that assist the front line directorates. The chapter sets out the purpose, issues and proposals for each area.
5. Budget Impact	This chapter provides a flavour as to the impact of the budget proposals on the Cheshire East area
6. Summary of Feedback Process	Details of the budget consultation processes undertaken.

Annexes

Annex	What's in this Annex
1. A Profile of the Authority	A detailed statistical profile of the Council's administrative area.
2. Annual Minimum Revenue Provision Statement 2010/2011	Annual Minimum Revenue Provision Policy Statement 2010/2011
3. Prudential Borrowing Indicators 2010/11 to 2012/13	The calculations and an explanation of the Council's Prudential Borrowing rationale.
4. Balancing the Three Year Budget Position	Supporting financial data to chapter 1.
5. Service Budget & Capital Detail	Detailed pages setting out the policy proposals and Capital Programme for 2010/2011 divided up into service areas.
6. Staffing Analysis 2010/2013	Details of the staffing changes resulting from the policy proposals.
7. Charges to Service Users 2010/2011	Detailed schedule of the proposed 2010/2011 levels of fees and charges compared to the 2009/2010 level.

1. Financial Stability

Background

1. Cheshire East Council is a large unitary authority in the North West of England. The Council is the third largest in the area, behind Liverpool & Manchester City Councils. However, the rural nature of the area means the challenges are different. A detailed analysis of the local area, including population statistics, is provided at **Annex 1**.
2. The Council acts responsibly to balance the needs of local people against the finances available to pay for the service levels demanded. Revenue is generated from a number of sources, such as tax income, charges to service users, grants, investments and borrowing. Income and expenditure is also influenced by the economic climate in the United Kingdom, specifically interest rates and inflation. The Council estimates economic factors and potential local income over the next three years to support development of service plans.
3. The different sources of funding for local services are influenced by many factors. Approximately two thirds of funding comes from central Government but, 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. 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.
4. The current methods of calculating central Government financial support to the Council means very limited financial assistance is given due to the relative affluence of local people. 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.
5. This section of the Budget Report focuses on the local and national influences that will impact on how the Council estimates the funding available to support local services in the future.

Central Adjustments

6. The Council predicts the level of funding it will receive from Council Tax and Government grants to arrive at a total income figure. Several “central adjustments” are made to this total to withhold funding for items such as inflation, transfers to reserves etc. The total funding less central adjustments gives the amount available for service expenditure. Any items forming part of the central adjustments list have been clearly indicated as such in this report.

Grant Funding Of Council Expenditure

7. Cheshire East receives two main types of grants, Formula Grant and Specific Grants and these are defined below:

Formula Grant ~ Definition

This is a central Government allocation of Revenue Support Grant (RSG) plus income from redistributed business rates – National Non-Domestic Rates (NNDR).

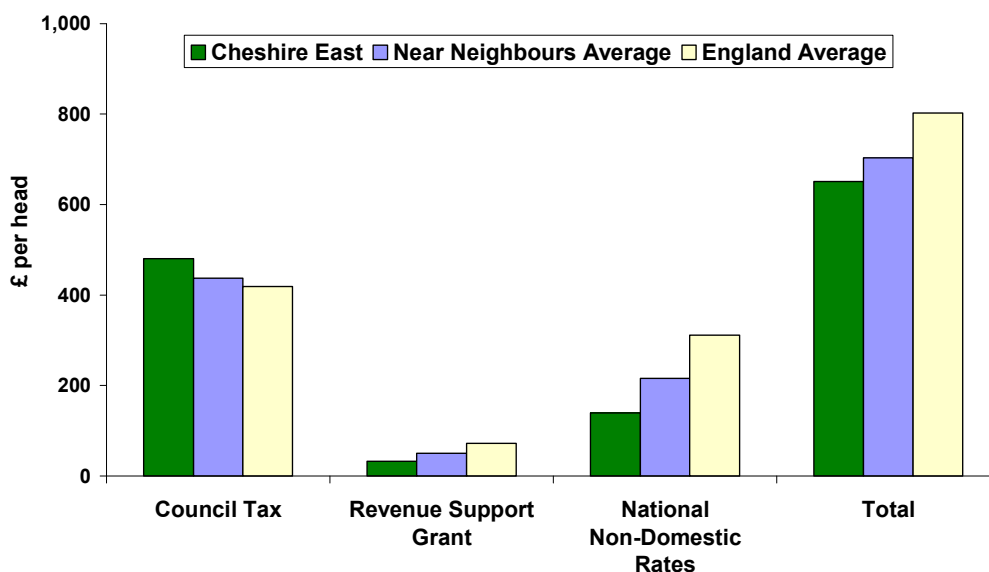
RSG is divided into four blocks:

- i. A needs assessment – relative needs formulae – is intended to reflect the relative cost of providing comparable services between different local authorities. It takes into account characteristics such as population and social structure.
- ii. A resources element – relative resources amount – takes into account the different capacity of different areas to raise income from Council Tax due to the differing mix of properties. It is a negative amount as it represents assumed income for local authorities.
- iii. A central allocation which is the same for all local authorities delivering the same services.
- iv. A floor 'damping block' in order to give every local authority a minimum grant increase. Grant increases to other Councils in the same class are scaled back in order to bring all local authorities up to the appropriate floor increase.

Specific Grants ~ Definition

This relates to targeted areas of Government financial support. Significant examples are the Dedicated Schools Grant and Area Based Grant.

8. Grant funding to Cheshire East is relatively low compared to other Councils. Even within a family group of councils, based on statistical similarities, Cheshire East receives significantly less support from grants than others. **Chart 1** (overleaf) sets out the position in relation to Council Tax, RSG (provided by central Government) and NNDR. It shows that Council Tax funding raised locally is just above our comparators and the England average, but we receive much lower levels of RSG and NNDR funding in comparison. The result is that total funding is below our near neighbours and significantly below the England average.

Chart 1: In 2009/2010 the overall funding of local services was low in Cheshire East

Source: CIPFA Council Tax Demands and Precepts Statistics 2009/2010

9. Cheshire East needs to find relatively more income from Council Tax to support local services compared to other local authorities.

Formula Grant

10. On 20th January 2009 the Department for Communities and Local Government (DCLG) announced the final Finance Settlement which sets out how much Formula Grant each local authority will receive for 2010/2011. The 2009/2010 Formula Grant represented 26% of the net Budget (that is the element of the Budget funded from Council Tax and Formula Grant) for Cheshire East Council, which was made up of 21% NNDR and 5% RSG. In terms of the gross budget, Formula Grant represented 9%, which was made up of 7% NNDR and 2% RSG.
11. The final Formula Grant for Cheshire East Council for 2010/2011 is exactly as predicted by DCLG last year at the time of the final 2009/2010 Formula Grant notification. The Formula Grant for Cheshire East and Cheshire West and Chester Councils was limited to the total amount of Formula Grant for the former authorities. Central Government calculated the indicative formula grant for the two new authorities and then apportioned the total amount of grant available between the authorities.
12. The split of Formula Grant for Cheshire East Council for 2009/2010 and 2010/2011 and the percentage change between the years is shown in table 1 overleaf:

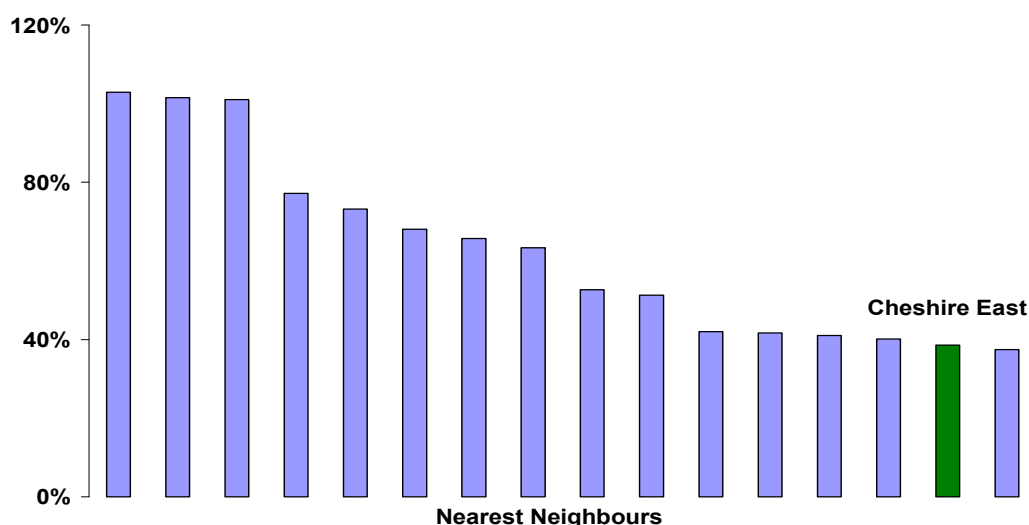
Table 1: Summary of Formula Grant Receivable

	2009/10 £m	2010/11 £m	Change %
Revenue Support Grant	11.6	8.1	-30.5
National Non Domestic Rates	50.2	55.4	+10.5
Total Formula Grant	61.8	63.5	+2.8

Source: CLG

13. Cheshire East's increase of 2.8% compares with an average increase of 2.6% for all authorities across England and an increase of 3.1% for shire unitary authorities.
14. However, Cheshire East's Formula Grant per head of £176.01 for 2009/2010 was the lowest within its group of comparable local authorities (Nearest Neighbour group). Bedford had the highest Formula Grant per head within this group at £349.25 per head.
15. There has been a decrease in the national proportion of Formula Grant coming from RSG compared to 2009/2010, from 18.8% in 2009/2010 to 12.7% in 2010/2011. The Cheshire East Council Formula Grant for 2010/2011 is split on this national proportion, with 12.7% coming from RSG.
16. NNDR is collected from businesses in Cheshire East based on their rateable value and the NNDR multiplier. This has been provisionally set by the DCLG at 41.4p in the pound for 2010/2011. The multiplier changes each year in line with inflation and to take account of the cost of small business rate relief.
17. For 2010/2011 there has been a revaluation of business properties and the multiplier has been adjusted accordingly to ensure the amount paid by businesses only increases by inflation each year. In 2009/2010 (before revaluation) the multiplier was 48.5p in the pound.
18. The amount collected is paid into a national pool and reallocated back to local authorities based on need. The element of NNDR funding retained by Cheshire East Council is low compared to the amount of NNDR collected. **Chart 2** overleaf compares the amount of rates retained against the nearest statistical neighbours.

Chart 2: In 2009/2010 only 39% of business rates collected in Cheshire East is retained for spending on Council services



Sources: CLG 2009/2010 NNDR1 returns, CIPFA Council Tax Demands and Precepts Statistics 2009/2010

19. The Formula Grant for all authorities is calculated as a whole. The actual split between RSG and NNDR does not affect the calculation of the formula grant.

Dedicated Schools Grant (DSG)

20. The Government has announced the indicative allocations of DSG for 2010/2011. They are based on Guaranteed Units of Funding per pupil. The Pupil numbers used in the calculation of the indicative grant were estimated by the Department for Children, Schools and Families (DCSF). On this basis the indicative 2010/2011 grant for Cheshire East is £200.2m. However, based on the October pupil census numbers, People Directorate is budgeting for DSG of £199.4m in 2010/2011. Final allocations of the 2010/2011 DSG will be based on actual pupil numbers in early 2010. Final allocations will not be known until May / June 2010.
21. Table 2 below shows the budgeted DSG for 2009/2010 and the estimated DSG for 2010/2011.

