

Cabinet

Supplementary Agenda

Date: Monday 4th February 2013
Time: 2.00 pm
Venue: Committee Suite 1,2 & 3, Westfields, Middlewich Road,
Sandbach CW11 1HZ

PART 1 – ITEMS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

7. **Leader's Report - Our Financial Plan** (Pages 1 - 60)
To consider the Leader's Budget Report

8. **Key Decision 3 - 3 Year Medium Term Financial Strategy 2013/2016 - Budget Report** (Pages 61 - 206)
To consider the Cheshire East Council Budget Report for 2013/2016

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CHESHIRE EAST COUNCIL

Cabinet

Dates of Meeting:	4 February 2013
Report of:	Leader of the Council
Subject/Title:	The Council's Medium Term Financial Strategy

1 Delivering our 3 Year Plan

- 1.1 In October last year, my Cabinet and I set out the framework of a new 3 Year Council Plan, which gave us all a clear strategic direction. This showed the purpose of the Council, the main outcomes we wanted (to ensure good quality of life for local people in Cheshire East), and our priorities for action to achieve these. A summary of our 3 Year Plan is attached to my report.
- 1.2 We recognised that, if we were to realise our ambitions to make Cheshire East a better place to live and work, we needed a new, medium term financial strategy that would make the best use of our limited resources, and would provide tangible value for money for local people in these difficult times.
- 1.3 That is why we also set out the principles that would drive our thinking in preparing the Council's Budget, and would guide the difficult decisions that need to be made over where to find savings and to cut costs, whilst also investing in necessary improvements in our vital services.

Our principles to underpin budget decisions:

- We will be policy-led and stick to our decisions
- We will make decisions based on evidence of need and of what works, with due regard to our equality duty
- We are planning for at least 3 years
- We must be a more productive and affordable organisation
- We will stop doing some things to focus on those that matter most to local people
- We will invest in innovative new ways of providing services
- We will ensure that those who provide services, whether inhouse or externally, give real value for money
- We will promote self reliance and capacity in local communities to reduce demand on public services
- We will focus our limited resources on prevention and early intervention
- We will invest in infrastructure to promote local economic growth and access to job opportunities

- 1.4 As well as ensuring that our main priorities for improvement are properly resourced, I want to create a Council that is financially stable. So, we have also taken a prudent approach in a time of unprecedented change and uncertainty in local government, and of growing demand for some local services, such as care for those who are elderly and vulnerable.
- 1.5 This sound financial management and wise stewardship of public money is what this Council is about under my leadership. Hard pressed, hard working local people and families can be confident that we are on their side, and that they can rely on us in these uncertain times.
- 1.6 Over the past few months, the intensive and wide-ranging work I and my Cabinet have done means that we can confidently make decisions now on the best use of the Council's resources. My recommendations to Council for a balanced budget over the next 3 years will protect and enhance our essential frontline services, retain sufficient skilled staff to get the job done well, and give local people even better value for money as we cut our costs. This approach is also the best way to make our contribution to reducing the burden of public debt and to create greater prosperity for hard working local people.

2 Recommendations

That Cabinet recommends to Council that Members:

- 2.1 Note the ongoing Budget Engagement exercise undertaken by the Council, as set out in the attached Appendix 4;
- 2.2 Note the comments of the Council's Chief Finance Officer regarding the robustness of estimates and level of reserves held by the Council based on these budget proposals;
- 2.3 Approve my 2013/2016 Budget Report, which presents the financial implications of the Medium Term Financial Strategy, and the detailed changes needed to implement it, as set out in the attached Appendix;
- 2.4 Approve the 3 Year Capital Programme for 2013/14 to 2015/16 as set out in the attached Appendix 3;
- 2.5 Approve a Band D Council tax of £1,216.34 (no change from 2012/13);
- 2.6 Approve the recommended Reserves Strategy;
- 2.7 Note the 2013/14 non ring-fenced Specific Grants, and that any amendments to particular grants, in the light of further information received from government Departments or other funding bodies, will be reported to Council;
- 2.8 Agree the 2013/14 Dedicated Schools Grant (DSG) of £182.4 million and the associated policy proposals;

- 2.9 Authorise the Children's and Family Services Portfolio Holder to agree any necessary amendment to the DSG position in the light of further information received from DfE, pupil number changes, further academy transfers and the actual balance brought forward from 2012/13;
- 2.10 Note the receipt by the Council of the transferred and ring-fenced grant for Public Health functions, and acknowledge the positive benefits for local people from the Council acquiring these new functions and responsibilities from 1 April 2013;
- 2.11 Approve the recommended Prudential Indicators for Capital Financing to Council for approval; and
- 2.12 Note the risk assessment detailed in the Chief Finance Officer's report.

3 Good Business Planning and the Use of Reserves

- 3.1 Our 3 Year Plan identifies the core purpose of the Council, reflects the changing role of local government, responds positively to the challenge of major funding reductions, and is in line with policy changes at both national and local levels. Since I introduced this last October, further conversations on the best way forward have taken place with Members, our staff, our local partners, and others with a stake in the future of Cheshire East.
- 3.2 This has resulted in an improved Plan. In particular, the major change programmes we identified as necessary in October, have been developed further through our improved business planning process. The updated list of change programmes is set out in the first appendix to my report.
- 3.3 Our ambitious change programmes have been an important focus for the rigorous budget setting process undertaken by me and my Cabinet over the past few months. They are the key to us putting all our creative energy and resources into those areas of change which will ensure maximum value for money for local people – and also build a sustainable Council for the future.
- 3.4 Our business planning process has helped us to group together all the change proposals that I intend to bring forward and put in place over the next 3 years. The appendices attached to my report set out how these proposals will deliver against our agreed priorities; show the major change programmes by Head of Service; and list the individual projects in detail (using the change programme numbering to assist the read across).
- 3.5 All the major change programmes are supported by thorough Business Cases and by Action Plans to put them in place in a planned way. These will, of course, be subject to review under our recently formed member-led Executive Monitoring Board, which is already doing excellent work and providing strong and healthy challenge to our managers and Cabinet Portfolio Holders.
- 3.6 The change programmes themselves are necessarily supported by a recommended service transformation investment budget. This is sufficient to

create the right pace to drive us forward quickly, so that we can reduce our costs further in the later years of our funding strategy. In other words, I will ensure that we invest to save – and to provide better value for money, whilst avoiding any increases in the tax burden on our local residents. By funding this essential investment from Government Council Tax freeze grants, I have avoided the need for deeper cuts in our spending.

- 3.7 The bold approach I and my Cabinet are recommending will involve some risk, given the scale and pace of changes involved. However, this will be well-managed and closely monitored, not least so that we can also take full advantage of the new opportunities the changes will present to do things better and more cheaply in future.
- 3.8 Our ambitious change programme will be supported also by my recommendation to maintain a prudent level of reserves. This will be reassessed each year, to determine the level of risk cover required. In other words, as our robust improvement plans are put in place, we should be able to reduce our reserves level, as we become more confident that our spending targets will be met, in an unparalleled period of turbulence and uncertainty over funding levels. Our reserves will also allow us to iron out any peaks or troughs in our spending over this period, to ensure that our Budget balances over the life of the Council's agreed 3 Year Plan.

4 The Main Headlines

- 4.1 To make it easier for people to understand what I am recommending in this 3 Year Financial Strategy, I have listed below the main elements of the sound thinking that has come out of the work that I and my Cabinet have done. The detail behind these is set out in the appendices to my report.
- 4.2 I will not try to disguise the fact that some difficult decisions, choices and trade-offs have been unavoidable. But, we have stuck to our principles and priorities, and we have protected both the scope and quality of essential frontline services, as well as our commitment to those local people who are vulnerable or most in need. Have no doubt though that this is possible only because of the major changes we intend to make in the way we do things in the future.

Lifting the burden of taxation

- 4.3 There will be no increase in Council Tax this year. This is the third year that local tax levels have not risen and Council Tax will remain frozen next year and the year after that also. This means that by 2015, we will have saved the average local Council Tax Payer over £470.

The added benefit of this approach is that we have gained additional Government funding which we have applied to improving the way we work in ways which will reduce our costs in the future.

Giving better value for money

- 4.4 We will be cutting out millions of pounds of unnecessary costs, by being more efficient in the way we work, without affecting essential frontline services. Indeed, the bulk of our savings comes from elected Members insisting on good management of our limited resources. Cutting out waste, bureaucracy and duplication means we will give local people even better value for money in future.

Reducing management overheads and improving productivity

- 4.5 By changing the way the Council is structured, we will reduce the tiers and numbers of managers, cutting these overheads by a quarter, saving £5 million a year by 2015. This will remove unhelpful internal barriers and service silos, to make the whole organisation more effective and easier for local people and businesses to get what they need from us.
- 4.6 By changing the way our staff do things, we will do more with less in future. Over the next few years our wages and salaries bill will reduce by at least 20%, as we change to operate with a thousand fewer posts, and move a similar number of our staff into new local service delivery businesses.
- 4.7 By careful management of staff turnover as posts become vacant, we will keep the number and cost of staff redundancies to a minimum, so that we don't put local people on the dole. At the same time, we will keep the best of our experienced and committed staff, and we will update their skills to keep service standards high, as well as give them modern tools to do their jobs better.

Sweating our assets

- 4.8 We will introduce more flexible working arrangements and share more with our partners, (such as Health, the Police, and Fire and Rescue Services). This will cut the number (and cost) of the buildings, depots and facilities we operate, while offering more convenient, joined up local services to our residents.
- 4.9 We will dispose of unwanted land and property, and invest this income (our ambition is that this should be over £12 million a year) to improve our local economy and create local jobs. Where we own sites which are ripe for development, we will use these to attract investment for the building of new houses, workplaces and roads, to make our local communities more vibrant and flourishing.

Growing our economy

- 4.10 We have committed to growth and to making Cheshire East a more prosperous place. Our ambitious plan will put in place the new infrastructure to do this, creating 27,000 new homes to deal with the shortage for both existing and new residents, and at least 20,000 jobs by 2030. In the next three years the Council's Capital Programme is in excess of £220 million. By managing assets

and linking with national and regional funding, it is expected that less than half of this programme will require local financing.

- 4.11 Over the next three years, we will invest £25 million in our road network, to make major improvements in the condition of over 200kms of the Borough's worst roads. This will include filling over 50,000 potholes every year.
- 4.12 Additional investment will be made also in new infrastructure to improve key transport routes, such as the Congleton Relief Road and Poynton Relief Road. At the same time, we will continue to make progress on the Crewe Green Link Road and Crewe Rail Exchange, as well as major projects like the Manchester Airport to A6 Relief Road (with benefits for Handforth, Poynton and Disley) and the A556 motorway project.
- 4.13 We will enter into a Joint Venture with AstraZeneca, one of our many international corporations based in East Cheshire, to develop a new Science Incubator Park in Alderley alongside a world class R & D facility. This will attract leading talent from around the world to Cheshire to set up their science businesses. This is just one example of how the Council will use our assets or funding to invest to generate jobs and create the right conditions for local companies to grow.
- 4.14 We will set up a new Development Company to drive forward our programme of major infrastructure improvements efficiently, effectively, and quickly. This will also ensure that our substantial portfolio of land and property assets is used to generate substantial external investment and realise the benefits of a revitalised local economy. To assist with this, we have reshaped our extensive Capital Programme to make a bigger investment of £200 million over the next few years in supporting economic growth, and in providing income to the Council to sustain the good quality of our services.
- 4.15 At the same time, we will provide expertise and staffing support to the Local Enterprise Partnership for Cheshire and Warrington, to promote Cheshire East as a great place to do business. This will ensure that we capture the maximum benefit for our towns and villages from Government funding and private sector investment in economic growth to make Cheshire East a more prosperous place.

Getting a better deal

- 4.16 We will enter into new and better contracts for a wide range of goods and services – such as building and property services, facilities management and cleaning, waste services and car parking, as well as social care services – from good quality suppliers and providers. This will reduce our costs, improve choice for local people, and maintain good quality.
- 4.17 Where it makes sense, we will also set up our own businesses, including arms-length companies, social enterprises, and staff mutuals. These will also be commissioned by us to find innovative solutions, to make quick improvements in our services, and to reduce costs – for example, in bereavement services, and

in leisure, culture and recreational services, as well as in some social care services for both children and adults.

- 4.18 This more commercial and entrepreneurial approach will make “public profit” – money that can be invested in better services and more secure local jobs, without increasing taxes to pay for the improvements.

Retaining facilities at the heart of our communities

- 4.19 We will set up new arrangements for the running of our 14 leisure facilities, which will reduce costs by almost £1 million a year, and provide investment to enhance these valuable assets and keep them up to date. This is an important part of our move to promote healthier lifestyles and reduce future costs for us and for the NHS.
- 4.20 By investing £300,000 in developing a new model for sustainable local library services and community hubs, we will change how this important service is delivered. But, this means we can continue to provide libraries in 16 towns across Cheshire East, as we do today, while cutting out £1 million of unnecessary costs.
- 4.21 Working with important local partners, like our Town and Parish Councils, as well as directly with local communities, we will devolve more of our services and community assets to local level. This will help us harness energy and ideas, encourage volunteers to get involved directly, and tailor what we do to local tastes and preferences.
- 4.22 Through a new emphasis on our enforcement powers, we will work with local community groups and businesses to change the behaviour of those who undermine our quality of life or threaten our environment.

