

CHESHIRE EAST COUNCIL

REPORT TO: CORPORATE SCRUTINY COMMITTEE

Date of Meeting: 12 October 2010
Report of: Borough Solicitor
Subject/Title: Budget Consultation Group

1.0 Report Summary

- 1.1 To update the Committee on the work of the Budget Consultation Group.

2.0 Recommendations

That Cabinet be informed of this Committee preliminary views on the Budget Consultation Process 2011/2012

3.0 Reasons for Recommendations

- 3.1 To inform Cabinet at an early stage of this committee consultation requirements in respect of the budget.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications including - Climate change - Health

- 6.1 Not known at this stage.

7.0 Financial Implications

- 7.1 None identified at the moment.

8.0 Legal Implications

- 9.1 None.

10.0 Risk Management

10.1 There are no identifiable risks.

11.0 Background and Options

11.1 On 19 April 2010, the committee set up a Budget Monitoring group to oversee the budget consultation arrangements in respect of the 2011/12 budget and for subsequent financial years.

11.2 The group has now met 3 times, most recently on 16 September. A report to this Committee on 12 July outlined the 4 key milestones agreed by the group which are:

- **Stage 1** – Backward look at the 2010/2011 process
- **Stage 2** - July/August priorities to be developed based upon the Corporate Plan and Sustainable Communities Strategy
- **Stage 3** – October – Forming of the draft budget
- **Stage 4** – January 2011, stakeholder events with Scrutiny involvement, followed by detailed look at the budget proposals by the group.

11.3 In accordance with the milestones, the terms of reference of the group have now been agreed and the following objectives agreed:

- To influence the budget setting process and to ensure that the Council has regard to Corporate priorities and to agree and set milestones.
- To submit initial comments on the draft budget prior to formal consultation with the 5 Overview and Scrutiny Committees.
- To determine the future consultation process for Overview and Scrutiny Committees.
- To have in place an agreed mechanism for regular budget monitoring.

11.4 On the 16 September, the group received up to date progress reports in respect of the funding gap in the current financial year and on the Capital Strategy. The updates can be summarised as follows:

11.5 Capital Strategy

The Capital Strategy was approved by Cabinet on 20th September 2010. The Strategy sets out the Council's approach to Capital

investment and disposals and how it makes decisions in respect of all types of Capital assets.

The Strategy links closely with the Council's Corporate Asset Management Plan (AMP) and shows how the Council is prioritising, targeting and measuring the performance of its limited capital resources so that it maximises the value of that investment to support the achievement of its key cross-cutting activities, initiatives and local and national priorities.

The Strategy forms part of the Council's Business Planning Process which aims to link priorities and desired performance with resource allocation.

It includes details of how capital schemes are identified, how they are prioritised and how they are monitored.

11.6 First Quarter Review

The first quarter financial and non-financial performance report was agreed by Cabinet on 16th August 2010. The report identified a projected variance from budget of £13.6m of which £11.5m related to Children and Adults Services. The headline pressures included:

Children

- Placement Activity £2m.
- Home to School Transport £1m.
- Delay in achievement of savings for example commissioning budgets £0.9m.
- Reductions to Area Based Grant £1.8m.

Adults

Care Costs £8m offset by reductions resulting from the transformation programme and use of grant to £5.8m.

An update on the remedial actions to reduce the variance was subsequently reported to Cabinet on 20th September. The proposed actions, if achieved, would reduce the forecast overspend to £7.4m. The actions include:

Children

- Use of un-ring fenced grant of £1.3m.
- Further staff reductions £0.6m.
- Pass porting the reduction in the Connexions grant to the service £0.6m.

Adults

- Remedial actions of £1.4m including increased savings on 2010/11 Budget proposals relating to Cypress House, voluntary redundancies in individual commissioning and care reviews.
- Potentially further savings from rationalising Home Care staff.

In addition there may be scope to make temporary use of earmarked reserves and central provisions following a full review.

Further remedial measures will be sought from all Services and Cabinet will be updated on a monthly basis.

11.7 At its next meeting, the group will spend a full day interviewing Heads of Service as part of the challenge process in respect of the emerging 2011/12 Budget.

11.8 In view of the very tight timescales, it is suggested that this Committee advises Cabinet, in November 2010 of the preliminary views of Corporate Scrutiny Committee on the budget challenge process, in based upon the following principles as approved by the consultation group:

1. That, Budgets should be disaggregated to fit in with the Council's Overview and Scrutiny arrangements to allow each Committee an opportunity to have a meaningful input into the budget setting process.
2. That Cabinet be requested to allow each of the 5 Overview and Scrutiny Committees to have an opportunity to have an input in setting budget priorities for the 2011/2012 budget.
3. That a cycle of dedicated O&S meetings be held in early January to formally comment on the draft budget.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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