Table 2: DSG for Cheshire East Council

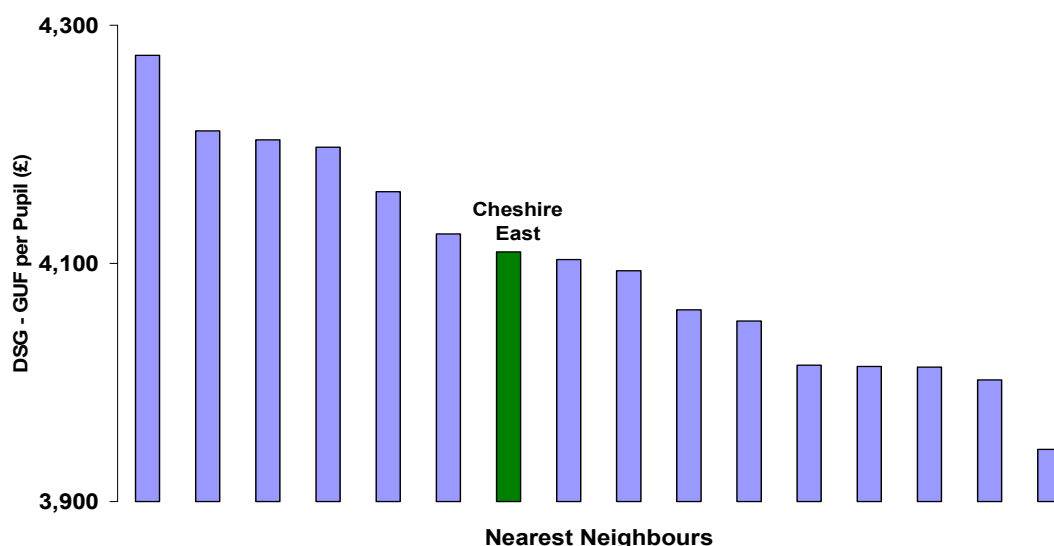
	2009/10 £m	2010/11 £m
Dedicated Schools Grant	194.1	199.4

Source: Teachernet.gov.uk

22. In the provisional DSG for 2010/2011, the Guaranteed Unit of Funding per pupil for Cheshire East Council is £4,110. When compared with the nearest neighbour group of 16 authorities, Cheshire East Council is ranked seventh highest. Cheshire West and Chester are in the highest

position with £4,275 per pupil. **Chart 3** below shows the comparative Guaranteed Units of Funding per pupil within the nearest neighbour group of authorities.

Chart 3 – Guaranteed Units of Funding per pupil 2010/2011 compared with Nearest Neighbour Authorities



Source: Teachernet.gov.uk

Specific Grants

23. In October 2008 Cheshire East and Cheshire West & Chester Councils agreed the split of the former County Council Specific Grants between the two new authorities for 2009/2010 and 2010/2011. For the majority of grants the split between East and West was made on the basis of the proposed central Government divisions.
24. However, for a number of grants, local agreements were made between Cheshire East and Cheshire West & Chester on the split of the grant.
25. There are a number of grants where the organisations that provide the service operate on a pan Cheshire basis. The organisations concerned are Connexions, Cheshire Youth Offending Team and Cheshire Drug & Alcohol Action Team. It was agreed that, although these specific grants would be split between the two authorities, they would be given directly to the organisations concerned.
26. The total estimated specific revenue grants for Cheshire East Council are as follows:

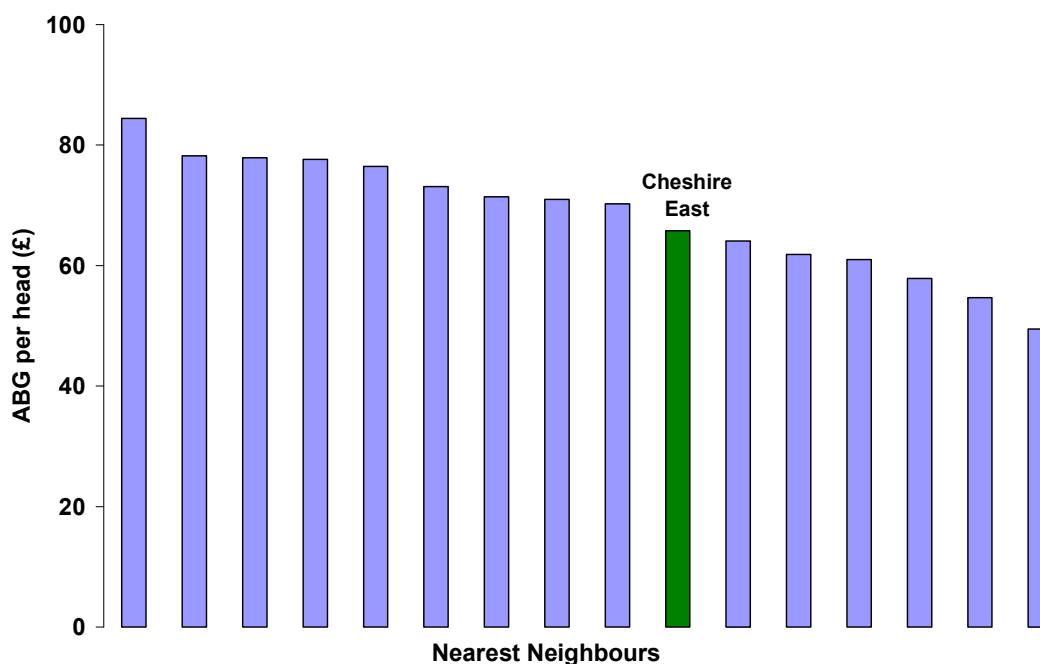
Table 3: Cheshire East Council Specific Grants

	2009/10 £m	2010/11 £m
Area Based Grant	14.9	24.0
Specific Revenue Grants	152.7	153.1

Source: CLG

27. In 2009/2010 the Supporting People Core Grant was treated as a specific grant by Central Government, but for 2010/2011 it has been moved into Area Based Grant. The movement of this £9.2m grant is the principal reason for the increase in Area Based Grant between 2009/2010 and 2010/2011.
28. There is a small net increase of £0.4m in specific revenue grants between 2009/2010 and 2010/2011. The reduction of £9.2m resulting from the movement of Supporting People Core grant into Area Based Grant is offset by estimated increases in Council Tax benefit subsidy (£1.7m), Mandatory Rent allowances subsidy (£3.9m), Early Years (£1.4m) and Sure Start (£1.2m) grants.
29. **Chart 4** (below) shows the Area Based Grant per head of population that Cheshire East will receive in 2010/2011 compared to our nearest neighbour authorities. At £66 per head of population, Cheshire East ranks 10th out of 16 authorities, compared with Herefordshire, for example, in first position (£84 per head).

Chart 4 – ABG per head 2010/2011 compared with Nearest Neighbour Authorities



Source: CLG Area Based Grant Website

Collecting Local Taxes

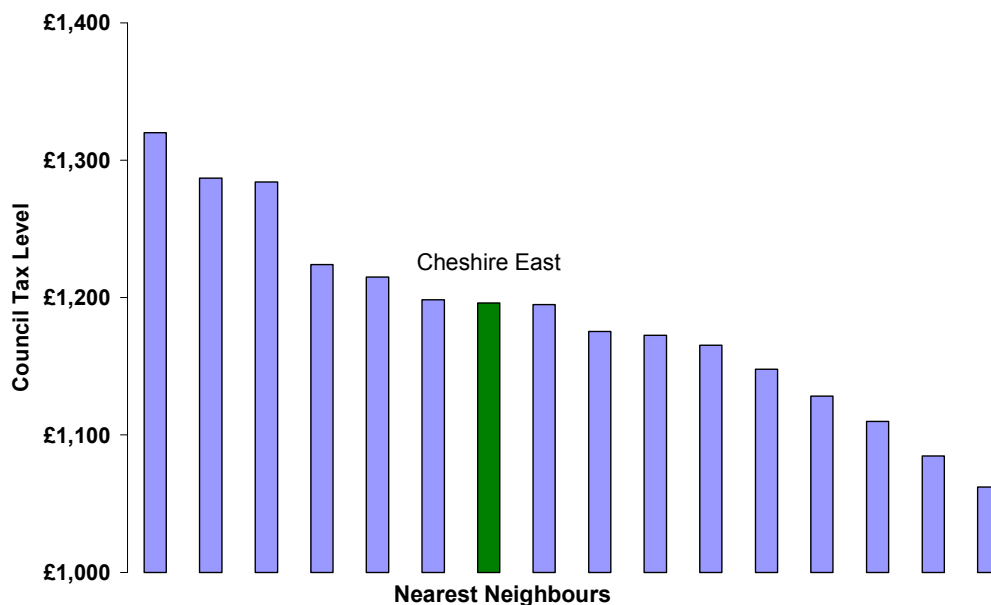
30. Council Tax provides 74% of the funding required to balance the net revenue budget and 24% of the Gross Budget. Changes to the level of Council Tax therefore have a significant impact on the available funding for services. For example a 1% change in Council Tax income equates to £1.7m of expenditure within services.

31. For the 2009/2010 budget, the level of Council Tax was harmonised based on the level in the former Macclesfield borough. This produced a very low average increase when compared to other local authorities. The Authority has managed significant cost pressures through ongoing efficiency savings and concentrating resources on priority areas.
32. The approach to Council Tax levels has been reviewed during January as part of the process to close the funding gap. The Authority is constrained by Government powers regarding the expected level of Council Tax in 2010/2011 as set out in a recent letter from Barbara Follett MP which stated :

“As I said in my statement to the House of Commons, I am pleased that the average Band D council tax increase this year was 3%. The Government anticipates this amount to fall further in 2010/2011 whilst authorities protect and improve front line services. In fact, we expect the average Band D council tax increase in England to achieve a 16 year low in 2010/2011. The Government remains prepared to take capping action against excessive increases by authorities and to require them to rebill households for a lower council tax if necessary.”

33. In terms of comparisons with nearest neighbours **Chart 5** (below) shows that the level of Cheshire East Council Tax is in the middle of the pack.

Chart 5: In 2009/2010 Band D Council Tax for Cheshire East was average when compared with Nearest Neighbours in 2009/2010



Source: CIPFA Council Tax Demands and Precepts Statistics 2009/2010

34. The table below sets out the final Budget level less Government support leaving the balance to be found from Council Tax.

Table 4 : Budget and Council Tax 2010/2011

	£	£
2010-11 Revenue Budget		240,065,000
LESS External Support :		
NNDR	55,437,042	
RSG	<u>8,049,973</u>	63,487,015
Surplus / Deficit on collection funds		0
Amount to be raised from Council Tax 2010-11		<u>176,577,985</u>
Divided by Band D taxbase		145,171.05
= Band D Council Tax		1,216.34

Source : Cheshire East Finance

35. For 2010/2011 the Band D Council Tax for Cheshire East Council has been set at £1,216.34. This represents a 1.7% increase over the 2009/2010 level with a clear commitment to use £0.8m of the additional income raised for investment in the transformation of services to Children and Families. The level of Council Tax for each band is shown in the table below:

Table 5: Impact of Cheshire East Council Tax on each Band.