Protecting the vulnerable and the elderly

- 4.23 We will reshape the market locally for the provision of social care. This will reduce our reliance on costly specialist placements outside the Borough, to keep local people close to their families, friends and communities.
- 4.24 For example, we will grow our fostering and adoption options, increase supported and sheltered housing, and adapt people’s homes to help them live independently as long as possible. This will reduce the cost of expensive alternatives, like residential care homes.
- 4.25 Working more closely with our partners – like Health and the Police – we will change the way that we provide reablement, respite and intermediate care for adults. This will involve, for example, investing in more or better facilities, such as the expansion and redesign of Hollins View in Macclesfield, along with building alternative and better accommodation for care support.

Showing that “prevention is better (and cheaper) than cure”

- 4.26 Whilst cutting out unnecessary costs and inefficiencies, we will invest more in improving early intervention and prevention for both children and adults in need. This will also reduce demand for more costly “acute” services at a later stage, as well as promoting greater independence and self-reliance for those involved – for example, by reducing the number of local children needing to be taken into care.
- 4.27 We will target our services to where they are needed most, reducing them where levels of deprivation and social need are low, and we will look for the best value, high quality, reliable local providers, as well as encouraging new, more effective approaches.

Protecting the rights and entitlements of learners

- 4.28 We will continue to reshape the Council’s relationship with increasingly autonomous local schools. This will involve offering them good, value for money support services, to be paid for from their own locally managed resources.
- 4.29 We will act as “guardian” of the interests of pupils, students and parents – protecting those who are vulnerable or who have special needs, and ensuring that school standards are closely monitored.
- 4.30 We will be proactive in pursuing opportunities to develop the skills for work of our young people – this will include pursuing the development of a new University Technical College with key business partners in Crewe, focussed on the growth of engineering opportunities in the town and the surrounding area.
- 4.31 Additionally, we will take steps to secure investment in better special school provision with Free School Partners – we expect to see the proposed new special school in Alsager for children with autism come to fruition, subject to the release of capital funds by the Government for this important development for local children and young people.

5 Wider Engagement in Setting the Budget

- 5.1 Our Business Planning process provides the best way for us to fulfil our statutory duty to consult on our Budget proposals, for example with certain local stakeholder groups, local schools and local businesses. Of course, we also choose to consult more widely with others, including our local partner public services, like Health and Fire and Rescue, as well as Town and Parish Councils, for example.
- 5.2 This process has been under way for some time, as our thinking has advanced, and will continue in its later stages up to (and beyond, where necessary) the final decision making at Council later this month. The major uncertainties over funding levels being faced by local councils currently have made it challenging to produce the Budget proposals recommended here, and so full engagement

with the public on them is being undertaken at a later stage than normal. That is why, in some cases, they remain subject to feedback from further targeted consultation activity, before they will be finalised and implemented (with revised financial projections where necessary).

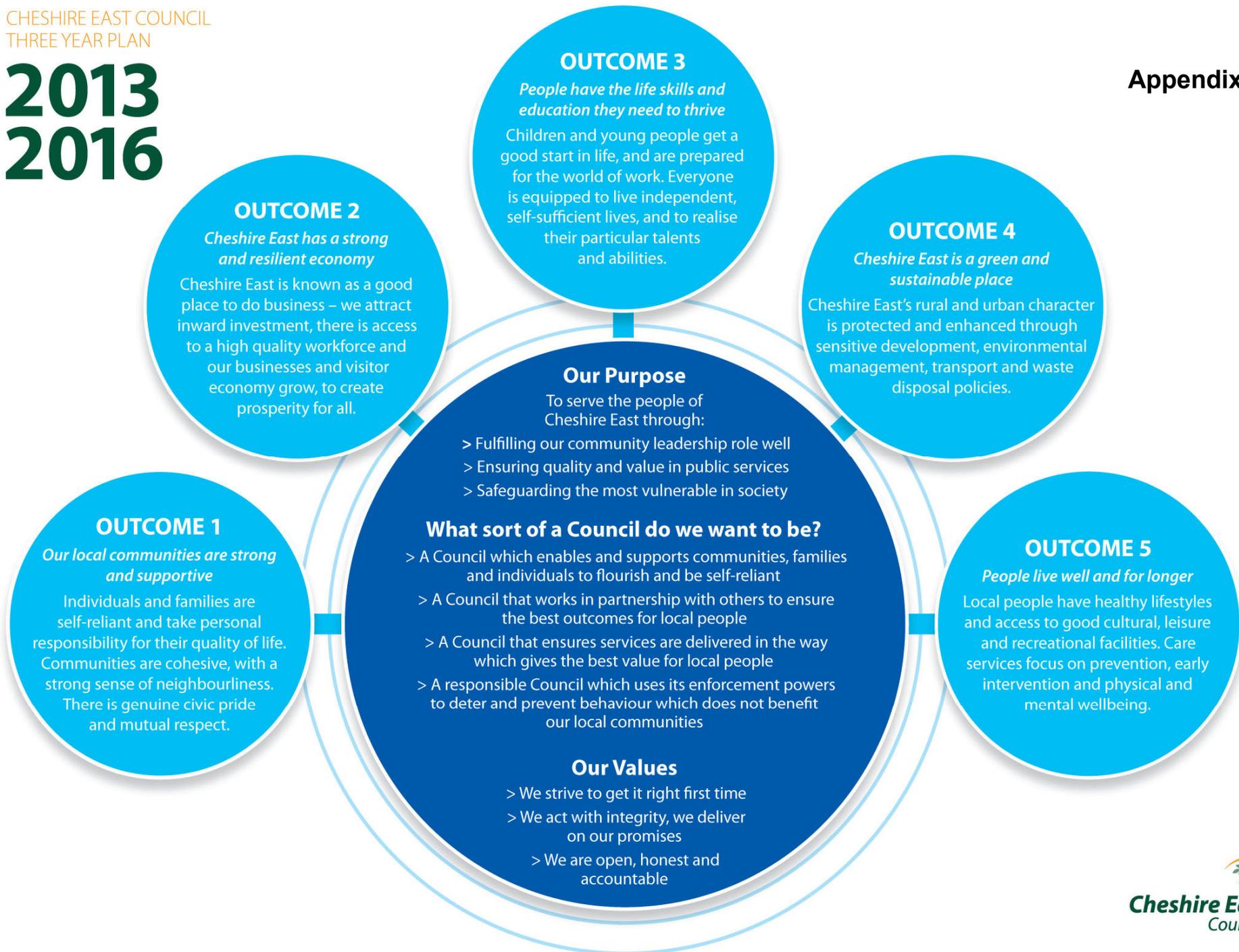
5.3 Details of our Business Planning engagement process are attached to my report.

6 **Summary**

6.1 In difficult times, when the going gets tough, the tough get going! The financial strategy set out here by me and my Cabinet is based on taking some tough decisions. But, with skill and careful choices, we have created new opportunities to invest in the future of Cheshire East, whilst protecting the quality of our essential frontline services.

6.2 This is the ideal combination of sound financial management and bold creative thinking that people are coming to expect from my administration.

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**2013
2016**

Our principles to underpin budget decisions

- We will be policy-led and stick to our decisions
- We will make decisions based on evidence of need and of what works, with due regard to our equality duty
- We are planning for at least three years
- We must be a more productive and affordable organisation
- We will stop doing some things to focus on those that matter most to local people
- We will invest in innovative new ways of providing services
- We will ensure that those who provide services, whether in-house or externally, give real value-for-money
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- We will focus our limited resources on prevention and early intervention
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Priorities

Change Programmes

<p>1. Local economic development</p>	<p>1.1 Investment in existing and new road infrastructure 1.2 Investment in high speed broadband network for Cheshire East 1.3 Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme</p>
<p>2. Developing affordable and sustainable local models of care for vulnerable children and adults</p>	<p>2.1 Improve the sufficiency of care locally for vulnerable children and adults 2.2 Next phase of development of Care4CE service 2.3 Secure new integrated health and care pathways for learning disabilities 2.4 Securing efficiencies through strategic commissioning of children and adult services</p>
<p>3. Focusing services on early intervention and prevention</p>	<p>3.1 Focus Childrens Services on early help for families 3.2 Review adult assessment and case management services</p>
<p>4. Responding to the changing education and learning environment</p>	<p>4.1 Develop our relationship with self-sustaining schools 4.2 Continue review of Home to School transport 4.3 Improve the range of special school provision 4.4 Pursue the development of a new University Technical College</p>
<p>5. Securing housing that is locally-led, community-based and that meets local needs</p>	<p>5.1 Develop a new delivery model for the housing service and ensure housing services support independent living and health improvement 5.2 Develop accommodation strategy for vulnerable adults and those with learning disabilities</p>
<p>6. Redefining the Council's role in core place-based services</p>	<p>6.1 Develop new delivery model for leisure provision 6.2 Develop new delivery model for streetscape and bereavement 6.3 Develop a new model for sustainable library services and community hubs 6.4 Determine future delivery model for waste management services 6.5 Develop Total Transport Programme</p>
<p>7. Re-shaping the organisation</p>	<p>7.1 Restructure the organisation 7.2 Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services 7.3 Continue targeted business improvement reviews to find efficiency savings from all services 7.4 Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery 7.5 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives 7.6 Develop resilient communities</p>
<p>8. Workforce planning</p>	<p>8.1 Further develop employment and working practices to enable flexible and agile working 8.2 Identify changing skills requirements over medium term and equipping the organisation with these skills 8.3 Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills</p>

Detailed Analysis of the Major Change Programmes

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Children & Families								
Safeguarding/Early Intervention								
	Children's placements	Children's placements	Nigel Moorhouse		3,600		This is a base correction as a result of high cost complex care	
	Children's staffing	Children's staffing	Nigel Moorhouse		800		Base correction as a result of high cost agency staff	
	2.0 - Affordable models of care	Rationalise residential provision	Nigel Moorhouse		0		Continue to implement the residential care review across Cheshire East, with additional beds in Macclesfield and the Congleton areas.	
	2.0 - Affordable models of care	Joint funding/continuing healthcare assessments - children	Nigel Moorhouse		-250		Some children have healthcare needs that should be recharged and funded from health	
	2.0 - Affordable models of care	Review contracting -Establish market sufficiency and sustainability	Nigel Moorhouse		-50		External contracts will be reviewed and costs will be reduced	
	2.0 - Affordable models of care	Full year effect of placement savings achieved in 2011/2012	Nigel Moorhouse		-900		Placements during the last 2 quarters of 2012/2013 have been reduced	
	2.0 - Affordable models of care	Placements	Nigel Moorhouse		-500		Placements will be reduced in 2013/2014 utilising foster carers as an acceptable alternative and following preventative activity for later year reductions.	
	2.0 - Affordable models of care	Reduction of agency staff, appointing perm staff to achieve saving	Nigel Moorhouse		-500		Following the implementation of the CMT report on Children social worker recruitment, the number of agency staff will be reduced, to be replaced by social workers with child protection expertise.	
	3.0 - Focus on prevention and intervention	Investment in preventative contracts to achieve savings	Tony Crane		1,100		Increase investment in preventative contracts, seeking to reduce need for care placements in the future	
	3.0 - Focus on prevention and intervention	Troubled Families Grant	Tony Crane		685		2013/2014 grant allocation for Troubled Families investment, the remaining balance of the grant is subject to performance and will be claimed by the service pending results.	
	3.0 - Focus on prevention and intervention	Early intervention	Tony Crane		-2,100		Following the change in Connexions and the Youth Service, there will be a reduction in universal service funding and a more effective focus on targeted services.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Education	3.0 - Focus on prevention and intervention	Review Children Centres	Tony Crane		-200		Review and consult on the closure/reduction of hours of Children Centres, without loss of key services. Member decision required.	-5
	Transport	Transport	Fintan Bradley		1,100		Base correction following the delayed implementation of transport policy changes	
	4.0 - Changing education environment	Transport	Fintan Bradley		-800		Impact of delivering post 16 and denominational budget reductions and the full year effect of actions taken during 2012/2013.	
	4.0 - Changing education environment	Rationalisation of home to school transport	Fintan Bradley		-625	75	Continued rationalisation of transport activity, including reviews of routes, special education needs transport and fully absorbing inflationary pressures for later years.	
	4.0 - Changing education environment	Home to school transport - post 16	Fintan Bradley		-250		Remove the subsidy provide to schools and colleges for the post 16 transport.	
	4.0 - Changing education environment	Home to school transport - safer routes	Fintan Bradley		-100		Review safer route home to school transport provision	
	4.0 - Changing education environment	Restructure for schools support	Fintan Bradley		-600	150	Review and reduce support to schools, following Academy conversions	-15
	7.3 - Business reviews	Realign DSG and base budget	Fintan Bradley		-400		Seek to recharge Schools/DSG for services	
Business Challenge and Performance	4.0 - Changing education environment	Education support	Fintan Bradley		-250	75	Review and reduce support to schools, following Academy conversions	-6
	7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	Support the frontline, Business Systems and Processes	Dominic Oakeshott	Supporting the Front Line ICT Programme	-170	60	Review support across Children and Families, both team support and business support	-6
	7.3 - Business reviews	Business efficiency and effectiveness	Dominic Oakeshott	Supporting the Front Line ICT Programme	-50	20		-2
	9.1 - One year funding allocation to assist delivery of major change programme	One year funding allocation to assist delivery of major change programme	Dominic Oakeshott		370			
	TOTAL: CHILDREN & FAMILIES		Sub-Totals			-90	380		-34

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014	
Service	Change Project	Description	Responsible Officer	Capital Link					
Adults									
Care4CE	2.0 - Affordable models of care	Close a day centre	Dave Watson		-250	100	Review of all Care4CE services to generate further efficiencies / generate further reductions in operating costs. Member decision required.	-10	
	2.0 - Affordable models of care	Close a Community Support Centre	Dave Watson		-325	50	Review and consult on the closure of Mountview, mothballing initially, whilst opportunities for the possible use of the site are considered within the Council and with other partners. Member decision required		
	2.0 - Affordable models of care	Redevelop Hollins View	Dave Watson	Hollins View 2014/15		100	Capital investment to renew Hollins View, Member decision required.		
	2.0 - Affordable models of care	Reshaping of services delivered by Care4CE	Dave Watson		-525	300	Review of reablement, respite aiming to maximise use of care/reduce as appropriate. Member decision required.		
	7.3 - Business reviews	Business review for catering - delivering efficiency through strong procurement	Dave Watson		-100		More effective procurement of food/supplies to support Care4CE meals provision		
	Strategic Commissioning	2.0 - Affordable models of care	Strategic commissioning networks/pooled contracts	Brenda Smith / Lucia Scally		2,100		Base Budget Adjustment linked to Pooled Budget contracts	
		Adults valuing people grant adjustment (Base Pressure)	Adults Valuing People Now transfer from health - grant adjustment	Lucia Scally		6,128		Valuing People Now, transfer of responsibilities from health for Learning Disability	
		2.0 - Affordable models of care	Unachieved redesign reductions	Lucia Scally		800		Redesign from 2010/2011 with the full year effect to be achieved in 2013/2014.	
		2.0 - Affordable models of care	Establish market sufficiency and sustainability	Lucia Scally		-50	100	Better procurement of care provision	
		2.0 - Affordable models of care	Establish market sufficiency and sustainability - Supported Employment	Lucia Scally		-20		Review supported employment, increase income.	
3.0 - Focus on prevention and intervention	Section 256 - Funding transfer from NHS to social care	Lucia Scally		1,436		Department of Health investment in Social Care, transferred via a section 256 agreement			
3.0 - Focus on prevention and intervention	Safeguarding new provision - transfer from Health	Kate Rose		33		New responsibility transferred from health in 2013/2014			

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Individual commissioning	3.0 - Focus on prevention and intervention	Transfer of Healthwatch responsibilities from health via grant funding	Lucia Scally		100		New responsibility transferred from health in 2013/2014	
	3.0 - Focus on prevention and intervention	Transfer of Mental Health Advocacy responsibilities from health via Local Reform and Community grant funding	Lucia Scally		121		New responsibility transferred from health in 2013/2014	
	3.0 - Focus on prevention and intervention	Reduce third sector contracts	Lucia Scally		-100		Review and reduce number/costs of third sector contracts (achieved)	
	3.0 - Focus on prevention and intervention	Rationalise Commissioned Preventative Services - SP	Lucia Scally		-500		Review and reduce number/costs of Supporting People contracts (2013/2014 reduction)	
	3.0 - Focus on prevention and intervention	Rationalise Commissioned Preventative Services - VCFS	Lucia Scally		-350		Review and reduce Voluntary, Community and Faith Sector contracts (2013/2014)	
			Review of housing accommodation with support		0	150	Working with Registered Social Landlords/ providers to review the provision of housing accommodation with support	
	7.1 - Restructure the organisation	Review staffing structures	Lucia Scally		-500	320	Review staffing structures to improve productivity.	-12
	Care costs (Base Pressure)	Care costs	Brenda Smith		7,600		Additional complexity of care impacting as base pressure	
	2.0 - Affordable models of care	Increasing Demand	Brenda Smith		0		Earlier indications of growth £4m care, £1.9m inflation per annum.	
	2.0 - Affordable models of care	Increasing Demand	Brenda Smith		1,000	100	In 2013/2014 all inflation and £3m of care growth will be held within current budget. Cost of investment to support high volume review work	
	2.0 - Affordable models of care	Hold growth	Brenda Smith		-3,000		Continued holding of earlier years growth pressures.	
	2.0 - Affordable models of care	Hold inflation			-400		Continued holding of earlier years inflation costs.	
3.0 - Focus on prevention and intervention	Placements	Brenda Smith		-600	100	Review of placements commenced by Skylakes		

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Business Challenge and Performance	3.0 - Focus on prevention and intervention	Reduction of direct payment packages to reflect care needs	Brenda Smith		-1,000		Review all Direct Payment/Empower clients. Potential Member decision required.	
	2.0 - Affordable models of care	Reduce external commissioned provider contracts	Lucia Scally		-400		Working with providers to reduce the contract costs	
	2.0 - Affordable models of care	Joint funding/continuing healthcare assessments - adults	Brenda Smith		-250		Ensure the Clinical Commissioning Groups (CCG) are recharged appropriately for Continuing Health Care (CHC)	
	2.0 - Affordable models of care	Health related funding - Continuing Health Care; Rehabilitation; Learning Disabilities	Brenda Smith		-950		Ensure the Clinical Commissioning Groups (CCG) are recharged appropriately for Continuing Health Care (CHC)	
	2.0 - Affordable models of care	Transport	Brenda Smith		-500		Completion of the Transport Review and removal of the remaining redundancy funding	
	7.3 - Business reviews	Business review for adults social work team (based on no further increase in starting in Individual Commissioning over the next 18 months)	Brenda Smith		-250	60	Staff reductions across Individual Commissioning	-6
	3.0 - Focus on prevention and intervention	Investment in Health Improvement	Guy Kilminster		100		Funding for new Health Improvement activity	
	3.0 - Focus on prevention and intervention	Transfer of Independent Living Fund Responsibilities from Department of Work and Pension to Local Authorities (2015/2016)	Lucia Scally		0		Funding and activity of commissioning Independent Living Fund contracts will transfer from the Department of Work and Pensions to Local Authorities in 2015/2016 (i.e. this growth will be funded)	
	7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	Business Systems and Processes to support the front line	Brenda Smith / Lucia Scally / Dave Watson / Dominic Oakeshott	Supporting the Front Line ICT Programme	-80	20	Review and reductions in support across Children, Families and Adults, delivering as part of the Smarter Support Review, which seeks to reduce the levels of secretarial support, client finance, business and team support	-2
	7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	Business management and challenge	Dominic Oakeshott	Supporting the Front Line ICT Programme	-100	20	Review support across Children and Families, both team support and business support	-2

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
	7.3 - Business reviews	Business efficiency and effectiveness - workforce	Dominic Oakeshott		-50	10	Review and combine workforce development teams across CF&A	-1
	7.3 - Business reviews	Business management and challenge earlier reductions	Dominic Oakeshott		200		Review support across Children and Families, both team support and business support	
	7.3 - Business reviews	Service support review	Dominic Oakeshott		-200	80	Review support across Children and Families, both team support and business support	-8
	9.1 - One year funding allocation to assist delivery of major change programme	One year funding allocation to assist delivery of major change programme	Dominic Oakeshott		580			
TOTAL: ADULTS		Sub-Totals			9,698	1,510		-41

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Public Health								
Public Health	3.0 - Focusing services on early intervention and prevention	Transfer of Public Health Budget from NHS	Heather Grimbaldston		12,725		Public Health is a new Local Authority responsibility transferred from Health in 2013/2014. The Council is given a ring fenced Health Grant from Public Health England/DoH to protect and improve the health of residents of Cheshire East in a number of mandated areas. These include sexual health services, children's weight, health checks, support to NHS commissioners and public health emergencies. Other services covering drug and alcohol and smoking services also have to be commissioned using the budget. The Council will be reviewing the budget in light of its own priorities and current related service areas.	
	3.0 - Focusing services on early intervention and prevention	Ring Fenced Specific Grant Funding	Heather Grimbaldston		-12,725		Note: This is an indicative budget based on the PCT baseline allocation (25/04/2012). The Public Health budget allocations to Local Authorities were published on 10th January 2013 and work is now underway to work through the budget requirements.	
TOTAL: PUBLIC HEALTH		Sub-Totals			0	0		0

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Places & Organisational Capacity								
Waste	6.4 - Determine future delivery model for waste management services	Waste & Recycling - New delivery model for waste management services	Ray Skipp		0	400	Alternative model for collection operation and integrated solution for recycling and disposal; budget estimates are based on outsourcing and use of the "restricted" procurement route could facilitate delivery by mid-2014/15, subject to availability of an operational transfer station in the north	
Waste	6.4 - Determine future delivery model for waste management services	Waste & Recycling - Diversion from landfill for one-year, pending new delivery model	Ray Skipp		-113		Diversion from landfill in 2013/2014 through collaboration within existing contract provisions and procurement of haulage arrangements [This is subject to a collaborative arrangement being agreed prior to 31/03/2013]; from 2014/2015 further landfill diversion will be considered via the new delivery model for waste.	
Waste	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Waste & Recycling - Adjustments to base budgets for landfill and recycling contracts	Ray Skipp		576		Adjustments to contract costs, to reflect underlying base budget shortfalls relating to disposal (HWRCs) and recycling (bulking/ green waste haulage); increases in Landfill Tax and contractual inflation, partly offset by reduced residual waste tonnages	
Waste	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Waste & Recycling - Adjustments to base budgets for collection costs and income levels, including Bank Holiday/ Christmas service provision, fuel and supplies inflation	Ray Skipp		749		Adjustments to core staff, vehicles and bulky/ Schedule 2 property income budgets to reflect underlying base budget shortfalls, additional resources for Bank Holiday waste transfers and Christmas catch-up period; fuel and tyres cost inflation	
Waste	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Waste & Recycling - Waste Service structure review	Ray Skipp		-185		Review/Removal of vacant posts in Waste Service	-3

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Waste	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Waste & Recycling - One-off reductions in 2013/2014 in the waste minimisation budget and recycling credits	Ray Skipp		-153		One-off savings to assist in 2013/2014, via reduced waste minimisation expenditure (reduces waste awareness and educational activity for 1 year) and saving in recycling credits (through not paying 3rd party credits re collection of materials already collected at kerbside).	
TOTAL WASTE					874	400		-3
Highways and Transport	1.1 - Investment in existing and road infrastructure	Highways - Charging of staff time to major highways capital investment project, during 2013/2014 and 2014/2015	Kevin Melling	Investment in highway infrastructure	-200		Charging of costs to Capital project, rather than Revenue, in relation to major two-year programme of highways improvement works	
Highways & Transport	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Highways & Transport - Adjustment to base budgets for concessionary fares passes, flexible transport, transport and fleet client recharges and countryside	Kevin Melling		435		Adjustment of income and operating cost budgets, to correct for underlying base budget shortfalls	
Highways & Transport	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Transport - Expenditure, fully funded by Local Sustainable Transport Fund DfT grant; £876k in 2013/2014, £782k in 2014/2015	Kevin Melling		0		Fully funded spending of £1.658m revenue over the next two years, in conjunction with £870k capital investment, on improved transport services, enabling greater access to employment, links to the railway and travel awareness	
Highways & Transport	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Highways - Contract inflation, offset by efficiency savings in 2014/2015 and 2015/2016	Kevin Melling		324		Cheshire East Highways annual contract inflation, offset by 3% efficiency saving (NB. 2013/2014 efficiency saving already in base budget rolled forward)	
Highways and Transport	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Transport - Inflation in public transport support and concessionary fares subsidy	Kevin Melling		236		Inflation in public transport support and concessionary fares subsidy	