Band	A	B	C	D	E	F	G	H
Council Tax £	810.89	946.04	1,081.19	1,216.34	1,486.64	1,756.94	2,027.23	2,432.68
No Dwellings	28,887	33,979	32,668	24,152	18,699	12,792	11,837	1,693

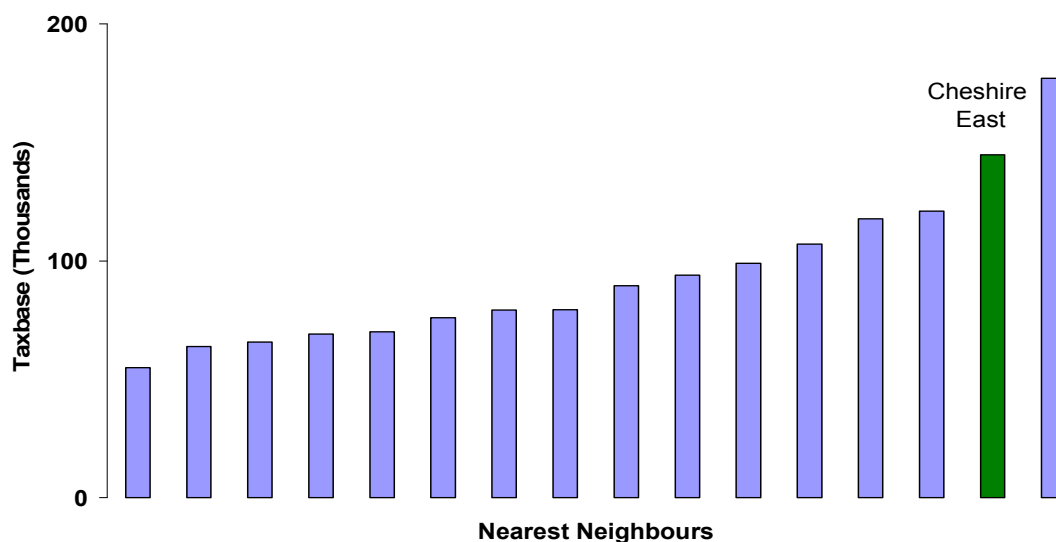
Source: Cheshire East Finance

36. During 2009/2010 a campaign to increase welfare Benefits was run by the Council. £1m of additional Benefits were paid to local residents as a consequence of this campaign. On the back of this success a further campaign will be funded in 2010/2011 with a targeted take up of £2m. The campaign will particularly focus on pensioner households.
37. A separate report will be taken to the Council meeting to set the Council Tax levels for the Council and in each Parish area.

Council Tax Base

38. The Council Tax Base represents the number of properties from which the Council is able to collect Council Tax. The Tax Base is always expressed in Band D equivalent number of domestic properties and is used to calculate the level of Council Tax.
39. The Authority formally approved the Council Tax Base in January 2010 and this will be applied in the setting of the Council Tax for 2010/2011. The gross tax base for 2010/2011 (before making an allowance for non-collection) is calculated as 146,637.42. After taking into account current collection rates, a non-collection rate was set at 1.0%. This results in a tax base after an allowance for bad debts of 145,171.05 Band D equivalent domestic properties.
40. The justification for setting the collection rate at 99.0% is that this mirrors the actual collection rates being achieved during 2009/2010.
41. In terms of comparisons with nearest neighbours, the chart below shows that Cheshire East has the second highest Council Tax Base. This is due to the much higher number of properties in Bands E to H in the Cheshire East area. This is a key factor in the low level of Government Grant received as the distribution formula assumes that the Council can raise additional funds locally. However, this does not align with the Council's wish to protect Council Tax payers.

Chart 6: in 2009/2010 the tax base is relatively high, reflecting the overall size of the Council



Source: CIPFA Council Tax Demands and Precepts Statistics 2009/2010

Collection Fund

42. The Collection Fund receives receipts from Council Tax payers and is 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 year's budget (and vice versa in the case of a surplus).

43. The estimated balance on the Collection Fund has been calculated and a net nil position is forecast for 31st March 2010. This represents an improvement on the position last year when a deficit of £0.8m was forecast at 31st March 2009.

Council Tax on Second Homes

44. During 2006 the Cheshire Local Government Association 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;
 - £47,500 to be paid into the Local Area Agreement (LAA) for supporting the delivery of shared outcomes;
 - the balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.
45. A payment of £10,000 to each participating District Council was agreed to compensate for the additional costs involved in administering this policy change. Now that Cheshire East Council is a unitary authority, there are no administration charges between County and District Councils, but a small charge is being made to the Police and Fire authorities for administration costs incurred by Cheshire East Council.
46. The final figures cannot be calculated until each precepting authority has set its 2010/2011 Council Tax, and subsequently, the additional funding will legally flow to each billing / precepting authority pro rata to precept levels during the course of 2010/2011.
47. The provisional contributions from Cheshire East are estimated to be as follows:

Table 6: Summary of Council Tax on Second Homes Payments

	2010-11 Total £000
Contribution to LAA	19
Contribution to CDRPs for the specific employment of Police Community Support Officers	109
Total Contribution by Cheshire East Council	128

Source: Cheshire East Finance

Charges to Service Users

48. In some key service areas the Council makes a charge directly to the service user. The prices charged will often be set nationally, for example Planning Application Fees, but may also be related to recovering some of

the Council's costs in delivering discretionary services such as most leisure facilities.

49. Approximately 8% of the Council's gross income is received through Fees & Charges and the prices are reviewed annually. Prices in 2010/2011 still in part reflect legacy charging policies, but Cheshire East will fundamentally review this approach during 2010.
50. The Cheshire East Council pricing structure has over 1,500 different charges and provides a comprehensive schedule of the prices for 2010/2011. Chapter 6 of this report sets out further details of the impact of Fees and Charges and a detailed schedule is included later in the document.

Council Reserves (Central Adjustment)

51. The Council Reserves Strategy 2010/2013 states that the Council will maintain reserves to protect against risk and support investment. The Strategy identifies two types of reserves:
 - *General Reserves*
 - Balances in this category are not identified for specific purposes, but will be used to cushion against the impact of emerging events or genuine emergencies.
 - *Earmarked Reserves*
 - Balances in this category are set aside for specific projects where spending will occur outside of the usual annual spending pattern of the budget.
52. Sections 32 and 43 of the Local Government Finance Act 1992 require billing authorities to have regard to the level of reserves needed for meeting estimated future expenditure. When calculating the budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report on the robustness of the estimates included in the budget and the adequacy of the reserves and these comments can be found on page 3 of this report.
53. The Cheshire East Council Reserves Strategy is contained at **Appendix C to the main report**. When reviewing their Medium Term Financial Strategies (MTFS), and preparing their annual budgets, local authorities have to consider the establishment and maintenance of reserves.
54. To assess the adequacy of unallocated general reserves when setting the budget, the Chief Finance Officer takes account of the strategic, operational and financial risks facing the authority. Setting the level of general reserves is just one of several related decisions in the formulation of the MTFS and the budget for a particular year. Account has to be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.

55. At 1st April 2010 Cheshire East Council is forecast to hold general reserves of £17.565m. This is significantly reduced from the balance inherited from April 2009 particularly due to the costs incurred in meeting transformational objectives.
56. Table 7 overleaf provides a forecast of the closing General Reserves balance as at 31st March 2011:

Table 7: Movement in General Reserves

Detail of Movements	£000	£000
Opening General Reserves at 1/4/10		17,565
<i>2010/11</i>		
Projected Use of Reserves		
- Transition Costs – Voluntary Redundancy & Staff Relocation (transferred to Earmarked)		-1,500
Projected Addition to Reserves		
- Contingent Asset (VAT reclaim)	600	
- Earmarked Reserves	42	
- Business Finance Loan Repayments	278	
- Repayment to Reserves	4,288	5,208
Closing Balance 31/3/11		21,273

Source: Cheshire East Council Reserves Strategy 2010/2011 to 2012/2013

57. The reserves position for 2010/2011, as detailed in Table 7 below, demonstrates the aim of Cheshire East Council to repay Transitional Costs and Voluntary Redundancy costs over the three-year planning period. The pay back period will be assessed for any additional cases to ensure that, overall, the Council can replenish reserves to the required level over a three year period.
58. The Budget assumes a contribution to general reserves, which is mainly necessary to repay recent costs from the Local Government Reorganisation process. The amounts to be paid back are:
- | | |
|-----------|---------|
| 2010/2011 | £4.288m |
| 2011/2012 | £5.192m |
| 2012/2013 | £6.063m |
59. Local Authorities have previously adopted a broad principle that General Fund Reserves would be prudent if equivalent to 5% of the net revenue budget requirement. Based on the budget for 2010/2011 this would equate to around £12.0m. As part of the Reserves Strategy (Appendix C to the main report), a more detailed risk assessment has been undertaken to establish the adequate level of reserves for Cheshire East Council. Risks taken into account include the financial impacts of incidents relating to:

- Health & Safety
 - Fire / Structural damage by flood etc
 - Budget Pressures
 - ICT & Security
 - Legal actions / Industrial relations / Failure of External organisations
 - A Strategic Reserve
60. From this detailed risk assessment, a current minimum reserves level of **£20.6m** has been calculated. However this does include a significant level of risk relating to the outturn position in 2009/2010, and the opening balance of general reserves disaggregated to Cheshire East Council. Should these items materialise then the forecast level of general reserves at 1 April 2010 would approximate to 5% of the net budget. The strategy will be subject to regular review during 2010/2011.
61. Earmarked reserves have also been reviewed to establish the likely balances held at April 2010. Most earmarked reserves were inherited from the predecessor authorities and have been reviewed based on both the Protocols established in the Strategy and the appropriateness for Cheshire East priorities. At 1st April 2010 Cheshire East Council is anticipated to hold earmarked reserves to the value of £9.9m.
62. From the evidence supporting this report and with regard to the current economic climate the Borough Treasurer & Head of Asset's (Chief Finance Officer's) assessment is that reserves levels at 1st April 2010 are within tolerance levels and can be considered adequate based on a detailed risk assessment. They are also considered to be adequate in terms of working balances.
63. The estimates contained within the Medium Term Financial Strategy are sufficiently robust to achieve the required repayment of reserves in the medium term following transition. The Borough Treasurer & Head of Assets (Chief Finance Officer) takes this view based on the assessment of risk particularly in regard to efficiency saving assumptions within the 2010/2011 Budget.

Corporate Risks

64. The Council manages risk by assessing the potential impacts, from future events, based on the likelihood that they may occur. Mitigating actions are then identified to reduce the exposure to risk, and appropriate plans are put in place.
65. There are five main legal and financial risks related to management of the Council's finances.
- The Council must set a balanced Budget
 - Mitigating Actions*
 - Well publicised financial planning process
 - Engagement of key members, staff and stakeholders
 - Reliable systems in place
 - Adequate in-year budget monitoring processes

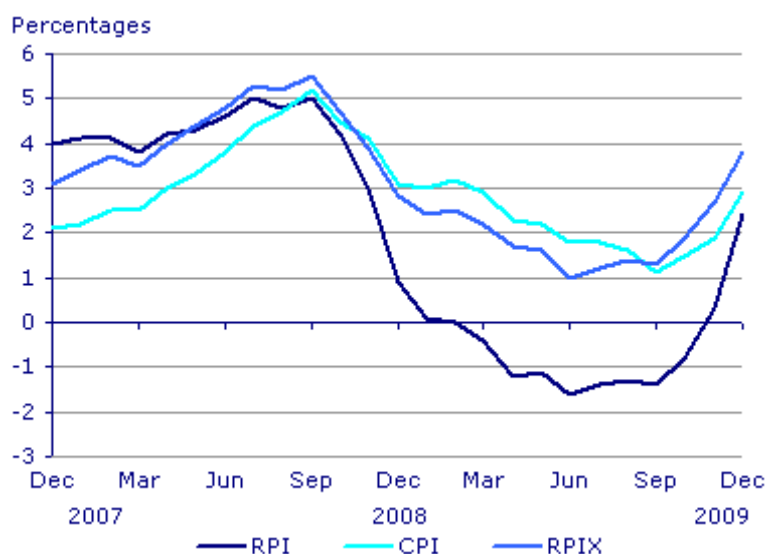
- The Council must maintain adequate reserves
Mitigating Actions
 - Establish Reserves Strategy
 - Use risk assessment to inform minimum level of reserves
 - Reflect necessary future changes in reserve levels within medium term financial planning
 - The Council must set a legal Council Tax for 2010/2011
Mitigating Actions
 - Democratic Services provide adequate processes and facilities to allow Council to meet and confirm decisions
 - The Council should provide high quality evidence to support submissions for external assessment. This can have the effect of reducing scrutiny, and audit charges that can be related to risk.
Mitigating Actions
 - Recording outcomes of budget setting process
 - Reconciling financial information to inform decision making
 - That Council borrowing will comply with the Treasury Management Strategy
Mitigating Actions
 - Establishing a Treasury Management Strategy and a Capital Strategy
 - Monitoring and reporting on the Capital Programme
 - Monitoring Prudential Borrowing Indicators
66. The approach to reporting and reviewing non-financial and performance related risk is being developed internally. Good practice from all previous authorities remains in place however, and services also carry out risk assessments of individual financial proposals in order to inform the corporate risk levels.