Summary of Major Change Programmes - Budget Report 2013/2016						Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link					
Highways and Transport	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Highways - Savings from reviews in winter servicing and rural verge maintenance	Kevin Melling		-175		Following the review of winter operations undertaken during 2011/2012 and 2012/2013 which will be complete in early summer 2013, changes will be made to the extent of network pre-salted, enabling reductions in number of routes, generating further efficiencies. This will be combined with reduction in swathe cuts (verge maintenance) to once per year, maintaining visibility at junctions and on bends.		
Highways and Transport	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Highways & Transport - A range of operational efficiency savings across Highways and Transport services (over a 2 year period) including review of winter salt/gritters, capitalisation of staff time and maintenance (where appropriate), developing charging to become self financing and pursuing increased enforcement activity.	Kevin Melling		-480	125	Change in specification of salt used for gritting; savings via hiring additional gritters through CEH supply chain; increase in staff recharge to capital programme over medium term (incl. LSTF-funded programme); new income target for pre-application advice fees; change in focus to capital improvements and remove reactive responses to enquiries; charge for inspectorate service and traffic survey team to become self-financing; develop income from permit scheme for utility openings; capitalise Public Rights of Way expenditure where appropriate; efficiencies in bus shelter maintenance contract		
TOTAL HIGHWAYS & TRANSPORT					140	125		0	
Communities	6.1 - Develop delivery models for frontline place-based services	Leisure Services - Adjustments to employees and income base budgets	Peter Hartwell		742		Increase in staffing (£0.5m) and income budgets (£0.2m) to correct for underlying base budget shortfalls		
Communities	6.1 - Develop delivery models for frontline place-based services	Leisure Services - New service delivery model to create efficiencies in operating costs; along with increasing income from fees and charges	Peter Hartwell	Crewe Cumberland Arena	-450	200	Develop a new delivery model in 2013/14 to realise staff and non pay cost savings realising £0.15m		
Communities	6.1 - Develop delivery models for frontline place-based services	Sports Development - Service cost efficiency savings	Peter Hartwell		-156	14	Review of service structure, operational budgets and grant payments	-3	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Communities	6.1 - Develop delivery models for frontline place-based services	Arts & Culture - Service cost efficiency savings and reductions	Peter Hartwell		-296	90	Service structure review and move to commissioning role, review of non-externally funded activities, remove subsidy from Silk Heritage Centre in 2015 following new two-year agreement.	-5
Sub-total LEISURE					-160	304		-8
Communities	6.1 - Develop delivery models for frontline place-based services	Car Parking - New delivery models for parking enforcement	Peter Hartwell		-350	49	Develop new delivery models for enforcement function (£0.25m) and back-office rationalisation (£0.10m) , to realise cost efficiencies	-3
Communities	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Car Parking - Adjustments to Pay & Display and fines income base budgets	Peter Hartwell		899		Reduction in income budgets to correct for underlying base budget shortfalls - Pay and Display (£0.5m) and Enforcement (£0.3m).	
Sub-total CAR PARKING					549	49		-3
Communities	6.1 - Develop delivery models for frontline place-based services	Streetscape - New service delivery model, via transfer of mechanical cleansing to managing agent and integration with Highways services contract, along with other efficiency savings in employees and supplies costs	Peter Hartwell / Kevin Melling		-336		Transfer of mechanical cleansing to Highways Services provider and other efficiencies in employees and operating costs	-12
Communities	6.1 - Develop delivery models for frontline place-based services	Streetscape - Closure of public conveniences	Gareth Edwards		-104	112	Transfer of facilities to Town/Parish Councils or closure and decommissioning of public conveniences from April 2013, full year saving assumed.	-2
Communities	6.1 - Develop delivery models for frontline place-based services	Streetscape - Closure of Automatic Public Conveniences, via buy-out of long-term leasing contract	Gareth Edwards		0	213	Closure of automated facilities via buy-out of leasing arrangement. 2013/2014 temporary budget to finance lease repayments (£0.08m) and COI to give notice on 2 sites 1/4/13 and 3 sites 1/4/14 (£0.1m) to realise annual saving of £125,000 (phasing closures between 2013/2014 and 2015/2016).	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Communities	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Streetscape - Adjustments to income base budgets relating to grounds maintenance, parks management and markets	Gareth Edwards		247		Adjustment of income budgets to correct for underlying base budget shortfalls	
Sub-total STREETScape					-193	325		-14
Communities	6.1 - Develop delivery models for frontline place-based services	Regulatory Services - Reduction of pest control service and increase of fees	Peter Hartwell		-65	46	Reduction of pest control service and increase of fees.	-2
Communities	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Community Services - Adjustments to staffing, operating cost and income base budgets	Peter Hartwell		442		Increase in staffing and operating costs and reduction of income budgets, to correct for underlying base budget shortfalls	
Communities	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Community Safety - withdraw neighbourhood policing grant, following Home Office's transfer of grant payment from Council to the new Police & Crime Commissioner	Peter Hartwell		-150		Expenditure saving, reflecting that Home Office grant is now to be paid direct to Cheshire Police, rather than the Council, following the election of the Police & Crime Commissioner	
Communities	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Community Services - Reduction in supplies and services budgets	Peter Hartwell		-52		10% reduction in across a range of supplies and services budgets	
Communities	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Community Safety - Staffing and maintenance cost efficiency savings in CCTV services	Peter Hartwell		-250	104	Reduction in CCTV staff (by 3fte) and maintenance budgets, including rationalisation of BT fibre costs	-3
Communities	8.3 - Manage workforce turnover so that vacant posts are used to provide efficiency savings whilst retaining staff with essential skills	Community Services - Recruitment Freeze and continued vacancy management.	Peter Hartwell		-181		Recruitment Freeze and in year vacancy management based on the 2012/2013 vacancy savings.	-6
Sub-total Other COMMUNITIES					-256	150		-11
TOTAL COMMUNITIES					-60	828		-36

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets Service - Adjustments to base budgets for underlying budget shortfalls in operating and maintenance costs, income budgets, holding costs of surplus properties, street lighting energy and planned inspections	Caroline Simpson		2,886	100	Adjustments relating to underlying base spend and income budget shortfalls on operational and non-operational investment properties, holding costs of surplus and interim-managed properties, street lighting energy and planned programme of inspections	
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets - Carbon Reduction Commitment payments, inflation in energy, water and rates costs and energy efficiency investment loan repayments	Caroline Simpson		515		Carbon Reduction Commitment payments, inflation in energy, water and rates costs and energy efficiency investment loan repayments. [Re Carbon Reduction Payments, the assumption here is that the first CRC payments will be made in 2014/2015 and forecast at £334k however there is a risk that the liability could fall in 2013/2014]	
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets - Continuation of benefits realisation from introduction of Corporate Landlord model, via rationalisation of operational property portfolio	Caroline Simpson		-750	350	The saving will come from a significant reduction in office space and rationalisation in buildings occupied by staff as well as a reduction in assets for front line delivery. An estimate of the cost of investment has been made to reflect buy outs and to facilitate exit. There is a risk that the saving in the first year will need to come from temporary measures and in-year savings as rationalisation is progressed for 2014/2015.	
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets - Accelerated disposals/ demolitions of surplus properties	Caroline Simpson	Assets Accelerated Disposals/ Demolition	-300		Savings in running/ holding costs, following disposal or demolition of surplus properties. £500k one-off Capital expenditure is required to deliver these additional revenue savings and is included in the draft capital programme for 2013/2014.	
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets: Managed reduction in both planned and responsive maintenance, for 2013/2014 only	Caroline Simpson		-400		Managed reduction in maintenance spending, for one-year only, focussing on essential repairs and minimising adverse effects on condition of premises	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets - Operational efficiency savings from reviews of caretaking and cleaning services, postage services, ceasing internal electricians services and reviewing service-related income and debt position	Caroline Simpson		-255	50	Reducing running costs for caretaking and cleaning and postage services, review of the internal electricians service and introducing alternative ways of managing income	-4
Development	7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	Assets - Reduce energy consumption from street lighting and illuminated signs	Caroline Simpson		-141		Following deferred capital investment in 2012/2013, energy cost savings have been re-profiled over 5 years; a reduction in the number of illuminated traffic signs will also save on energy and maintenance costs	
Sub-total ASSETS					1,555	500		-4
Development	1.3 - Investment to support business growth and delivery of Macclesfield and Crewe regeneration and the Sustainable Towns programme	Economic Development & Regeneration - Increase in resources to deliver the economic growth agenda	Caroline Simpson	Property Development Programme	200		Increase in (revenue) budget for economic growth initiatives. [In addition a new capital scheme will facilitate a dedicated team approach to physical asset development (£300k)].	3
Development	5.2 - Better integrate housing across all Council services	Housing & Adults Services - New delivery model for Housing, via integration with Adults Services	Caroline Simpson		-50	100	Realisation of efficiency savings through integration of Service structures	-4
Development	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Economic Development, Visitor Economy and Tatton Park - Review of Visitor Economy and Economic Development services; implement Tatton Vision projects to reduce subsidy	Caroline Simpson		-235		Visitor Economy and Economic Development services efficiency savings (2013/2014 14 £105k; 2014/2015 £30k & 2015/2016 £5k); implement Tatton Vision projects to reduce subsidy (2013/2014 £130k; 2014/2015 £273k & 2015/2016 £130k).	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Development	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Development Management - Adjustments to base income budgets, including increase in prescribed fees and charges for pre-application advice, along with pay cost savings	Caroline Simpson		-304		Increase in prescribed planning application fees (£100k), charges for pre-application advice (£30k) and search fees income levels (£200k), along with pay protection cost savings (2013/2014 (£79k) & 2014/2015 (£25k)) and adjustments in Building Control income to correct for underlying shortfalls +£105k).	
Development	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Spatial Planning - Local Development Framework Public Inquiry and Local Plan site allocation project, followed by a review of integrated place and project based teams across Development and Places.	Caroline Simpson		0	400	Increase in Local Plan budget provision for 2013/2014-2014/2015 and Local Plan site allocation resource for 2013/2014; and review of integrated place and project based teams across Development and Places.	
Sub-total Other DEVELOPMENT					-389	500		-1
TOTAL DEVELOPMENT					1,166	1,000		-5
Performance, Customer Services & Capacity	6.3 - Develop a model for sustainable library services and community hubs	Libraries - Development of a sustainable library service	Paul Bayley	New Library Model	-100	50	Involving a town-by-town review of provision, development of a sustainable service will result in libraries appropriate for each community and will require some reduced provision	-4
Performance, Customer Services & Capacity	7.6 - Resilient communities	Corporate and Partnerships - Removal of temporary budget for External Funding Team	Vivienne Quayle		-50		Corporate approach, to re-focus of area working, to prevent demand on local services	
Performance, Customer Services & Capacity	7.6 - Resilient communities	Grants - Removal of one-off grants to Town and Parish Councils	Vivienne Quayle		-209		Removal of one-off item for 2012/1013	
Performance, Customer Services & Capacity	7.6 - Resilient communities	Grants - Transitional grants to Town and Parish Councils in relation to implementation of local council tax benefit support scheme	Vivienne Quayle		450		Transitional grant support, to mitigate for reduction in tax base as a consequence of the change from national to local scheme for council tax benefits	
Performance, Customer Services & Capacity	7.6 - Resilient communities	New way of working with communities and implementing localism	Vivienne Quayle					
TOTAL PERFORMANCE, CUSTOMER SERVICES & CAPACITY					91	50		-4