Economic Factors

67. The Council makes an assessment of its Financial position over the next three years by using a model known as the financial scenario. It is based on a series of planning assumptions (for example: estimated inflation rates). The planning assumptions were determined in July based on an assessment of their future values and are regularly reviewed throughout the process.

Inflation (Central Adjustment)

68. The 2009/2010 budget includes provision of £1.6m for inflation (2% for non-pay, 0% for pay). This is based on latest Consumer Price Index (CPI) forecasts to the end of 2010 and the current economic climate. **Chart 7** (overleaf) shows recent trends in inflation up to the end of 2009. CPI rose in December and is expected to rise further in the next few months due to higher commodity prices (VAT has reverted to 17.5% from January 2010), although it is not clear what impact this will have on forecasts to the end of 2010/2011.

Chart 7: Inflation rose towards the end of 2009

Source: Office of National Statistics

69. Exceptional inflation of £0.7m relating to Landfill Tax has been included within the budget for the Places Directorate. Other potential key inflation pressures relating to various contractual agreements e.g. Residential / Domiciliary Care, Roads Maintenance, Waste Management have not emerged for 2010/2011.

Employee Pensions (Central Adjustment)

70. Based on a current view of the Cheshire Pension Fund it is expected that there will be no increase for 2010/2011 and a relatively modest increase in pension costs of £0.646m in 2011/2012.

Interest Rates

71. The latest economic forecast predicts that the UK faces a long road to recovery and that growth will be modest in 2010. Growth is more likely to be slow and uneven, more “W” than “V” shaped. Most city economists predict that the central bank will not start tightening policy until late 2010 at the earliest, as the Bank of England has forecast that the weak economy will put downward pressure on inflation, pushing it below its 2% target by mid-2010. The CBI estimates the economy will grow by 1.2% next year and 2.5% in 2011, which is well below Government forecasts.

Capital Programme Funding

72. The total estimated level of capital expenditure in 2010/2011 and the proposed method of funding are set out table 8 below and further details are provided in Annex 4. A full review has been undertaken to ensure that only those schemes which meet the priorities of the Council are included in the programme.

Table 8: Capital Expenditure and Funding 2010/2011

	£m
Total Capital Expenditure	<u>102.6</u>
FINANCING	
Non spec supported Borrowing	14.2
Ringfenced Supported Borrowing	1.5
Unsupported Borrowing - Prudential	6.0
Government Grants	51.5
Capital Receipts	4.6
Capital Reserve	9.3
Linked/earmarked Capital Receipts	10.3
External Contributions	1.0
Other Revenue Contributions	4.2
	<u>102.6</u>

Source : Cheshire East Finance

73. A large part of the programme is funded from borrowing (21.7m), including £6m of Prudential Borrowing. The financing of capital expenditure from borrowing allows the cost to be spread over future years. This means that the cost of financing capital expenditure for schools, highway improvements and so forth is more likely to be met by those who use the assets than would be the case if the full cost of providing these facilities were to be met by taxpayers at the time of their construction.

Capital Financing Costs (Central Adjustment)

74. The capital financing budget for 2010/2011 is set out in the table overleaf and includes the following:
- amounts charged in respect of the repayment of outstanding debt;
 - direct revenue funding;
 - the amount of interest payable on the Council's portfolio of long term loans;
 - contributions from services towards the cost of prudential borrowing;
 - interest the Council anticipates earning from the temporary investment of its cash balances during the year.

Table 9: Capital Financing Budget 2010/2011

	£m
Repayment of outstanding debt	7.86
Revenue Funding (net of service contributions)	0.71
Interest on long term loans	7.83
Contribution from services towards the cost of borrowing	(1.70)
Total Debt Repayment	14.70
<u>Less</u> Interest receivable on cash balances	(1.12)
Net Capital Financing Budget	13.58

Source: Cheshire East Finance

75. The Local Government and Public Involvement in Health Act 2007 places a requirement of all councils to approve a policy on how the amount provided in respect of the repayment of debt is calculated prior to the start of the financial year concerned. The Policy for the year 2010/2011 is contained in **Annex 2**. The budgeted provision for the repayment of debt in the year 2010/2011 has been broadly calculated as 4% of the estimated outstanding debt at the end of the year 2009/2010 with a small number of exceptions. These exceptions comprise capital expenditure on capital projects that have been funded through prudential borrowing.
76. The amount charged in respect of the repayment of debt is currently just above the generally accepted prudent minimum. The amount provided for debt repayment is also below the amount of capital expenditure being funded from borrowing in each of the next few years and as a consequence the amount of debt outstanding is increasing each year. In order to stabilise the Council's borrowing position, the amount of Prudential Borrowing undertaken to finance new capital schemes has been limited to circumstances where the additional debt can be serviced by either revenue savings or efficiency gains.
77. The amount of interest paid on the Council's portfolio of long term loans is mainly at fixed rates of interest (circa 4.9%). This provides a degree of certainty to the capital financing budget. The rate of interest payable on the £21.7m of new long term loans that it is planned to raise during the year 2010/2011 is budgeted to be 4.5%. Currently long term interest rates are around 4.5%. However, the Council will use internal balances where possible to reduce the costs in the short term of external borrowing.
78. The rate of interest to be earned on the Council's cash balances that are temporarily invested pending their being used (estimated at £90m) is budgeted to be 1.25%. The investment of cash balances will be carried out in accordance with the Treasury Management Strategy.

Prudential Indicators

79. 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. CIPFA issued a revised Code in November 2009.
80. Prudential Indicators are the means whereby local authorities are able to ensure decisions made on the mix between revenue and capital expenditure are made on an informed basis that is prudent (i.e., does not result in too high a level of external borrowings) whilst at the same time sustainable (i.e., does not result in excessively large increases in Council Tax bills). The Prudential Indicators for 2010/2011 to 2012/2013 are set out in **Annex 3**.

3C Waste (Central Adjustment)

81. Following the sale of 3C Waste by Cheshire County Council in 1998 the Authority has received income linked to the sale by way of royalties for the use of landfill sites. These royalties have diminished in recent years and will cease completely in Sept 2010 when the agreement for the use of the final site, Maw Green, runs out. Cheshire East Council inherited part of the 3C Waste income budget from the former County Council and the budget has been managed on an interim basis on behalf of the Authority by the Finance Service. An additional provision of £0.2m has been included in 2010/2011.

Transitional Costs (Central Adjustment)

82. 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 to meet these costs.

Phasing Adjustment for Savings (Central Adjustment)

83. This provision is intended to provide sufficient time to deliver the savings arising from re-organisation. The ICT service has identified several items and a balance of £0.2m has been made available.

Summary of Central Adjustments

84. A summary of the central adjustments described above is set out in table 10 below. These are deducted from available income to arrive at the amount available for service expenditure.

Table 10 : Summary of Central Adjustments 2010/2011

	£m
Contribution To / (From) Reserves	4.3
Inflation	1.6
Capital Financing	13.6
3C Waste (fallout of rent income)	0.2
Transitional Costs	6.5
Phasing Adjustment for Savings	0.2
Total	26.4

Source: Cheshire East Finance

Development of Policy Proposals and the Capital Programme

85. The 2009 Pre Budget Report was presented with funding gaps for revenue and capital. Further work has been undertaken in January to arrive at the balanced position set out in this document.
86. A summary of the development of the policy proposals and the capital programme being incorporated in the Budget is set out in **Annex 4**.

Efficiency Savings

87. The Government has set a challenge for the public sector: to build on the progress already made in enhancing value for money and further embed a culture of innovation. All public services have been set a target of achieving at least 3% net cash-releasing value for money gains per annum over 2008/2009 to 2010/2011.
88. Councils no longer have an individual efficiency target, unless agreed as one of the Local Area Agreement (LAA) targets. Achievement is monitored by a single national indicator for Value for Money called NI179.
89. In addition to other reporting and scrutiny arrangements, Councils are required to show efficiency achievements against the NI179 measure on the face of Council Tax bills. This is intended to further increase public awareness and accountability. The figures quoted include data from 2008/2009 and therefore the performance of the predecessor authorities will be added to data from 2009/2010 and included on the next set of Council Tax bills for Cheshire East Council.

90. The Government has stated that there is considerable potential from effective harnessing of efficiency and innovation techniques, such as smart procurement and service redesign. There are also a number of national initiatives such as the Operational Efficiency Programme and Public Value Programme which can help to spread best practice.
91. In relation to the Business Planning Process for 2010/2013 Cheshire East did not set a specific target for efficiency savings from Directorates. This was justified on the basis that a significant level of efficiency savings were forecast to be delivered for 2009/2010 and the need to achieve savings of £5m to £6m in 2010/2011, before any growth pressures were factored in, would deliver a sufficient level of efficiency savings for NI179 purposes.
92. The policy proposals put forward later on in this document include efficiency savings of £7.7m in 2010/2011. Table 11 below summarises achievements to date for the three year period under review and shows the Council is making good progress

Table 11: Progress on efficiency savings

Year	Current Position	£m
2008/2009	Outturn (Cheshire East Share)	7.6
2009/2010	Forecast Outturn	9.7
2010/2011	Budget	7.7
Three Year Total		25.0

Source: Cheshire East Finance

93. The total savings in 2008/2009 and 2009/2010 of £17.3m will be shown on Council Tax demand notices together with the equivalent information for Cheshire Police and Cheshire Fire. The total for all three authorities will be expressed in Band D household equivalents.

2. Local People

Vision and Transformation

94. The Council's vision is to **work together to improve community life**. The People Directorate is a set of services committed to making their distinctive contribution, collectively and individually, to fulfilling that Vision.

95. The services in the People Directorate are varied, but they have coherence in a shared purpose, which is to:

Improve the wellbeing, health and care of all Cheshire East's people.

96. The staff and managers of the People Directorate are working hard to transform that set of services. Many services are already good, but if they are to be relevant to changing circumstances and expectations, they need to be transformed.

97. The task in transforming the services is to make them more:-

- **Local** Services more fully based out in localities and where appropriate, owned in those localities so that they are more easily accessible and more readily responsive to local people.
- **Joined Up** Services more extensively co-located with those of partners, and based out in non-Council settings locally.
- **Sustainable** A smaller set of services, built around the Council's core businesses and affordable with the resources likely to be available.
- **Focused on Outcomes** A more tightly focused set of services, directed towards achieving agreed objectives and outcomes.
- **Preventive** Services which give much higher priority to prevention, on the basis that increasing numbers and rising expectations cannot be addressed by continuing increases in expenditure, and that therefore the task will have to be much more about helping people to help themselves and about diverting them from, and delaying their take-up of, costly interventions.
- **Innovative.** Services which encourage their staff to use their experience, intelligence and creativity to solve problems and to improve the experiences of those who use the services.
- **High Quality** A set of services committed to enhancing quality, both in their own delivery, and in the delivery of those partners and players in respect of whom it has a commissioning, supportive or regulatory role.

Current Issues

98. Increasing numbers of people needing help, rising public expectations and reducing resources all mean that “more of the same” will not be sustainable. For that reason there are programmes of transformational work across the whole Directorate – work on the redesign of children’s services, on redesigning adult social care and on reviewing leisure services and library services.
99. Personalisation and prevention will be key themes running through that transformational work. Personalisation is all about giving people more choices and more control over the resources available to them. The prevention agenda becomes crucial, for it will become increasingly important to keep down care costs.
100. That analysis is shared by our partners within the NHS locally. The “Integrated Care Programme” initiative brings the Council and the NHS together around shared imperatives to improve the quality of services and reduce their costs. That initiative will initially focus upon three key areas - Children’s Services, those in need of urgent care and households whose needs are complex and expensive.
101. The challenging context is likely to require a shift in the balance between universal services and targeted services, towards the latter. That will be particularly evident within Health and Wellbeing Services. Spreading an even layer of services across the whole area is likely to prove more and more difficult.
102. Getting services to be more local will become an increasing pre-occupation. Locally based multi-professional teams will be developed in both Children’s Services and Adults Services. Case committees are to be developed on a locality basis bringing a wide range of professionals together to focus concerted attention upon individuals and families causing particular concern and expense. Directorate services will support and engage in locality commissioning, working constructively with Education Improvement Partnerships and local Primary Care clusters. In support of that Locality Commissioning, work will be done to improve understanding of local needs, particularly through the development of the Joint Strategic Needs Assessment. Where possible services, responsibilities, and resources will be shared with Parish and Town Councils.
103. It will become increasingly important to operate both on the horizontal dimension and the vertical dimension. Horizontally, opportunities will be sought to develop and pursue cross-cutting themes, given that people live their lives across services, not within them. A Think Family strategy is to be developed. Health and Wellbeing services will take the lead in developing a Health Improvement Strategy across the whole of the Council.
104. There is a heightened focus nationally upon the issue of safeguarding. While streams of transformational work are taken forward it will be crucial

to ensure that eyes are not taken off the “safeguarding” ball. The safeguarding of children and the safeguarding of vulnerable adults will be taken forward both through Council services and on a multi-agency basis through independently chaired boards.

SERVICES FOR CHILDREN AND FAMILIES

Emerging Pressures

105. An inherited overspend from the former County Council and a serious disaggregation deficit within the children’s residential sector have caused significant financial pressures from the outset with a budgetary impact in 2010/2011 of £0.7m.
106. A significant increase in the number of children in the cared for system, together with the associated staffing costs, have caused great financial pressure resulting in the budget required in 2010/2011 of £3.7m.
107. The numbers of referrals for service have increased. It is still not clear at what level demand will begin to plateau and how far it is realistic to expect to be able to contain that demand. Consequently, it has yet to be determined what level of resource in the social care part of the service is going to be necessary in the medium and longer term. That will impact upon the structure developed for Children’s Services.
108. Transforming the service to shift the focus to preventive action and early support, will reduce the need to make high cost specialist interventions and reduce the overall numbers of children who are Cared For, strengthen the Council’s ability to safeguard children, whilst also maintaining the vitally important universal services for children across the Borough. An investment of £0.8m has been included as a contribution to take this Transformation programme forward.
109. Some shortcomings have been identified in current practice through the external auditing work which was undertaken at the beginning of the Council’s life. Costs will therefore be incurred in supplementing the current workforce with interim posts and in undertaking remedial work helping to transform the service. The redesign and transformation of the service will result in a more focussed service that will allow an overall anticipated reduction in staffing costs from 2010/2011.
110. The costs of care are rising, which will demand ever tighter gate-keeping of access to expensive placements and resources.
111. There continues to be a surplus of school places, with a reduction in pupil numbers in 2010/2011 resulting £0.9m less funding being available to schools via the Dedicated Schools Grant. It will be crucial, in the context of the Children and Young Peoples Plan, to develop a coherent commissioning strategy for children’s learning. Many of our schools deliver excellent results, but some are not improving as much as they could, and a few have declining performance. It will be important to put the necessary resources into the task of raising school attainment.

112. Nationally there is to be a change in the funding regime for the post 16 education with an estimated £35m transferring to the Council from the Learning and Skills Council. The £35m grant will support schools and colleges for the 16 to 19 age group within the Cheshire East area. The budget proposals assume that all funding received will be passed onto the schools and colleges within the area.
113. It is intended to maximise the use of grant funding, and ensure that where appropriate schools are charged for service and support currently supported from the Council's base budgets, which will result in an overall reduction in the cost to the Council through these grant funded services of £0.7m in 2010/2011.
114. The Council faces a shortage of special needs provision for children, as a consequence of the disaggregation of former County Council resources. It will therefore be necessary to commission new provision within Cheshire East itself.
115. There is a need to reprofile the staffing requirements of the Service to more effectively target key areas of activity. This links to the other business proposals, in particular the focus upon early intervention, the residential review, and the move to ensure that support provided to schools is either found from within the Dedicated Schools Grant or is self-financed in some other way. There will be a reduction in the overall staffing complement of the Service with some targeted growth in key areas. This process is expected to result in savings of £2m.

SERVICES FOR ADULTS

Emerging Pressures

116. The pressures on services for adults arise both from increases in numbers and increases in the complexity of needs, resulting in an increase of £0.2m in 2010/2011.
117. The population of Cheshire East is older than the average population of England. It is also becoming older and consequently the number of older people within the population will increase very significantly. Those increases are particularly marked in the 85 years and older age category, which characteristically generates the greatest demand upon social care and health services, with increased costs of £0.2m reflected in the budget proposals.
118. A particular challenge arising from the increasing number of older people is that of Dementia. A modest start has been made on re-modelling the inherited Community Support Centres for older people in order to develop some specialist provision for older people with Dementia. The objective must be to ensure across the whole of Cheshire East an appropriate and adequate pattern of such specialist provision.
119. In the field of Services for Adults with Learning Disabilities there are similar pressures from increasing numbers. More and more of the

children who have learning disabilities are surviving early childhood and most of them eventually require services for the duration of their adult lives. Additionally, the length of those adult lives, with improving medical treatment, is increasing. There are also increases in the complexity of needs which require support and intervention.

120. The costs of care for adults are increasing greatly. The Council has inherited a Pooled Budget for Services for Adults with Learning Disabilities jointly with the Primary Care Trust. There has been a persisting pattern of overspending on that budget, which causes serious difficulties. It will become increasingly necessary to exercise tight gate-keeping to restrict access to very expensive, continuing care inputs.
121. Mental Health Services have suffered from relatively little investment over the years in comparison with other services to adults. However, it is increasingly apparent that mental health problems have an enormous impact upon the local economy. Re-engineering the local system in order to direct greater attention towards low key mental health problems will be a major challenge. Mental Health Services will be a focus of attention as the Think Family strategy is developed.
122. A large-scale transformational programme is under way to redesign Adult Social Care, which aims to reduce care costs by in excess of £4m per annum over the next three years. The push is to move away from traditional service responses – bussing large numbers of people to Council-run, building based services. This is a radical agenda, which fundamentally changes the dynamic between the Council and people who are looking for help. A great deal has already been invested to promote the necessary cultural change, to bring about substantial shifts in service design and to manage some of the workforce implications. Continuing investment will be needed to carry that programme forward to successful completion.
123. Key elements of the programme include :
 - Reducing care costs by proactive procurement negotiations. This reflects the deflationary impact of the recession and is consistent with the approach being adopted by key partners. A saving of £1m is included for 2010/2011.
 - A focus on reablement activity (reducing longer term needs) and the introduction of personal budgets which will encourage more ‘maintenance’ needs to be met by the independent sector. This will allow in-house services to be rationalised and streamlined, focussing on ‘last-resort’ and more complex service provision based in fewer centres serving fewer Service Users. A saving of £0.75m has been included in the Budget proposals.
 - Reviewing the overall staffing requirement to examine how Social Worker skills should be targeted (for instance, towards safeguarding vulnerable adults, quality monitoring, managing transitions from Children’s Services to Adult Services and doing complex case work), and ensure sufficient provision and appropriate management and support within each area to meet demands. A saving of £0.85m is proposed.

HEALTH AND WELLBEING

Emerging Pressures

124. The Health and Wellbeing Service faces significant challenges which arise both from currently declining income in some parts of the service and inherited income targets which are unrealistic in other parts of the service. There are also issues with increasing utility costs. The Budget includes growth of £0.55m to resolve these on-going issues. Moreover, the financial impact of the introduction of free swimming remains to be clarified, but will further worsen the income position currently estimated at £0.1m.
125. Several of the leisure centres within Cheshire East are in a relatively poor physical condition. Unless radical transformation of the leisure centre estate is undertaken, the Council will be obliged year after year to spend significant amounts upon repair and maintenance.
126. The Museums Service is relatively small and what resources are available are largely committed to supporting existing museums. The challenge will be over time to shift the focus of the service away from the maintenance of those building based collections, much more in the direction of making artefacts and materials available to the people of Cheshire East more widely across the area, in a much greater variety of settings.
127. There are transformational ambitions to bring the Council's Customer Contact Strategy and the Council's Library Services Strategy together, so that libraries can offer an effective customer contact service. However, to free up human resources in support of that transformation it will be necessary to continue to invest in the technology which enables self issue and self return of books.
128. The Council is looking at discretionary leisure and cultural services and challenging spending in this area. The Health & Wellbeing Service is currently involved in providing golf courses, a theatre and a cinema. Improving cost efficiency in these areas will not be easy but could result in annualised savings of £0.6m.
129. In this service area too, there will be the challenge of bringing about a shift in the balance between universal services and targeted services. If, for instance, health gain is to be effectively promoted it will be necessary to undertake more targeted outreach in terms of generating involvement in sport and exercise on the part of particularly deprived and vulnerable groups within the community.
130. A real challenge for Health and Wellbeing Services is their role in underpinning all that the Council does. It will be necessary therefore to develop effective, cross-cutting approaches. An example is the development for the whole authority of a Corporate Health Improvement Strategy.

Summary of the Revenue and Capital Position

131. The tables below summarise the Revenue Budget and Capital Programme for the People Directorate.

Table 12 : People Budget Summary 2010/2011 ~ see Annex 5

	2009/2010	Policy	
Services	Budget	Proposals	Total
	£m	£m	£m
Children and Families	43.1	1.8	44.9
Adult Services	72.5	-3.0	69.5
Health and Wellbeing	15.1	-0.6	14.5
Total	130.7	-1.8	128.9

Source: Cheshire East Finance

Table 13: People Capital Programme Summary 2010/2011 – see Annex 5

	2010/2011
	£m
People	
Committed schemes	
Children and Families	23.3
Adult Services	3.9
Health and Wellbeing	3.7
	30.9
New Starts	
Children and Families	8.8
Adult Services	1.3
Health and Wellbeing	0.4
	10.5
Total Capital Programme - People	41.4

FINANCING

Non spec supported Borrowing	3.2
Ringfenced Supported Borrowing	1.5
Unsupported Borrowing - Prudential	2.5
Government Grants	30.5
Capital Receipts	0.7
Capital Reserve	0.3
Linked/earmarked Capital Receipts	2.0
External Contributions	0.5
Other Revenue Contributions	0.2
Total Sources of Funding	41.4

Source: Cheshire East Finance

Annex 6 sets out the staffing impacts of the above proposals.

3. Local Places

Vision and Transformation

132. The Council's vision is to **work together to improve community life**. The Places Directorate is a set of services committed to making their distinctive contribution, collectively and individually, to fulfilling that vision.

133. The Places Directorate is responsible for the delivery of a wide range of varied services including Environmental Services, Safer and Stronger Communities, Regeneration and Planning and Policy, which have coherence in a shared purpose, which is to:

Create and maintain a quality environment to promote prosperity and wellbeing.