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Unallocated	9.1 - One year funding allocation to assist delivery of major change programme	One year funding allocation to assist delivery of major change programme	Caroline Simpson		470			
TOTAL: PLACES & ORGANISATIONAL CAPACITY		Sub-Totals			2,681	2,403		-48
Corporate Services								
HR and OD								
Organisational Development	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Service restructure	Julie Davies		-53	33	A small restructure in HR&OD, with the reduction of 1 post at Grade 11	-1
Organisational Development	8.1 - Further develop employment and working practices to enable flexible and agile working	Performance related pay scheme	Julie Davies		0	230	Performance related pay is being explored. An investment of £230k will be required over the next 2 years. Options are currently being considered by the relevant Policy Development Group. Steve please note that at the Cabinet/CMT budget discussion on Monday this week we agreed to split the funding into £50k for 2013/2014 and £180k in 2014/2015	
Organisational Development	8.1 - Further develop employment and working practices to enable flexible and agile working	Enabling flexible working practices	Julie Davies		0	50	The savings associated with this project are directly linked to the asset disposal/reduction strategy and are detailed in there. Equally, the investment costs linked to this project are detailed in the ICT Strategy. An additional £50k is requested to invest in advice and small scale office redesign to better facilitate the 'agile worker' concept in CEC buildings.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Organisational Development	8.1 - Further develop employment and working practices to enable flexible and agile working	Creating job families, to support workforce and service development	Julie Davies		0		This project does not require upfront investment and will not generate any savings (directly). It will however ensure that we have streamlined job structures which will help services will help services to increase productivity whilst changing size and shape and enable the Council to have a flexible, multi skilled and agile workforce.	
Organisational Development	8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills	Changing skills project, to support workforce development, individual and Service performance improvement	Julie Davies / Rosie Ottewill		100	70	This project does not produce savings or cost reductions for the Council directly. It will however ensure that we have a highly skilled, flexible and high performing workforce to take the Council into the future (with significantly fewer Managers). It will also help to improve front-line Services through better leadership and management skills, improved commissioning and business skills, honed customer service skills and improved change and transformation skills. It will become embedded in Workforce Planning and assist Services in to increase productivity whilst changing size and shape.	
Organisational Development	8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills	Health & well-being support for staff, including Employee Assistance Programme (EAP)	Julie Davies		45		An investment of £45k for an Employee Assistance Programme will significantly mitigate against a predicted overspend of approximately £65k in Occupational Health through heavy demand on Counselling services. An EAP will also help to drive down sickness, improve morale, reduce stress levels and improve employee wellbeing.	
Finance and Business Services ICT	7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	Core System Stability	Gareth Pawlett	ICT Capital Programme - £20m investment over 3 years	650		An additional £650k to support the financial implications of running the old network and new PSN networks simultaneously, along with ongoing direct revenue cost to ICT Strategy in future years. Infrastructure costs are currently billed on a 50:50 basis to CEC and CWAC. Any temporary increase in costs incurred by the ICT Shared Service will be funded from this growth bid.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
ICT	7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	Next Generation Desktop	Gareth Pawlett	ICT Capital Programme - £20m investment over 3 years	-125		Further reduction in Microsoft Enterprise Agreement	
ICT	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	ICT Harmonisation	Gareth Pawlett	ICT Capital Programme - £20m investment over 3 years	-50		Cancellation of application contracts	
ICT	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Other - Strategy Structure Reductions	Gareth Pawlett		-65	30	Reduction in one service management post	-1
ICT	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Additional ICT Staff Capitalisation	Gareth Pawlett	ICT Capital Programme - £20m investment over 3 years	-125		Further capitalisation of ICT Strategy staff	
ICT	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Deepstore/Duplicate Savings target	Gareth Pawlett		210		To correct for underlying base budget shortfalls, and remove duplicated savings target.	
FBS Directorate	7.2 - Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services	Develop SLE	Gareth Pawlett / Chris Mann		163		Original plans related to the implementation in 2012/2013 of a Separate Legal Entity for the major Shared Services are being re-examined through a new Business Case, which is included in major Project 7.1. On this basis the original planned savings have been removed and the revised plans will be updated in Major Project 7.1 subject to Member decision in February 2013.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Accountancy	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Insurance re-tendering	Chris Mann		-150		Majority of savings target achieved through re-tendering of corporate insurances. Further efficiency improvements will be targeted following upgrading of insurance claims database.	
Accountancy	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Other - Accountancy - SBSA Income	Chris Mann		-13		Increase income from schools through review of charges and rigorous application of full cost recovery principle	
Accountancy	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Accountancy staffing reductions through introduction of manager self serve	Chris Mann		-75	50	Reductions as a result of enabling Managers to self-service, utilising functions e.g. Financial Reporting Centre.	-2
Finance Shared Service	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Shared Services (HR&Finance)- on-going budget pressure	Chris Mann		120	40	The HR&Finance Shared Service budget pressure will be mitigated through early retirements and compliance improvement that will enable staffing reductions and will be tackled by the end of 2013/2014. However, the pressure will be mitigated in the mean time by the one-off Benefit Subsidy surplus described below.	-2
Benefits	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Housing & Council Tax subsidy - exceed recovery target.	Chris Mann		-120		Surplus on subsidy income in 2011/2012 is anticipated to continue, but at significantly reduced level, due to changes to council tax support.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Benefits	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Transfer of Social Fund from central government (matched by grant funding)	Chris Mann		741		From April 2013 the funding and responsibility for a replacement to the Social Fund Scheme transfers from the DWP to the Council. A draft scheme has been developed, but is still subject to procurement for goods and services once demand is identified. It is anticipated that demand will be managed to ensure the awards are under the level of the grant and the administration costs will be reduced ongoing as part of the more flexible use of resources and move from traditional functional roles. This will be treated as a ring-fenced provision.	
Benefits	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Absorb additional administration costs related to transfer of Social Fund within existing resources	Chris Mann		-129		Aim is to absorb the administration costs of the Social Fund over the medium term, once the scheme is embedded. No additional staff will be taken on to undertake this work, existing resources will redeployed and backfill capacity provided through purchasing off-site processing .	
Revenues & Benefits	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Improved efficiency through adoption of 'Digital by Default'	Chris Mann		-75	50	Continued focus on uptake of on-line billing for ctax & NNDR and self-service facility for Revenues customers. This will require some investment in new software, but will result in savings in printing and postage and staff time, which will be redirected into targeted recovery action to maintain collection rates.	
Revenues & Benefits	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Improve productivity in Revenues & Benefits	Chris Mann		-100	50	Further efficiency savings to be delivered through exploitation of on-line working, channel shift and flexible working. Opportunities for collaboration will also be explored.	-1
Revenues & Benefits	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Efficiency improvement through consolidation of resources for fraud & investigation	Chris Mann		0		Create a combined fraud/investigation team through pooling of resources across Benefits and Internal Audit under joint management arrangement.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Borough Solicitor Legal Services	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Legal Services staffing capacity	Michael Rowan		0		Increase capacity and reduce reliance upon expensive ad hoc locum support.	
Legal Services	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Registration of land titles	Michael Rowan		0		The project to voluntarily register all outstanding title to land owned by the Council has been proceeding since September 2011 and is nearing completion. Registration of all the Council's titles will, once complete, considerably streamline land transactions and therefore enable spending reduction.	
Coroners	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Adjustment in base budget for Coroners Service	Brian Reed		50		Adjustment to correct for underlying base budget shortfall in the Council's contribution to the Coroners Service.	
Registrations	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Additional Registrations Service staff	Brian Reed		40		Additional resource requirement to support the increased level of marriages. In order to meet challenging income targets and increased demand, further resources are required in terms of Marriage Officers.	
Elections	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Delay recruitment to vacant Elections Office post	Brian Reed		-10		One-off saving from delaying for 6 months recruitment to a vacant Grade 3 post within the Elections Team. Elections Office is functioning on below minimum staffing levels. On this basis, the Team should have 7-8 FTE, but has only x6.	

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Registrations/Business Support Unit	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Reduce number of Administrative Officers	Brian Reed		-19		Deletion of the vacant Business Support Unit post reduces administrative support to lawyers. The service will manage out the risk of this work falling back on professional staff.	-1
Committee Team	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Reduce number of Scrutiny Officers	Brian Reed		-35		Delete the currently vacant Scrutiny Officer post and manage out the possible detrimental impact upon servicing Scrutiny committees and Policy Development Groups.	-1
Democratic Services	7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	Rationalise Democratic Services management structure	Brian Reed		-64	38	Service management restructuring.	-1
All Corporate	7.2 Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services	Developed model for Corporate Services	Vivienne Quayle		-200	20	Develop smaller, cross-service functions for performance, research, consultation, workforce development, and publicity and marketing. These functions will in total have less staff and resource, but by pooling current resource which is spread across services, they will have a greater capacity, focus and resilience. The functions will provide a corporate role but with key subject expertise. In order to achieve this new approach it is vital that the current Children, Families and Adults resource is pooled with corporate resource, and discussions have taken place between services to this effect.	-5
	9.1 - One year funding allocation to assist delivery of major change programme	One year funding allocation to assist delivery of major change programme			160			
TOTAL: CORPORATE SERVICES		Sub-Totals			872	661		-15

Summary of Major Change Programmes - Budget Report 2013/2016					Total 2013/2014 £000s	Cost of Investment 2013/2014 £000s	Activity and consequence	FTE Change 2013/2014
Service	Change Project	Description	Responsible Officer	Capital Link				
Cross Cutting								
		9.2 - Provision for contractual increments currently under review			210		Budget for increments for the part-year effect from November 2013 to March 2014 and for increments in 2014/2015 pending development of a PRP scheme.	
	9.3 - Management restructure - Unidentified	Reducing management overheads			-2,173			-71
	9.4 - Vacancy Management Provision	Managing workforce turnover so that vacant posts are used to provide efficiency savings whilst retaining staff with essential skills			-2,500		There is no investment required for this project and achievement of projected savings will be subject to at least 50% of vacancies arising from natural wastage being deleted. The saving related to 2013/2014 requires a number of vacancy reductions to be implemented between November 2012 and March 2013.	-129
	9.1 - One year funding allocation to assist delivery of major change programme	Cost of additional staff reductions				1,346	Costs associated with the additional savings required from management restructuring	
TOTAL: CROSS CUTTING		Sub-Totals			-4,463	1,346		-200
TOTAL BY DIRECTORATE					8,698	6,300		-338

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CAPITAL PROGRAMME - SUMMARY **CAPITAL**

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000
Ongoing Schemes					
Children & Families	25,906	16,513	8,769	625	0
Adults	1,796	847	949	0	0
Places and Organisational Capacity	144,063	75,371	45,550	21,629	1,512
Corporate Services	68,513	5,928	30,418	27,167	5,000
Total Ongoing Schemes	240,278	98,659	85,686	49,421	6,512
New Schemes					
Children & Families	7,962	0	7,962	0	0
Adults	9,000	0	500	2,500	6,000
Places and Organisational Capacity	65,366	0	17,821	31,145	16,400
Corporate Services	0	0	0	0	0
Total New Schemes	82,328	0	26,283	33,645	22,400
Total	322,606	98,659	111,969	83,066	28,912
Funded By					
Prudential Borrowing		18,860	37,894	35,227	17,912
Grants		65,194	41,305	22,076	2,630
Capital Receipts		11,648	10,000	5,000	0
Developer / Other Contributions		2,927	22,670	20,763	8,370
Revenue Contributions		30	100	0	0
Total		98,659	111,969	83,066	28,912

CHILDREN AND FAMILIES - SUMMARY

CAPITAL

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000
Ongoing Schemes					
Safeguarding & Specialist Support	2,081	1,196	885	0	0
Early Intervention & Prevention	865	2	863	0	0
Strategy, Planning & Performance	22,960	15,315	7,021	625	0
Subtotal - Ongoing Schemes	25,906	16,513	8,769	625	0
New Schemes					
Strategy, Planning & Performance	7,962	0	7,962	0	0
Subtotal - New Schemes	7,962	0	7,962	0	0
Total	33,868	16,513	16,731	625	0
Funded By					
Prudential Borrowing		5,543	1,510		0
Grants		10,430	14,368	625	0
Capital Receipts		137			0
Developer / Other Contributions		403	853		0
Revenue Contributions					0
Total		16,513	16,731	625	0

CHILDREN AND FAMILIES SAFEGUARDING & SPECIALIST SUPPORT	CAPITAL
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Capital Programme 2013/2014 - 2015/2016
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	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	
Ongoing Schemes						
Residential Development Programme	1,500	997	503	0	0	100
Short Break Re Provision 2011-2012	175	51	124	0	0	100
Short Breaks for Disabled Children - Development of placements	406	148	258	0	0	0
Total	2,081	1,196	885	0	0	

CHILDREN AND FAMILIES
EARLY INTERVENTION AND PROTECTION **CAPITAL**

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
Scheme	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Hurdsfield - Replacement of the Family Centre	865	2	863	0	0	100
Total	865	2	863	0	0	

Capital Programme 2013/2014 - 2015/2016

Scheme	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Primary Schools	13,480	9,902	3,579	0	0	63
Secondary Schools	4,735	3,216	1,439	80	0	24
Specialist Schools	906	0	906			0
Minor Works / Accessibility (<£100k) - Improvements	943	922	21	0	0	15
Devolved Formula Capital Grant	2,748	1,137	1,066	545	0	0
Basic Need (<£100k) - Extensions	148	138	10	0	0	0
Subtotal - Ongoing Schemes	22,960	15,315	7,021	625	0	
New Schemes						
1. Basic Need - Block Provision	1,273	0	1,273	0	0	0
2. Wilmslow Grange Primary School - 2 Classroom Extension	887	0	887	0	0	0
3. Vine Tree - Primary School - 4 Classroom Extension	1,267	0	1,267	0	0	0
4. Suitability/Minor Works/Accessibility Block Provision	900	0	900	0	0	0
5. Condition Work - Block Provision	1,509	0	1,509	0	0	0
6. Re-organisation/Co-location of Services	100	0	100	0	0	0
7. Capital Maintenance Grant Block Provision	727	0	727	0	0	0
8. Devolved Formula Capital	902	0	902	0	0	0
9. Free Early Years Education Grant for 2 year Olds	397	0	397	0	0	0
New Schemes	7,962	0	7,962	0	0	0
Total	30,922	15,315	14,983	625	0	

Capital Programme 2013/2014 - 2015/2016

Please note that all of the 2013/2014 grant figures are based on the 2012/2013 grant allocations and will be revised once notification is received from the Department for Education

Details of New Schemes

1. Basic Need Block Provision

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

2. Wilmslow Grange Primary School

A two classroom extension over two storeys including a lift to allow DDA access to the first floor, a new staircase and group room space. Increases capacity to 315 places

3. Vine Tree Primary School

A four classroom extension, demolition of a mobile, creation of two group rooms, toilets and circulation. Increases capacity to 315 places.

4. Suitability/Minor Works/Accessibility Block Provision

Prioritised on a needs led basis the provision ensures that the establishment can function effectively and there are no Health & Safety or Safeguarding issues.

5. Condition Work - Block Provision

Prioritised on a needs led basis the provision relies on a condition survey to be completed.

6. Re-organisation/Co-location of Services

Provision to be used for the Children and Families Accommodation Strategy.

7. Capital Maintenance Grant Block Provision

To cover the project management costs of the individual projects within the Children and Families Capital Programme

8. Devolved Formula Capital

The grant is passported through the Authority and directly allocated to the schools for capital works.

9. Free Early Years Education Grant for 2 year Olds

New Government funding for disadvantaged 2 years olds to entitle them to 15 hours support each week.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000	Forecast Spend funded by Borrowing %
Ongoing Schemes						
Business Management & Change - Building Base Review - Adaptations and refurbishments	773	190	583	0	0	0
Business Management & Change - Combined ICT Project - Standardising processes	567	317	250	0	0	0
Care4CE - CareWorks System - Information Management System	456	340	116	0	0	0
Subtotal - Ongoing Schemes	1,796	847	949	0	0	
New Schemes						
<u>7.4 Implement a modern business architecture, including ICT Systems</u>						
1. Supporting the Front Line - Standardising of the Adults, Children & Families ICT Systems	3,000	0	500	1,500	1,000	77
<u>2. Developing affordable and sustainable local models of care</u>						
2. Hollins View	6,000	0	0	1,000	5,000	50
Subtotal - New Schemes	9,000	0	500	2,500	6,000	
Total	10,796	847	1,449	2,500	6,000	
Funded By						
Prudential Borrowing				1,800	3,500	
Grants		847	1,449	200		
Capital Receipts						
Developer / Other Contributions				500	2,500	
Revenue Contributions						
Total		847	1,449	2,500	6,000	

Details of New Schemes1. Supporting the Front line

This projects aims to rationalise and standardise the number of systems and processes within the Adults, Children & Families service departments.