134. The Places Directorate faces many opportunities and challenges and is working hard to transform services to ensure they are more:

- **Local** Services more locally focussed and, where appropriate, are managed and delivered by local communities so that they are more easily accessible and more readily responsive to local people.
- **Joined Up** Services are more extensively co-located with those of partners.
- **Sustainable** A range of services, delivering the Council's responsibilities and ambitions in an affordable and efficient manner.
- **Focused on Outcomes** A more tightly focused set of services, directed towards achieving agreed objectives and outcomes.
- **Innovative** Services which encourage their staff to use their experience and creativity to solve problems, and to improve the experiences of customers.
- **High Quality** A range of services committed to enhancing quality, both in their own delivery, and in that of partners and suppliers.
- **Forward looking** Focusing on the major strategic challenges which will face Cheshire East in future years including demographic changes, climate change and economic conditions.
- **Customer focused** Committed to designing and delivering high quality services that meet the changing needs of customers whilst delivering high levels of customer satisfaction.

Current Issues

- 135. Developing local solutions and devolving service provision whilst both maintaining / improving quality and realising resource efficiencies.
- 136. Ensuring future services are flexible to meet the changing needs of customers. Increasingly providing greater levels of choice whilst maintaining a core level of service to all.
- 137. Ensuring that Cheshire East benefits from any upturn in the economy and that the Council can facilitate investment and encourage growth and prosperity.
- 138. Planning effectively for the future through the development of major strategic plans, including contributing to the Sustainable Community Strategy and leading on a new planning and transport investment framework.
- 139. Linking effectively with our key neighbours in Cheshire West and Chester and Greater Manchester to join up on major issues such as transport and housing.

ENVIRONMENTAL SERVICES

Emerging Pressures

- 140. Cheshire East householders generate above average waste levels and this issue of consumption drives costs upwards and impacts on the Council's responsibilities for the wider environment, sustainability and carbon footprint. Increased landfill tax and additional cost factors will also provide pressures to the service next year, reflected in the £2.2m increased spending plans compared to budgeted resources for 2009/2010. A large-scale transformation in how we deliver waste services is underway.
- 141. The Council is working with Cheshire West and Chester Council to develop a long-term solution to managing residual household waste. At present the two Councils send to landfill approximately 190,000 tonnes of residual municipal solid waste per year. This is not sustainable in the long term and the Council is considering the potential for using a Private Finance Initiative to ensure that future landfill allowances are met and fines avoided. We are also seeking a solution that will deliver an infrastructure that will provide security for the future management of municipal waste.
- 142. The Council has a duty to maintain the safety of Cheshire East's road network and this is one of the key areas highlighted consistently through public consultation. One of the challenges facing the service is to ensure that more can be achieved within current investment levels through greater prioritisation and management of annual revenue budgets and Capital Programme resources.
- 143. To manage the overall pressure on the revenue budget there will be a temporary transfer of £0.75m of highway maintenance expenditure from the

revenue budget to the capital programme. There will also be a review of Highways Operations and the highways works team to generate savings of £0.3m.

144. Devolving service delivery through working with Local Area Partnerships of activities such as public toilets, street cleansing and grounds maintenance will require a major change in the way in which current services operate. This approach will need to be developed jointly with local partners and will need to be flexible to respond to local need and capacity. A corporate reserve of £625,000 has been earmarked to enable the development of local area working in respect of a range of Places and People services.

SAFER AND STRONGER COMMUNITIES SERVICE

Emerging Pressures

145. The Council will continue to develop its car parking policy which aims to provide adequate safe and secure off street car parking that helps encourage business activity and improves traffic flows through towns and suburbs. There are continuing pressures on car park income targets linked principally to the recession, as reflected in the reduction in income budget of some £645,000 for next year, 10% of the budgeted level in 2009/2010.
146. A major project for next year will be the integration of CCTV and traffic signal control systems to consolidate the equipment and management of a unit which will monitor our highway network and town centres. This will require capital investment of some £1.1m in the short term but will mean a more co-ordinated efficient service in the medium-term.
147. The Council will continue to support the Cheshire East Crime and Disorder Reduction Partnership and integrate service delivery with local policing policies. One of the challenges facing the service is to ensure the provision of Community Wardens is prioritised effectively.
148. Our Regulatory Services function will move towards a much more integrated approach over the next year, resulting in a more efficient service and creating a balance between prosperity and protection. This is aimed at supporting businesses, particularly during these difficult times. Together with a wider review of non-pay budgets and charges this will result in savings of £0.4m in 2010/2011.

PLANNING AND POLICY SERVICE

Emerging Pressures

149. In housing the economic down turn has slowed the delivery of affordable housing through conventional market housing developments. This comes at a time when rising unemployment and reduced incomes are increasing the demand for lower priced housing. The Council will need to find new and innovative ways of providing affordable homes, including enhanced partnership arrangements. Similarly the advent of the Homes & Communities Agency as a housing and regeneration funding body, also creates new opportunities but also demands additional Council input.

Funded by a new allocation of Housing & Planning Delivery Grant, £300,000 has been added to the Capital Programme, supplementing the significant resources in capital receipts and developers' contributions already earmarked for Affordable Housing initiatives.

150. In Development Management the current recession in the building industry continues to affect income, but without the proportionate drop in workload; a reduction in income of £1.2m, some 34% of that budgeted for 2009/2010, has been anticipated for next year. The service has also commenced a major transformation programme which aims to streamline the processes which previously underpin four disparate systems. This has potential to deliver significant improvements in efficiency and customer service, but requires short term resource to see through the change-programme, largely funded through Planning Delivery Grant inherited from the predecessor authorities and including some £500,000 on systems development. There is also a risk of disruption to customers whilst it is implemented.
151. In Building Control the service is similarly affected by recession with declining income derived from a stagnant building market. Unlike the planning functions, however this can be mitigated by winning market share, stimulating business and increasing income from partnering arrangements. New responsibilities around drainage coupled with new legislation may create workload pressures on the non-fee earning side of the function – at a time when the aim is to reduce that to 10% of the total service cost.
152. In spatial planning the coming year will be critical for the progression of the Core Strategy – the principal guiding document for all built and natural environment functions.
153. Across the Service savings of £0.4m will be delivered from a review of staffing structures and reductions to running costs in 2010/2011.

REGENERATION

Emerging Pressures

154. Supporting the local economy through the recession and ensuring Cheshire East is at the forefront of the upturn will remain a major priority for the coming year. The Council has led a great deal of activity in its first year in town centres, with local businesses and increasing benefit take up; a further £350,000 has been allocated for 2010/2011, funded by Housing & Planning Delivery Grant, to help support and stimulate the economic recovery via a range of initiatives and events. The challenge moving forward is to maintain the momentum of this activity but to engage more with local partners to co-ordinate efforts and bring in additional resources. Town centres will remain a major priority, supporting local independent retailers to survive and thrive in an increasingly difficult economic environment.
155. Leading major regeneration of Macclesfield and Crewe will remain a major priority for the Council. Redevelopment of the town centres in a difficult economic climate is a challenge however progress is anticipated linked to the development of a strong vision for the future. Our market towns also

require focus to ensure they are sustainable in the longer-term. We will be developing a Sustainable Towns Framework with local partners to address this important priority but there is limited resource to invest at a local level in partnerships to support this activity. The Council must position these important priorities within the emerging Regional Strategy to ensure that future funding and policies support our ambition.

156. The Council will build on the excellent links in place with the business community to ensure that they have a voice in developing strategy. The challenge for the Council is to maximise the investment from Government to support the entrepreneurial culture that exists locally.
157. Work will continue to shape future investment in our highway network and ensure that, in an environment where public sector investment is set to decrease, Cheshire East gains the maximum contribution via central Government through our new Local Transport Plan, which will be developed next year. Highways investment projects totalling some £12m have been included as new starts in the 2010/2011 Capital Programme. Overall co-ordination of the highway network to manage traffic flow and co-ordinate street works effectively will continue to be a priority. The Highways Development Management function is facing the same mismatch between income generation and the demands on the service as the core Development Management Service.
158. The Council currently provides support towards the maintenance and management of Tatton Park, a major visitor attraction which has over 800,000 visitors a year. The Council is working up proposals which can reduce the level of resources that support the attraction without losing the overall benefit to the local economy and tourism offer of Cheshire East. This approach may require short-term investment but provide long-term reward. Some £300,000 has recently been earmarked from existing capital resources to finance restoration of the Grade II listed conservatory and £290,000 has been included in the Capital Programme for 2010/2011 to enable development on an Invest to Save basis.
159. A review of the Strategic Highways and Transportation Service is underway and savings of £0.3m have been included in the budget as part of a review of staffing and service levels.
160. Across the Regeneration Service savings of £0.3m will be delivered from a review of staffing structures and reductions to running costs.

CARBON REDUCTION

Emerging Pressures

161. There is growing scientific evidence that the world's climate is changing and that the major cause is human activity increasing the concentration of greenhouse gases in the atmosphere. These changes will directly affect Cheshire East. Climate change is now considered by many to be the biggest challenge faced by local government.

162. Cheshire East Council will be central in leading the response to the challenge of climate change in its role as an estate manager, reducing greenhouse gas emissions from our own buildings, our vehicles and operations. We also have a central role as a provider of services where climate change resilience and greenhouse gas emissions can be influenced by Council services but which are not under our direct control, such as through education, housing, planning or transport policies, contracts and purchasing. We also have a role in leading the community, to persuade the residents and businesses of Cheshire East to take action to reduce their carbon emissions at home, at work, or at play, through working with our strategic partnership and local communities.
163. The Council needs a credible approach to climate change and we believe the best way to secure this is to develop a **Carbon Management Plan** as part of a comprehensive strategy. This will take some time to develop, but work is already underway in developing an interim Carbon Management Plan with the aim of setting a baseline and short to medium term targets next year. This will help ensure that Cheshire East takes a strategic and comprehensive approach to climate change.
164. One of the key actions for next year will be signing up to the Carbon Reduction Commitment which sets targets for carbon emissions linked to financial rewards and potential penalties. A major challenge to the Council will be to deliver actions to reduce our carbon emissions and therefore reduce the risk of financial penalties whilst developing our long-term approach.

Summary of the Revenue and Capital Position

165. The tables below summarise the Revenue Budget and Capital Programme for the Places Directorate.

Table 14: Places Budget Summary 2010/2011 ~ see Annex 5

	2009/2010 Budget £m	Policy Proposals £m	Total £m
Services			
Environmental Services	33.7	0.9	34.6
Safer & Stronger Communities	0.6	0.2	0.8
Planning & Policy	3.1	0.7	3.8
Regeneration	10.5	-0.7	9.8
Total	47.9	1.1	49.0

Source: Cheshire East Finance

Table 15: Places Capital Programme Summary 2010/2011 – see Annex 5

	2010/2011 £m
Places	
Committed schemes	
Environmental Services	18.7
Safer & Stronger Communities	0.0
Planning & Policy	0.0
Regeneration	4.9
	23.6
New Starts	
Environmental Services	11.5
Safer & Stronger Communities	1.5
Planning & Policy	2.1
Regeneration	2.3
	17.4
Total Capital Programme - Places	41.0

FINANCING

Non spec supported Borrowing	10.2
Ringfenced Supported Borrowing	0.0
Unsupported Borrowing - Prudential	0.8
Government Grants	20.4
Capital Receipts	1.6
Capital Reserve	6.6
Linked/earmarked Capital Receipts	0.0
External Contributions	0.5
Other Revenue Contributions	0.9
Total Sources of Funding	41.0

Source: Cheshire East Finance

Annex 6 sets out the staffing impacts of the above proposals.