2. Hollins View

To create a Adult Care Facility in partnership with the Health Authority.

PLACES AND ORGANISATIONAL CAPACITY - SUMMARY

CAPITAL

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000
Ongoing Schemes					
Waste, Recycling and Streetscape	272	89	183	0	0
Highways and Transport	87,318	51,784	23,470	12,063	0
Community Services	2,486	1,139	1,297	50	0
Development	52,518	21,100	20,390	9,516	1,512
Performance, Customer Services and Capacity	1,469	1,259	210	0	0
Subtotal - Ongoing Schemes	144,063	75,371	45,550	21,629	1,512
New Schemes					
Highways and Transport	46,380	0	14,835	21,645	9,900
Community Services	12,700	0	400	9,000	3,300
Development	5,586	0	2,586	0	3,000
Performance, Customer Services and Capacity	700	0	0	500	200
Subtotal - New Schemes	65,366	0	17,821	31,145	16,400
Total	209,429	75,371	63,371	52,774	17,912
Funded By					
Prudential Borrowing		9,749	36,281	31,484	9,412
Grants		53,874	25,457	21,251	2,630
Capital Receipts		9,452			
Developer / Other Contributions		2,266	1,533	39	5,870
Revenue Contributions		30	100		
Total		75,371	63,371	52,774	17,912

**PLACES AND ORGANISATIONAL CAPACITY
WASTE, RECYCLING & STREETScape**

CAPITAL

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Improvements to Congleton Park, Including Town Wood	104	64	40	0	0	
Waste, Recycling & Streetscape - Section106 Agreements	127	24	103	0	0	
Malkins Bank Play Area - Restoration / Improvements	41	1	40	0	0	
Total	272	89	183	0	0	

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Highways & Transport Section 278 Agreements	776	556	210	9	0	0
Crewe Green Link Road (Council Funded Element)	1,300	800	500	0	0	100
Alderley Edge By-Pass Scheme Implementation	54,687	47,135	6,924	628	0	5
Badger Relocation	115	64	51	0	0	0
Alderley Edge Village enhancements	94	34	60	0	0	36
Bridge Maintenance Minor Works - Public Right of Way	114	94	20	0	0	100
Taylor Drive, Nantwich - Footway / Cycleway link	120	90	20	10	0	0
Crewe Rail Exchange - Redevelopments	5,274	1,256	4,018	0	0	0
Carbon Initiatives	2,000	1,381	619	0	0	100
Highways & Transport Section 106 Agreements	101	71	30	0	0	0
Local Sustainable Transport Fund	1,273	303	510	460	0	0
Integrated Transport Block - Local Transport Plan	5,489	0	2,281	3,208	0	0
Roads Maintenance Block - Local Transport Plan	15,975	0	8,227	7,748	0	0
Subtotal - Ongoing Schemes	87,318	51,784	23,470	12,063	0	
New Schemes						
<u>1.1 Investment in existing and new road infrastructure</u>						
1. Construction of Crewe Green Link Road South	19,000		1,200	8,800	9,000	2
2. Investment In Existing Road Infrastructure	22,280	0	11,485	10,795	0	90
3. Congleton Relief Road - Option Development	2,700	0	900	900	900	67
4. Poynton Relief Road - Option Development	1,100	0	600	500	0	50
5. Crewe Transformational Projects	1,300	0	650	650	0	100
Subtotal - New Schemes	46,380	0	14,835	21,645	9,900	
Total	133,698	51,784	38,305	33,708	9,900	

Details of New Schemes

1. Construction of Crewe Green Link Road South

Development and construction of the Crewe Green Link Road South, opening up the Basford East Strategic employment site. The proposal was approved at Cabinet on the 4th July 2011 and 20th August 2012.

2. Investment In Existing Road Infrastructure

The project will deliver a Borough wide programme of carriageway surface treatments including resurfacing, overlays and surface dressing and, where necessary, associated drainage and footway works that will restore the targeted roads to a high standard.

3. Congleton Relief Road - Option Development

To investigate a number of transport options on the A34 and A534 West and North of Congleton Town Centre. The proposal was approved at Cabinet on 17th September 2012.

4. Poynton Relief Road - Option Development

To develop a new protected route alignment for the scheme. The proposal was approved at Cabinet on 17th September 2012.

5. Crewe Transformational Projects

A key transport infrastructure project linked to enabling the delivery of the All Change for Crewe Regeneration Scheme.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Nantwich Pool Enhancements	1,521	512	1,009	0	0	100
Residents Parking Schemes	245	170	75	0	0	43
Leisure Centre ICT Member Systems	200	100	100	0	0	100
Lifestyle Centre Refurb at Macclesfield Leisure Centre	115	105	10	0	0	100
Lifestyle Centre Refurb at Wilmslow Leisure Centre	75	65	10	0	0	100
Other Car Parking Improvements	180	152	28	0	0	100
CCTV - Infrastructure Rationalisation	150	35	65	50	0	100
Subtotal - Ongoing Schemes	2,486	1,139	1,297	50	0	
New Schemes						
<u>6.1 Develop new delivery model for leisure provision</u>						
1. Development of a Lifestyle Centre at Crewe Cumberland Arena	12,700	0	400	9,000	3,300	100
Subtotal - New Schemes	12,700	0	400	9,000	3,300	
Total	15,186	1,139	1,697	9,050	3,300	

Details of New Schemes

1. Development of a Lifestyle Centre at Crewe Cumberland Arena

The construction of a new all-inclusive leisure facility, modern family and adult social care provision and community facilities all in one location. This proposal was approved at Cabinet on 10th December 2012 and permission was given to progress the delivery of the Crewe Lifestyle Centre Scheme as set out in the business case by procuring a design and build contractor.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Town Centre Regeneration & Development Programme	2,848	2,704	144	0	0	30
Earl Road Handforth Feasibility	130	30	100	0	0	0
Parkgate - Regeneration	359	294	65	0	0	0
Choice Based Lettings	222	202	20	0	0	18
Affordable Housing Initiatives - Section 106 Holly Lodge	870	559	311	0	0	4
Housing Grants - Ex Macclesfield Borough Council - Section106	1,045	880	165	0	0	0
Social Housing Grants	601	557	44	0	0	2
Assisted Purchase Scheme - First Time Buyers	591	522	69	0	0	1
Tatton Park Programme	2,064	279	1,785	0	0	59
Rolling Programme						
Private Sector Assistance - Home repairs	1,336	776	300	260	0	0
Disabled Facilities Grants - Adaptations	1,814	1,200	614	0	0	54
Asset Management Programme	14,138	4,820	4,818	4,500	0	87
Farms Strategy - Restructure	3,380	356	756	756	1,512	
Office Accommodation Strategy	8,376	7,876	500	0	0	23
Regeneration & Development Programme	1,944	0	944	1,000	0	100
Tatton Park Investment	6,260	0	6,260	0	0	100
Housing Development	6,540	45	3,495	3,000	0	100
Subtotal - Ongoing Schemes	52,518	21,100	20,390	9,516	1,512	

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
New Schemes						
<u>7.5 Maximise the benefits from the Corporate Landlord model</u>						
1. Assets Accelerated Disposals & Demolitions	500	0	500	0	0	100
<u>1.3 Investment to support business growth and regeneration</u>						
2. Economic Development & Regeneration - Physical Asset Development	300	0	300	0	0	100
3. Alderley Park Bio-Incubation Centre	1,000	0	1,000	0	0	100
Rolling Programme						
4. Asset Management Programme	3,000	0	0	0	3,000	100
5. Disabled Facilities Grant	786	0	786	0	0	12
Subtotal - New Schemes	5,586	0	2,586	0	3,000	
Total	58,104	21,100	22,976	9,516	4,512	

Capital Programme 2013/2014 - 2015/2016

Details of New Schemes

1. Assets Accelerated Disposals & Demolitions

Required for a disposal and demolition programme to improve potential sites for re-sale.

2. Economic Development & Regeneration - Physical Asset Development

Increase in resources to deliver the economic growth agenda.

3. Alderley Park Bio-Incubation Centre

A Joint Venture to establish and operate a BioScience Incubator centre for new and existing small businesses in the bioscience sector. The proposal to support a £1m repayable loan was approved at Cabinet on 7th January 2013.

4. Asset Management Programme

Part of the rolling capital programme for capital works on the Authority's asset portfolio.

5. Disabled Facilities Grant

Grants that are awarded to individual applicants to allow them to adapt their homes for independent living and/or to reduce their need for social care.

**PLACES AND ORGANISATIONAL CAPACITY
PERFORMANCE, CUSTOMER SERVICES & CAPACITY**

CAPITAL

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Customer Access - Improvements	403	273	130	0	0	94
Radio Frequency ID (RFID) - Library self service machines	1,066	986	80	0	0	100
Subtotal - Ongoing Schemes	1,469	1,259	210	0	0	
New Schemes						
<u>6.3 Develop a new model for sustainable library services and community hubs</u>						
1. Development of a new Library Model	700	0	0	500	200	100
Subtotal - New Schemes	700	0	0	500	200	
Total	2,169	1,259	210	500	200	

Details of New Schemes

1. Development of a new Library Model

The project will design a range of target operating models for libraries that better enables the Council to deliver a library service, reflecting the scale of demand within different communities

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000	Forecast Spend Funded by Borrowing %
Ongoing Schemes						
Integrated Legal ICT System	60	55	5	0	0	100
Oracle Optimisation - Development of financial systems	3,960	2,809	824	327	0	48
Location Independent Workforce - Developing ICT facilities	8,571	700	3,400	3,131	1,340	100
Enable Citizens and Businesses - Technology improvements	1,197	100	287	450	360	100
Core System Stability - Maintenance of ICT	13,079	1,900	5,403	2,876	2,900	100
Superfast Broadband	41,646	364	20,499	20,383	400	1
Subtotal - Ongoing Schemes	68,513	5,928	30,418	27,167	5,000	
Total	68,513	5,928	30,418	27,167	5,000	
Funded By						
Prudential Borrowing		3,568	103	1,943	5,000	
Grants		43	31		0	
Capital Receipts		2,059	10,000	5,000	0	
Developer / Other Contributions		258	20,284	20,224	0	
Revenue Contributions		0	0	0	0	
Total		5,928	30,418	27,167	5,000	

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Appendix 4

BUSINESS PLANNING PROCESS - ENGAGEMENT

Introduction

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

Background

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

Business Planning Process

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

Round 1 – from October to 25th January
Round 2 – from 25th January to 21st February
Round 3 – from 21st February

Round 1 – October 2012 to January 2013

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

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

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

Round 2 – February 2013

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

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

Engagement Material

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

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

Format of the January 2013 Meetings

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

Feedback

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

Conclusion

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

Business Planning Proposals – Engagement

Summary of Key Engagement Issues

Financial Stability

Provisional Settlement

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

Council Tax Freeze

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

Inflation

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

Changes to Local Government Finance

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

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

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

Business Rates Retention Scheme

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

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

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

Grants

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

Reserves

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

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

Feedback from Town and Parish Councils

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

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

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CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	4 th February 2013
Report of:	Finance Manager and Deputy S151 Officer
Subject/Title:	3 Year Medium Term Financial Strategy 2013/2016 - Budget Report
Portfolio Holder:	Councillor Peter Raynes Portfolio Holder for Finance

1.0 Report Summary

- 1.1 The Cheshire East Council Budget Report for 2013/2016 has been produced following engagement on the Business Planning Process during January and February 2013. The Budget Report provides financial background to the Medium Term Financial Strategy Report as well as setting out further details of the approach to funding the Three Year Council Plan.
- 1.2 The Budget Report sets out, in detail, the spending plans and income targets for the financial year starting 1st April 2013, as well as financial estimates for the 2014/2015 and 2015/2016 financial years.
- 1.3 The 2013/2016 Budget Report will be reported to Cabinet on 4th February 2013. Cabinet are asked to recommend the report to Council for approval. Any changes made as a result of the engagement process and further debate will be amended in the final report made available to Members ahead of the Council meeting in February 2013.
- 1.4 This report pre-dates final publication of the Local Government Finance Report for 2013/2014. The figures are not confirmed until approved by Members of Parliament following a debate in the House of Commons. Therefore, the Budget Report is based on the provisional settlement issued on 19th December 2012 and any subsequent updates received prior to this report being submitted.
- 1.5 One key piece of information relates to funding available to the Council for services that support schools. This is known as the Education Services Grant (formerly Local Authority Central Spend Equivalent Grant or LACSEG). For 2013/2014 this funding has been removed from general funding allocations and withheld centrally by the Government. It is expected this funding will be reallocated to local authorities or academy schools on a pupil number basis. This rationale has been generally accepted.

- 1.6 At this point in time the Council does not have a confirmed figure for its Education Services Grant allocation. Therefore, the Budget Report contains a prudent estimate of £4.7m being returned to the Council. Any update to this figure will be reported to Members.
- 1.7 Any resulting impact in terms of changes to funding will be managed through General Reserves. Therefore, a balanced budget position will be maintained. Should there be any changes they will be notified to Members at the earliest opportunity.