4. Supporting Service Delivery

Vision and Transformation

166. The Council groups services that will support all service delivery under the heading of Performance & Capacity. The aim of these services is to improve value by maintaining, or reducing, the costs of delivering services without impacting on actual service delivery standards.
167. Performance & Capacity has a major role in supporting the development of the Council's main plans and strategies. Cheshire East Council has a unique chance to shape a whole new vision for the newly formed Council based on the needs of local people and local places. Performance & Capacity provides the corporate co-ordination for initiatives such as the Transformation Programme and provides the policy and governance mechanisms that ensure that Cheshire East Council provides value for money services.
168. The major services within Performance & Capacity perform a number of roles:
- **Focused on Outcomes** Providing strategic review and analysis to develop the Council's Corporate Plan to produce a vision and priorities for the Council. The Corporate Plan directs the Council's performance and financial planning framework underpinning performance targets and the medium term financial position.
 - **Focused on Customers** Improving the customer experience and making customer contact simple, relevant and fit for purpose.
 - **Joined Up** Supporting the development of partnership and shared service opportunities which will assist the transformation of front line services and result in cost efficiencies for each partner.
 - **Sustainable** Supporting the development of the Council's new structure, developing the Council's workforce and protecting the Council against risks both legal and financial.
 - **High Quality** Supporting front line services as they strive to deliver transformational projects (for example Finance, Human Resources, ICT, Legal, Procurement and Property support are required for most projects).
 - **Forward Looking** Leading internal projects on behalf of the Council to further improve the Council's asset base and infrastructure.
169. The 2009/2010 budget set a significant challenge of delivering net savings of £11.4m in support services, a reduction of 24% on inherited budgets. Except for a couple of areas, these savings have been delivered

in full. Examples of major savings delivered include a £2.3m reduction of costs in Finance and Revenue and Benefits from streamlining teams and systems and £0.9m savings in Human Resources & Organisational Development from efficient working and the removal of duplication.

170. On top of the delivery of these savings the directorate has committed to delivering a further efficiency saving of £2.6m in 2010/2011.

Procurement

171. The Procurement Unit has ambitious targets to support the Council in the delivery of **savings of £2.7m over the next two years**. This will be achieved through the initiating and embedding of a Corporate Procurement Strategy in the organisation to drive down unit costs.
172. Savings will be achieved through the introduction of a category management approach to procurement, a tender and contract management system and the joining of sub regional procurement hubs.
173. The Procurement Unit will embark upon a structured approach to procurement activity that will deliver savings as a result of increased collaboration with other partners and greater visibility and control in all procurement activity across the Council.

Customer Access

174. The vision for customer access in Cheshire East is to deliver cost-effective and high quality services and **put our customers first** in the way we design and deliver everything we do to bring Council services closer to the customer.
175. The strategic approach to customer services will include developing more responsive customer services that anticipate customer need; reducing avoidable contact, by getting it **right first time** at the first point of contact; improving accessibility; a joined up approach to using resources, including working with community partners to deliver joined up customer access; and shifting the profile of customer contact to access channels that are more convenient to the customer and cost effective for the Council.
176. £206,000 of Efficiency savings will be achieved, starting in 2010/2011, through the harmonisation of our operations and improved utilisation of our existing resources.

Assets

177. The Council understands its asset base and has developed a strategic approach to asset management which is integrated with corporate and service planning.
178. The office accommodation strategy, which is already well underway, is providing **modern open-plan offices** that support and enhance flexible styles of working. It is providing staff with a range of working environments that suit the changing requirements of customers. Nearly 1,000 office

based staff have already been successfully moved to facilities that are fit for the purpose of delivering modern services.

179. A major element of the Council's Transformation Programme is the Asset Challenge. This was launched in January 2010 and involves a comprehensive review of the Council's existing property assets and their usage and an analysis of the Council's future property needs. This work will underpin the transformation of front line services and will ensure that Cheshire East will have an asset base in the medium term that will deliver services where and how they are needed by the Cheshire East communities.
180. A key aspect of the asset challenge is the links with our partners and the delivery of services from joint facilities where appropriate. The Capital Programme reflects an investment of up to £6m in 2010/2011 in the upkeep of Council properties and an additional revenue allocation of £500,000 to ensure that the Council is meeting its legislative and regulatory responsibilities in the management of its property assets. The expectation of the Asset Challenge project is that it will result in significant efficiencies and savings over the next three years.

Partnerships & Local Area Working

181. Local area working in Cheshire East is focused around seven Local Area Partnerships (LAPs). The Partnerships are bringing together people who have an interest and a responsibility for delivering improvements in the area, so that communities are empowered to do things for themselves.
182. £375,000 is included in the 2010/2011 budget to provide managers for the LAP areas who will work with residents and partners to develop action plans. The Council will engage residents and businesses and work with partner organisations such as Police, Fire and Health to ensure local priorities are addressed. All partners will be encouraged to think big as we transform how our services are delivered in each of our communities so that we meet local needs and deliver value for money.
183. As well as local area partnerships we will continue to work with our partners from the public, private, community and voluntary sectors through the Cheshire East Local Strategic Partnership. Together we will seek ways to provide more joined-up, efficient services as well as enhance our partnership communication and engagement with local communities.
184. £625,000 has been earmarked from general reserves for investment in the aim to devolve some current Council services to Town and Parish Councils. The transfer to local service delivery will be managed through the LAPs. The aim of this work is to provide services tailored to local needs providing excellent value for money.

Information & Communications Technology

185. The ICT service will continue to exploit new developments to deliver savings in the operational running cost of major systems such as Oracle,

Microsoft and PARIS. This will include reviewing new models of product licensing, rationalisation of products and the delivery of support to these systems.

186. Appropriate technology will be put in place so that the Council's policy on flexible and mobile working can be delivered. Improved capacity for flexible and mobile working is a key pre-requisite for the delivery of the accommodation strategy and delivery of efficiency improvements in services.
187. Significant service improvements and greater efficiency will be delivered through centralised management and greater standardisation of PCs, laptops, mobiles devices and telephones. This project is already underway within the service, and therefore tangible benefits should start being delivered in early 2010/2011. The Capital Programme includes a significant investment in the essential replacement of core ICT infrastructure over the next three years of up to £2.4m, which demonstrates the Council's commitment to the maintenance and improvement of its ICT capability.
188. In November 2009, the Council launched a major initiative with a range of public, private and third sector partners to reduce operating costs of ICT through greater sharing of facilities, such as data centres, and the elimination of duplication and excess capacity. This will be facilitated by a £250,000 growth bid to enhance partnership working. Some small projects have already been delivered and major proposals are now being developed for 2010/2011.

Finance

189. The core financial system optimisation project will change business processes and service levels within Finance and Shared Service teams to deliver cashable savings. The project will see a capital investment of up to £4m and will deliver revenue savings of £276,000 over the period 2010/2011 to 2012/2013 in Finance and £92,000 in Shared Services. Further savings will be delivered in Human Resources & Organisational Development and across the organisation as lean systems and processes are embedded.
190. The first priority will be to streamline the process for dealing with scanned invoices. The second tranche of work will be to deliver a standard suite of financial reports to be delivered direct to managers' desktops through a much clearer 'dashboard' that includes key facts 'at-a-glance'. In addition, improvements will be made to payments and debt management.
191. To support transformation within Cheshire East an additional resource of £250,000 will be made available. This additional funding will enhance the availability of financial management support to major projects.

Human Resources & Organisational Development

192. The HR and OD Team are working with senior managers to develop the Council's capacity to continually improve the services which the Council provides to the people of Cheshire East and to truly transform how those services are delivered. This approach will help to deliver the Council's ambition of being a flagship authority.
193. True transformation and improvement will only be achieved by fully engaging the entire Council workforce in developing fit for purpose services for the 21st Century. The Council has therefore committed additional funding of £150,000 to support leadership development and to develop the core skills of the workforce in managing change and service improvement / development. As part of this all of our key processes will be reviewed and updated so that our services are delivered in the simplest slickest and most relevant ways that meet the needs of the people of Cheshire East.
194. The Council has committed additional funding of £247,000 to develop an Apprenticeship Scheme and Graduate Development Programme. This will help the Council to build organisational capacity to achieve its aspiration of being a flagship Council, as well as helping local young people to develop new skills and take their first step onto the employment ladder. This will help young people gain meaningful employment in the current difficult economic climate and help address the Council's ageing workforce profile, skills gaps within services and long-term succession planning

Legal Services

195. The Council must protect itself against risk (such as legal action being taken against the Council) and ensure services are delivered to proper frameworks. The legal services team must therefore be properly resourced to support services in their work. A net £444,000 will be included in the 2010/2011 budget to both re-focus and increase current staffing levels, and enhance support for this important area.

Summary of the Revenue and Capital Position

196. The tables overleaf summarise the Revenue Budget and Capital Programme for Performance and Capacity.

Table 16 : Performance & Capacity Budget Summary 2010/2011 ~ see Annex 5

Services	2009/2010	Policy	Total
	Budget	Proposals	
	£m	£m	£m
Borough Solicitor	5.3	0.4	5.7
Borough Treasurer & Head of Assets	22.1	-0.1	22.0
HR & Organisational Development	2.9	0.4	3.3
Policy & Performance	9.0	0.4	9.4
Total	39.3	1.1	40.4

Source: Cheshire East Finance

Table 17: Performance & Capacity Capital Programme Summary 2010/2011 ~ see Annex 5

	2010/2011
	£m
Performance & Capacity	
Committed schemes	
Borough Solicitor	0.1
Borough Treasurer & Head of Assets	10.9
HR & Organisational Development	0.0
Policy & Performance	0.7
	11.7
New Starts	
Borough Solicitor	0.0
Borough Treasurer & Head of Assets	8.4
HR & Organisational Development	0.0
Policy & Performance	0.1
	8.5
Total Capital Programme - Performance & Capacity	20.2

FINANCING

Non spec supported Borrowing	0.8
Ringfenced Supported Borrowing	0.0
Unsupported Borrowing - Prudential	2.7
Government Grants	0.6
Capital Receipts	2.3
Capital Reserve	2.4
Linked/earmarked Capital Receipts	8.3
External Contributions	0.0
Other Revenue Contributions	3.1
Total Sources of Funding	20.2

Source: Cheshire East Finance

Annex 6 sets out the staffing impacts of the above proposals.