2.0 Decision Requested

- 2.1 Note the comments of the Deputy S151 Officer, regarding the robustness of estimates and level of reserves held by the Council based on this budget (**Appendix A**, Comment from Finance Manager and Deputy S151 Officer).
- 2.2 Recommend the 2013/2016 Budget Report (**Appendix A**) to Council for approval as part of the Medium Term Financial Strategy Report.

3.0 Reasons for Recommendations

- 3.1 In accordance with the Budget and Policy Framework Rules of Procedure, Cabinet on 4th February 2013, will recommend to Council for approval the Budget for 2013/2014, subject to any changes as a result of the final funding settlement (which is subject to approval by Members of Parliament) and the draft Capital Programme.
- 3.2 A copy of the Budget Report (which includes the Budget and draft Capital Programme) is attached at **Appendix A**.
- 3.3 The Deputy Section 151 Officer reports that, in accordance with Section 25 of the Local Government Act 2003 and Sections 32 and 43 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, she is satisfied with the robustness of the estimates making up the Council Tax Requirement of £166,787,205 and she is satisfied with the adequacy of the financial reserves for the Council.
- 3.4 Further to the above statement it can be reported that the Medium Term Financial Strategy Report from the Leader of the Council is based on sound financial principles and reflects sufficiently detailed plans that can maintain the financial resilience of the Council in the medium term.
- 3.5 It should be noted that the Council Tax requirement has reduced significantly on previous years as a result of the Council Tax Support being introduced to replace Council Tax benefit and treated as a discount to Council Tax bills.

4.0 Wards Affected

4.1 Not applicable.

5.0 Local Ward Members

5.1 Not applicable.

**6.0 Policy Implications including - Carbon reduction
- Health**

6.1 The report outlines policy proposals which will impact on service delivery.

7.0 Financial Implications (Authorised by the Deputy Section 151 Officer)

7.1 The report includes details of policy proposals which will affect service budgets from 2013/2014 onwards.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The Council should have robust processes so that it can meet statutory requirements and fulfil its fiduciary duty.

9.0 Risk Management

9.1 The steps outlined in this report significantly mitigate the four main legal and financial risks to the Council's financial management:

- The Council must set a balanced Budget.
- The Council must set a legal Council Tax for 2013/2014.
- The Council should provide high quality evidence to support submissions for external assessment.
- That Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

9.2 A risk assessment of the significant proposals being put forward has been carried out by each directorate and included as part of the service planning process.

9.3 It is important to note that the Council faces significant financial challenges in achieving its desired outcomes. Appetite for risk will need to be developed for different courses of action, particularly in relation to seizing opportunities for introducing new, innovative models of service delivery, and a more locally focussed funding regime, as well as a different range of service providers. A revised approach to risk appetite and management will be further considered by Cabinet and Council as the 3 Year Plan and budget are developed over the coming months.

10.0 Background and Options

10.1 The Business Planning Process was agreed by Cabinet on 23rd July 2012. Following this stage, a number of national and local developments have influenced the process. These include:

- Confirmation that revised funding arrangements would be introduced from April 2013 in respect of Business Rates and Council Tax Support.
- A much greater reduction in funding levels for 2013/2014 than had originally been expected.
- Changes within the Council to Cabinet, the Committee Structure and Senior Officers.
- An enhanced quarterly performance monitoring process which has confirmed that significant base budget pressures were being experienced in the 2012/2013 financial year.

10.2 As a result there have been a series of distinct stages of the Business Planning Process with reports in relation to the Council's financial position being taken to Cabinet in October, November and December 2012. Members have been briefed on the 3rd October 2012 and a further session is scheduled for 29th January 2013.

10.3 This report includes a single appendix which provides all the detail behind the 2013/2014 budget:

- **Appendix A:** The Budget Report for 2013/2016 (including the Reserves Strategy for 2013/2016)

11.0 Access to Information

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

Name:	Chris Mann
Designation:	Finance Manager and Deputy Section 151 Officer
Tel No:	01270 686229
Email:	christine.mann@cheshireeast.gov.uk



Budget Report 2013 / 2016

Page 65

February 2013

Foreword by the Finance Portfolio Holder

The National Picture

Nationally there continues to be a commitment to growth in the economy and a reduction of the public sector funding deficit. Locally Cheshire East Council is responding to both these national needs. The Medium Term Financial Strategy Report, which accompanies this budget, shows how the Council is actively supporting local growth, and this Budget Report demonstrates how costs can be reduced over the medium term.

A local budget

The Council will have to manage with significantly less central government funding and, over time, may have to finance all local services from Council Tax and Business Rates with no other central grants.

Cheshire East Council is so far managing this process without increasing Council Tax levels, which will be frozen for the 3rd year in a row in 2013/2014, and without the introduction of a supplement to the local Business Rates.

The Council is committed to maximising Value for Money and minimising the tax burden on residents, but this approach means local government must adapt to provide essential services to a standard that can be afforded. Reductions in government funding will be managed through a combination of increasing efficiency, reducing risks and, where practical, reducing non-essential service levels.

A sustainable budget

In December 2012 the Council provided a medium term financial outlook that demonstrated how large potential funding deficits were appearing due to high demand for services, lower than expected income from service users and the need to ensure changes to services met clients' needs.

The 2013/2014 budget uses these revised costs and provides details of the change programme needed to ensure next year's budget is met.

The result is a plan that incorporates the following elements:

- Major change programmes to be completed over the full 3 years of the plan.
- The investment of temporary Council Tax freeze grants to support change and therefore ensure we are able to fund services when the grant ends.
- Reduction of Management costs to protect front line services.
- A Capital Programme which has been given a higher level of scrutiny and has been closely co-ordinated with revenue expenditure.

Over the past 6 months, Officers and Portfolio holders have reviewed Capital and Revenue costs and agreed more reliable but still demanding targets. The results of this work I am pleased to say are already visible in the Half Year and Third Quarter reports.

The Future Funding of Council Services

The drive towards greater localism means funding levels and distribution of central government funding is changing. 2013/2014 will see the introduction of Business Rates Retention and Council Tax Support, and these changes create both risk and opportunity.

In future, growth in local business will increase funding in the local area which will allow the Council to invest in essential infrastructure projects of key services that can maintain local standards of living. Increasing employment opportunities can equally lead to reductions in Council Tax Support which will again free up vital funding for front-line services. In addition, as land is developed in accordance with the Local Plan, new homes will attract further government funding.

Given our wish to provide full information about our plans the budget report is inevitably a long document but underlying all this work is a commitment to producing a realistic budget which provides value for money to our residents and financial resilience to the Council.

Cllr Peter Raynes

Finance Portfolio Holder, Cheshire East Council

Comment from the Finance Manager and Deputy S151 Officer

The path to delivering this budget has been challenging, with significant delays and uncertainty being a feature of the process. The backdrop to this uncertainty has been an underlying overspend of the 2012/2013 budget which necessitated a fundamental review of potential future spending patterns in December of last year.

My role as Finance Manager and Deputy S151 Officer involves supporting services to maximise value to customers whilst working to control spending within agreed limits. This is a statutory role. I have a responsibility to report on the robustness of the estimates contained within the Budget.

My focus for 2013/2014 has therefore been to ensure that the level of risk associated with delivering the budget has been minimised. The Council has managed an intense process to develop the 2013/2014 Budget from September through to January. I see the key financial risks facing the Council in 2013/2014 as:

- Outturn spending against the 2012/2013 budget.
- Increasing demand for services.
- Flexibility in General Reserve levels.
- Reducing government grants.
- Movement towards local funding for local services
- Inflationary pressures.

I am satisfied that each risk is being addressed. Quarterly reporting has improved throughout 2012 and has reflected a consistent approach to financial forecasting. Where increasing demand has been identified this is being met by growth proposals in 2013/2014 and beyond.

The updated Reserves Strategy demonstrates the intention to hold reserves at a prudent level, which is informed by risk analysis, throughout the medium term. Whilst the Council manages major change the level of general reserves may have to fluctuate year-on-year to manage any variable cashflow, but overall reserves will continue to remain adequate.

Dependency upon government grant is reducing over time and the level of local funding will be driven more and more by local decisions. Estimates within this budget are very prudent in this respect, but this only reflects the potential for changes in the process and does not reflect upon the level of ambition highlighted in the Medium Term Financial Strategy Report.

To maintain a more accurate reflection of inflationary pressures potential increases in costs are reflected within the relevant service budgets.

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

The projections for the next three years demonstrate that savings contained in the 2013/2014 budget are essential and will greatly assist the Council in establishing longer-term financial stability. The Council has an established approach to balancing its Budget using five measures that demonstrate where choices are made. This is summarised in **Annex 2**. Continued application of these measures will be applied to manage the on-going financial challenges facing the Council beyond 2013/2014.

Christine Mann

Finance Manager and Deputy S151 Officer

It should be noted that final settlement figures are not available at the date of publishing this report. The impact of this and other Government proposals are being estimated and further briefings will be provided.

Contents

Foreword by the Finance Portfolio Holder	1
Comment from the Finance Manager and Deputy Section 151 Officer	2
Three Year Summary Position.....	4
Overview	5
Getting the most from the Budget Report.....	6
1. Meeting the Council’s Priorities	8
2. Financial Stability	12
3. Allocating Funding to Services	35
4. Impact Assessment.....	42
5. Risk Management	50
Annexes	
Annex 1 – A Profile of the Authority.....	52
Annex 2 – The Budget Setting Process.....	55
Annex 3 – Grant Funding Details	61
Annex 4 – Minimum Revenue Provision.....	64
Annex 5 – Prudential Borrowing Indicators.....	66
Annex 6 – Financial Summary Tables	71
Summary	72
Children and Families	73
Adults	80
Public Health	86
Places and Organisational Capacity	88
Corporate Services.....	94
Cross Directorate items	98
Capital	100
Annex 7 – Reserves Strategy.....	117
Annex 8 – Abbreviations	139

Three Year Summary Position

	Current Net Budget 2012/2013 £m	Estimated Net Budget 2013/2014 £m	Estimated Net Budget 2014/2015 £m	Estimated Net Budget 2015/2016 £m
Children & Families	59.2	57.8	55.7	54.3
Adults	99.0	101.5	102.6	108.3
Public Health (Funded by Grant)	-	0.0	0.0	0.0
Places & Organisational Capacity	77.1	76.4	73.4	72.4
Corporate Services	26.7	26.5	26.3	25.7
Directorate Adjustments				
Impact of adjustments in Previous Years (See Note 1)		0.2	-11.1	-25.9
Further Reductions in Management Costs (See Note 2)		-2.2	-0.6	0.0
Vacancy Management Reductions		-2.5	0.0	0.0
Costs of Transformation (Supported by Council Tax Freeze Grant to 2014/2015)		6.3	6.3	0.0
TOTAL: Directorates	262.0	264.0	252.6	234.8
<i>CENTRAL BUDGETS</i>				
Government Grants	-126.5	-114.0	-103.9	-89.7
Council Tax	-161.3	-166.8	-166.8	-166.8
Central Adjustments				
Capital Financing	14.8	11.9	13.5	15.0
Contribution to Reserves	7.3	-	-	-
Other (including provisions and pensions)	3.7	4.9	4.6	6.7
TOTAL: Central Budgets	-262.0	-264.0	-252.6	-234.8
Deficit / (Surplus)	0.0	0.0	0.0	0.0
General Reserves Position				
Opening Balance	11.4	13.2	13.2	13.2
Change	1.8	-	-	-
Closing Balance	13.2	13.2	13.2	13.2

Source: Cheshire East Finance

Note 1: -£8.3m of savings in 2014/2015, & -£14.1m in 2015/2016, are not detailed in this report, but will be achieved through further proposals (see Table 12 - Chapter 2)

Note 2: The Council is proposing savings from reducing Management costs of -£5.1m over the three years to 2015/2016.

Three Year Overview

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

Value for Money in local services will be enhanced through a robust and structured reduction in net expenditure.

- Structuring changes to the Council's budget around the Major Change Programmes within the Council's Three Year Plan
- Investing £12.6m** of temporary revenue funding to support service transformation.
- Reductions of £27m** (10%) in overall net revenue expenditure by 2015/2016
- Reducing expenditure on management by £5m** specifically by de-layering structures and eliminating duplication.
- Removing **450 FTE's** from current staffing levels with a strategy to potentially double this amount.
- New investment of £26.3m** in capital projects including £8m in Children & Families and £17.8 m across Highways & Transport and Development.
- Managing a **30% reduction (£36.8m) in government grants** in support of national austerity measures.

-**Maintaining reserves of £13.2m** as a prudent level that protects against risk and manages cashflow during the transformation of services.

-**Council Tax will be frozen for the third successive year** in 2013/2014 as the Council proposes to accept the Government offer of a two year freeze grant in 2013/2014 and 2014/2015.

- Maximising the Council's tax base through:
 - oThe introduction of a local Council Tax Support Scheme in 2013/2014, which rewards working families
 - oReducing discounts on second and empty properties in 2013/2014 to support the Council's Housing Strategy

-Allocating **£15.7m to support more vulnerable residents** through the first year of the local Council Tax Support Scheme.

-**Borrowing up to £38m** to support 2013/2014 planned capital expenditure, of which £13m relates to new capital schemes and £25m for on-going capital schemes.

-Decreasing net financing costs of the Capital Programme to £11.9m in 2013/2014. However, capital financing costs are forecast to increase from 4.5% of the net revenue budget to 6.4%.