Cross Cutting savings 2010/2011

Performance and Capacity includes several proposals which they are leading on but the savings will come from Directorate Budgets. These are referred to as cross cutting items. A provisional allocation of these items across Directorates is shown below:

Initial Allocation of Cross Cutting savings 2010/2011

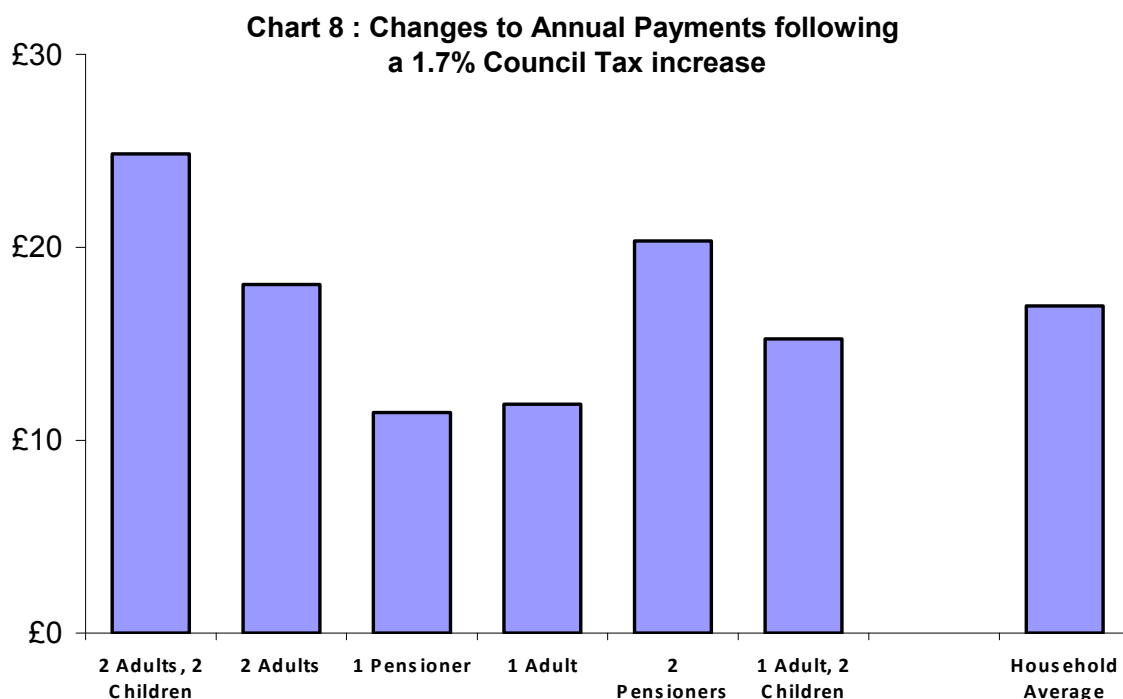
	Policy Proposals			
	Total £'000	People £'000	Places £'000	P & C £'000
Procurement savings (new for 2010/2011)	(1,275)	(922)	(250)	(103)
Procurement savings (from 2009/2010)	(558)	(403)	(110)	(45)
Energy Savings (new for 2010/2011)	(50)	(14)	(28)	(8)
Energy Savings (from 2009/2010)	(500)	(141)	(283)	(76)
Assets savings from Office accommodation changes	(100)	(60)	(22)	(18)
ICT Flexible & Mobile working costs	(150)	(108)	(23)	(19)
HR/OD savings from recruitment & selection	(50)	(21)	(16)	(13)
Savings from Reed Contract	(20)	(10)	(3)	(7)
Savings from Childcare vouchers	(45)	(13)	(12)	(20)
Total	(2,748)	(1,692)	(747)	(309)

Note:

P&C budgets currently include £2.7m of cross cutting savings that are to be shared across the whole Authority. Above is an indicative allocation across the three directorates based primarily on 2009/2010 spending patterns. It will be refined and finalised before the start of the new financial year.

5. Budget Impact

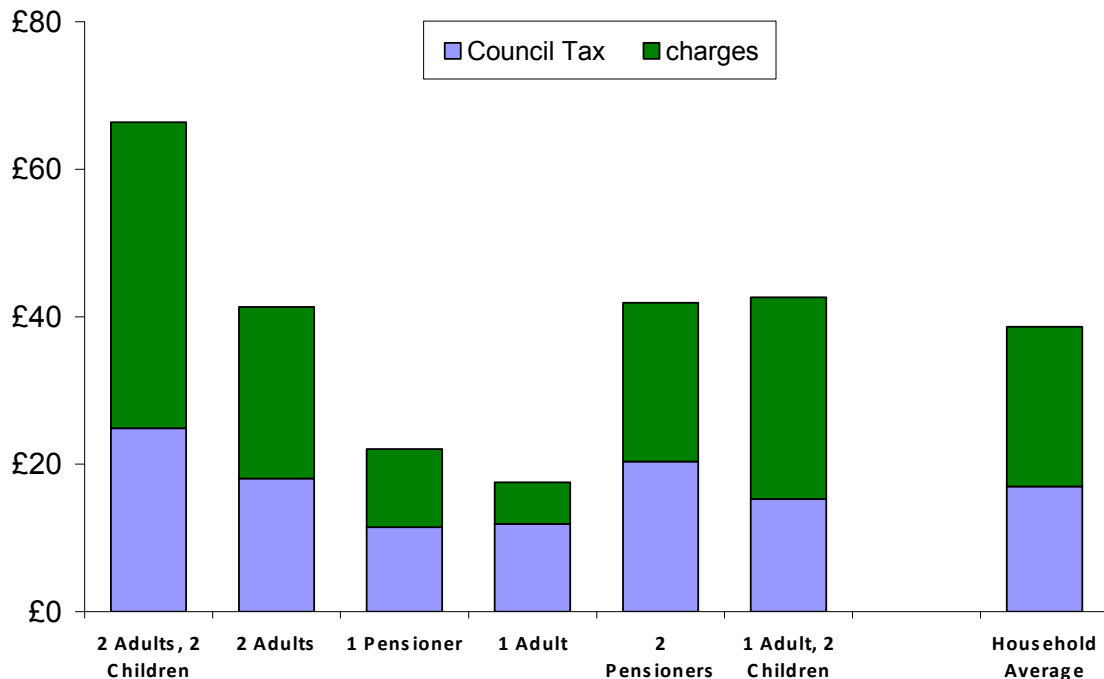
197. The 2010/2011 Budget Report is the result of a major process to set a balanced budget that can meet the needs of local people in the local environment. The details of the Budget have been set out in previous chapters in terms of financial stability etc. This section considers the impact of the Budget on typical groups of service users in terms of the changes they may see and the charges they may pay.
198. This is the first time such an approach has been adopted and it is intended that this section will be enhanced year on year. The first step is to consider the impact of Council Tax rises on typical households from within the Cheshire East area and then the combined effect of increases in typical fees and charges.
199. A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process, but will develop fresh specific data in time to improve this process.
200. The impact of Council Tax rises on typical households is demonstrated in **Chart 8** below. This shows in particular how the single person discount reduces the impact on single adult households.



Source : Cheshire East Finance

201. The next step is to demonstrate how the prices of key services would impact on service users. This is shown as a combined effect in **Chart 9** below.

Chart 9 : Changes to Annual Payments following a 1.7% Council Tax increase plus proposed increases in charges in 2010/2011



Source : Cheshire East Finance

202. **Chart 9** above now shows how the impact of proposed charges in this budget will not impact badly on pensioner households where fixed incomes could often cause hardship. The impact of social care costs, however, will fall mostly on Pensioner Households so this suggests the Council's approach is appropriate at the moment but there is further development to come in the overall strategy on charges.
203. Further details are set out in **table 18** overleaf.
204. **Annex 7** to this report sets out the full fees and charges schedule for 2010/2011 compared to 2009/2010.

Table 18: Impacts of the 2010/2011 Budget Proposals

Example Groups	Annual impact +/- £		Service Impacts
2 Adults 2 Dependant Children  Typical Household Facts: Adults both working (full or part time) with combined net income of £41,000pa Children attending local schools Living in a Band E Property	Council Tax Fees & Charges School Meals (190 meals x 2) Car Parking (2 hours a week) Adult weekly Swim Children's swimming Leisure Centre Membership Other spending on services (Bulky Waste, Badminton, Library CD Rental) Total Increase in 2010/2011	£24.85 £19.00 £4.80 £9.60 Free £5.16 £2.95 £66.36	Families will be supported, especially in difficult times or when starting out. The Council is investing in private sector housing improvements and will provide Affordable Housing Assisted Purchase scheme loans. £4.5m is being provided to manage & transform Children's Services and re-focus the service at prevention Free Swimming will continue to be encouraged and subsidised by the Council Access to Council services will be enhanced through improved web-access Responsibility for education of 16-19 years olds will be with the Council from 1st April 2010 and younger people entering work will now also have the opportunity to access the Council's apprentice scheme Council funding will support a local 2012 Olympics co-ordinator to ensure legacy benefits are realised in Cheshire East Car parking charges have been frozen at 2009 levels
Pensioner Couple  Typical Household Facts: Private pension with combined net income of £19,000pa Living in a Band D property	Council Tax Fees & Charges Swimming Car Parking (2 hour a week) Aqua Fit (2 sessions a week) Other spending on services (Bulky Waste, renting a DVD monthly) Total Increase in 2010/2011	£20.33 Free £3.84 £10.40 £1.04 £35.61	The Council is funding another Benefit Take-Up campaign and this time focusing on pensioners in Cheshire East. Ensuring local people receive the income they are entitled to can help with many social and community aspects of life Over £1m is being invested in the CCTV network to improve safety in the local area The library service is being enhanced to improve access to all Council services. This will make services more accessible both in location and in terms of longer and more flexible opening hours £1m of further funding is being provided for Disabled Facilities Grants, helping people to live in their own homes The Council will continue to invest in restoration of Tatton Park, one of the UK's most complete historic estates Health options will be improved through a more joined up approach with the PCT.

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)	Inflation adjustment per September RPI (-1.4%) so most rates bills will reduce No Supplementary Rates in 2010/2011 Some small increases in fees in-line with current inflation Start of a £3m town centres regeneration programme Highways maintenance and new start capital improvements will be funded by £20m of capital invest in 2010/2011	Following the success of the Recession Task Group a further £0.4m is being set aside for Economic Recovery projects The planning process is receiving major investment to speed up the application process Tendering for Council business will be made more accessible through better communication and information via the website and Business events in 2010 Further investment in technology will help to streamline the process for paying invoices received by the Council Council Regulatory Services have been re-organised to streamline processes. We are working with Government and local businesses to reduce the burden of regulation
Council Partners & Stakeholders  For Example: Town & Parish Councils, PCT, Fire, Police, Schools, Local Area Partnerships	Many of our contributions to town & parish councils and community and voluntary groups will continue as they did in 2009/2010 Local Area Partnership support will be funded (@ £375,000pa) and have access to Reserves of £625,000 to enable devolving of services ICT Partnership Proposal with a range of local public, private and third sector partners will be funded with an additional £250,000 investment	LAP Managers will ensure co-ordinated support to neighbourhood groups, town and parish councils, voluntary organisations and other partners and to ensure that services are joined up and provide value for money. The LAP Reserves of £625,000 will support local groups, particularly town and parish councils, to run services in their local area. Cheshire East Council aims to work with a number of Public and Private Sector partners to reduce running costs of ICT systems as well as improve efficiencies and resilience in the delivery of ICT services
The Local Environment 	The Council is making a £400,000 investment in energy efficiency from a specific invest-to-save reserve. The Carbon Reduction Commitment will be fully funded (approximately £480,000) and targets set to ensure maximum payback from this challenge	In 2010 the Council will develop a Carbon Management Plan that will set baselines and targets for Carbon Reduction The Council will be signing up to the Carbon Reduction Commitment in 2010. This major financial investment sets challenging targets, that could incur financial penalties if not achieved The Council will improve the focus in waste collection on minimisation and recycling

Source: Cheshire East Finance

6. Summary of Feedback Process

To develop this report and the budget proposals and capital schemes Cheshire East Council undertook two rounds of consultation:

- Round 1 – held in November
- Round 2 – held in January

Round 1

The first round of the Shaping Our Services consultation exercise was held in November at the following venues:

- 23rd November Knutsford High School
- 24th November Congleton Town Hall
- 26th November Nantwich Civic Hall

Stakeholders were presented with a list of 24 service areas and asked to collectively select:

- 3 service areas where we could “Do more”
- 7 service areas where we could “Do less”
- 4 service areas where we could “Stay the same”

Round 2

The second round of Shaping Our Services Consultation was held in January 2010 as follows:

- | | |
|-------------------------------------|---|
| - Thursday 7th January | - Trades Unions via Staffing Committee. |
| - Tuesday 12th January | - Schools Forum. |
| - Wednesday 13th January | - Business Breakfast |
| - Monday 18th January | - Town and Parish Councils |
| - Wednesday 20th January | - General People & Places event |
| - Wednesday 20th January | - Corporate Trades Unions |
| - Thursday 21 st January | - Elected Members. |
| - Friday 22 nd January | - Elected Members. |

The Pre- Budget Report was also available on the Cheshire East website, in libraries and public areas of Council buildings.

Feedback

All the feedback received has been reported to Cabinet and Council in February 2010 and available on the Website.