Getting the most from the Budget Report

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

Main Report

Chapter	What's in this Chapter
1. Meeting the Council's Priorities	An introduction to the revised set of Council priorities and major change programmes together with an outline of the Business Planning Process followed for 2013/2016.
2. Financial Stability	A detailed analysis of the changes to local government funding and the impact on the Council together with details of the Budget being recommended to Council.
3. Allocating Funding to Services	A summary of the financial impact of the medium term strategy on each of the Council's service areas.
4. Impact Assessment	A description of the impact of the Budget on typical groups, the approach to equality assessment and how the Council will develop its workforce to adapt to the change and continue to deliver effective services.
5. Risk Management	Details of how the Council is managing risk.

Annexes

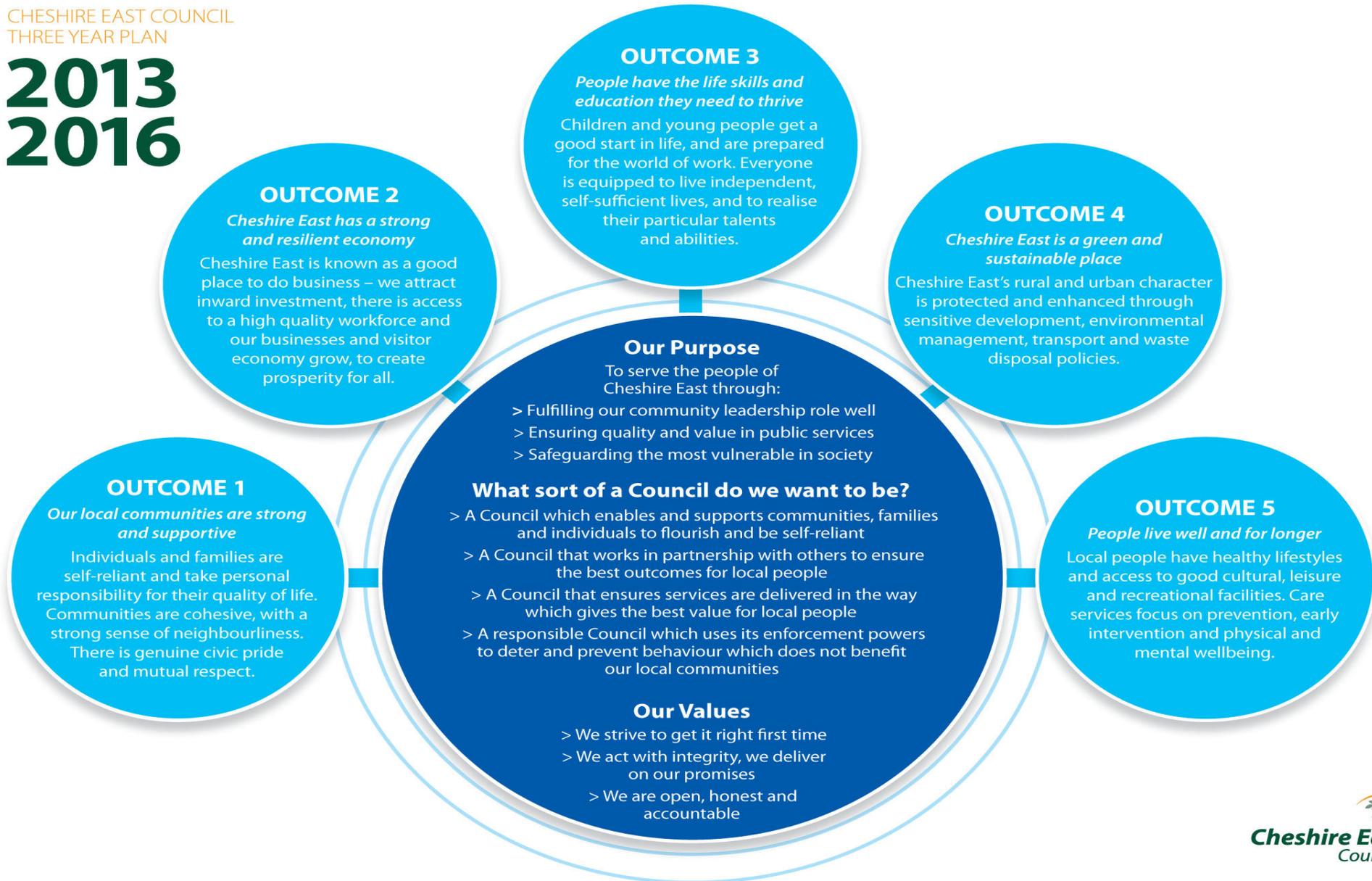
Annex	What's in this Annex
1. A Profile of the Authority	A detailed statistical profile of the Council's administrative area. This provides population and geographic information about the area.
2. The Budget Setting Process	The process and key stages to balance the budget.
3. Grants Funding Details	Supporting financial data to Chapter 2 and Annex 2. Including three-year estimates for Government grant funding to Cheshire East Council.
4. Minimum Revenue Provision	Annual Minimum Revenue Provision Policy Statement 2013/2014.
5. Prudential Borrowing Indicators	The calculations and an explanation of the Council's Prudential Borrowing rationale.
6. Financial Summary Tables	Detailed tables setting out the base Revenue Budgets and Capital Projects and the impacts of policy proposals contained within the Budget Report. This is divided up into service areas.
7. Reserves Strategy	Report setting out the strategy used for calculating the required reserve levels.
8. List of Abbreviations	Details of abbreviations used in the report.

1. Meeting the Council's Priorities

- 1.2012 has been a time of change for Cheshire East Council which has enabled a fresh approach to determining how resources are used. The Council has taken the opportunity to develop a new 3 Year Council Plan for 2013-2016 which sets a clear strategic direction for the authority.
- 2.The Three Year Plan identifies the core purpose for the Council, reflecting the changing role of local government, funding reductions, and policy changes at the national and local level. It also identifies the key outcomes we are seeking to achieve to improve the quality of life of local people and, therefore, what our priorities are for action and investment over the next 3 years. A summary of the 3 Year Council Plan is presented overleaf.
- 3.The summary of the Three Year Plan was first considered at Cabinet on 15th October 2012. Following this, further dialogue has taken place with Members, staff, partners and other stakeholders, and this has led to some refinement of the Plan. In particular, the major change programmes identified in October 2012 have been further developed through the business planning process, leading to the list of updated change programmes included in the 3 Year Council Plan summary overleaf.
- 4.The change programmes have been an important focus of the business planning and budget setting process, ensuring that the Council focuses its energy and resources on those areas of change which will ensure maximum value for money for local people, and also build a sustainable Council for the future.
- 5.The final set are presented on the next two pages.

Business Planning Process

- 6.The Business Planning Process which is used each year to set the budget has focused on these priorities and major change programmes as they have been used by Directorates to group all the proposals being put forward for the next three years.
- 7.**Annex 6** sets out the financial impact of the major change programmes by Head of Service in the established summarised format. Items have been referenced using the major change programme numbering to assist the read across and greater detail of service change is provided in the Medium Term Financial Strategy Report.
- 8.**Table 1** sets out the key stages followed throughout the 2012/2013 financial year to set a balanced budget.
- 9.This has followed a number of stages and recently been completed with the issue of provisional funding figures in December and the final meetings of Cabinet Members and senior officers in January to agree the Budget Report position.
- 10.The major change programmes are supported by High Level Business Cases which are subject to review under the Council's recently formed Member-led governance group called the Executive Monitoring Board.
- 11.Changes resulting from these processes are reflected in the Council's Reserves Strategy which is re-assessed each year to determine the level of risk cover required and includes a proportion in relation to changes to proposals arising from consultation or delayed implementation.



2013 2016

Our principles to underpin budget decisions

- We will be policy-led and stick to our decisions
- We will make decisions based on evidence of need and of what works, with due regard to our equality duty
- We are planning for at least three years
- We must be a more productive and affordable organisation
- We will stop doing some things to focus on those that matter most to local people
- We will invest in innovative new ways of providing services
- We will ensure that those who provide services, whether in-house or externally, give real value-for-money
- We will promote self-reliance and capacity in local communities to reduce demand on public services
- We will focus our limited resources on prevention and early intervention
- We will invest in infrastructure to promote local economic growth and access to job opportunities

Priorities

Priorities	Change Programmes
1. Local economic development	<ul style="list-style-type: none"> 1.1 Investment in existing and new road infrastructure 1.2 Investment in high speed broadband network for Cheshire East 1.3 Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme
2. Developing affordable and sustainable local models of care for vulnerable children and adults	<ul style="list-style-type: none"> 2.1 Improve the sufficiency of care locally for vulnerable children and adults 2.2 Next phase of development of Care4CE service 2.3 Secure new integrated health and care pathways for learning disabilities 2.4 Securing efficiencies through strategic commissioning of children and adult services
3. Focusing services on early intervention and prevention	<ul style="list-style-type: none"> 3.1 Focus Childrens Services on early help for families 3.2 Review adult assessment and case management services
4. Responding to the changing education and learning environment	<ul style="list-style-type: none"> 4.1 Develop our relationship with self-sustaining schools 4.2 Continue review of Home to School transport 4.3 Improve the range of special school provision 4.4 Pursue the development of a new University Technical College
5. Securing housing that is locally-led, community-based and that meets local needs	<ul style="list-style-type: none"> 5.1 Develop a new delivery model for the housing service and ensure housing services support independent living and health improvement 5.2 Develop accommodation strategy for vulnerable adults and those with learning disabilities
6. Redefining the Council's role in core place-based services	<ul style="list-style-type: none"> 6.1 Develop new delivery model for leisure provision 6.2 Develop new delivery model for streetscape and bereavement 6.3 Develop a new model for sustainable library services and community hubs 6.4 Determine future delivery model for waste management services 6.5 Develop Total Transport Programme
7. Re-shaping the organisation	<ul style="list-style-type: none"> 7.1 Restructure the organisation 7.2 Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services 7.3 Continue targeted business improvement reviews to find efficiency savings from all services 7.4 Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery 7.5 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives 7.6 Develop resilient communities
8. Workforce planning	<ul style="list-style-type: none"> 8.1 Further develop employment and working practices to enable flexible and agile working 8.2 Identify changing skills requirements over medium term and equipping the organisation with these skills 8.3 Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills

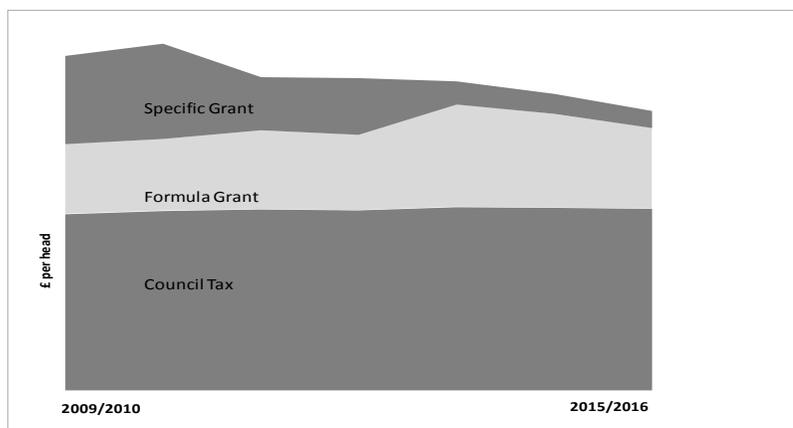
Table 1 – The stages of the Business Planning Process 2013/2016		
Phase	Date	Events
1	May to July	High level funding estimates prepared. Outline Business Planning Process 2013/2016 is agreed at Cabinet on 23 rd July 2012.
2	August to September	<p>The Government releases the second major Business Rates Retention consultation with indicative funding reductions of -12.2% against expected reductions of -0.8% for 2013/2014. Locally the Financial Scenario is revised and a new Medium Term Financial Strategy (MTFS) is developed.</p> <p>The Council develops its Three Year Plan, including outcomes, priorities and major change programmes.</p> <p>The Council undertakes a series of Capital and Revenue Challenge Sessions to deliver a sustainable Capital Programme and review current budgetary levels and the scope for savings. Business Cases are developed in relation to the Major Change Programmes.</p>
3	October to November	<p>The draft Three Year Plan and MTFS are reported to Cabinet on 25th October 2012.</p> <p>The Council briefs its stakeholders on the new priorities and Major Change Programmes.</p> <p>The Council reports its mid-year review of performance. The Major Change Programme Business cases are updated and further developed.</p>
4	December	<p>A revised MTFS incorporating the impact of the mid-year review is reported to Cabinet on the 10th December 2012</p> <p>The Provisional Funding Settlement is announced on the 19th December 2012 and the Council's position is analysed.</p>
5	January to February	<p>The Budget Report is produced and circulated to Cabinet.</p> <p>An engagement process is undertaken on the process and the Budget Report.</p>

2. Financial Stability

Introduction

12. The structure of local authority funding is changing over the medium term. Cheshire East Council will become more reliant on local funding and less reliant on central government grant.
13. The financial stability of the Council, which determines the amount of money available for service expenditure, is therefore exposed to potentially greater risk but also greater opportunity than it has been in the past. The annual revenue budget for Cheshire East Council is funded by a combination of Council Tax, service user charges, and (relatively low) Government grants. **Chart 1** illustrates how the balance between these funding sources is expected to continue changing over time.

Chart 1: Grant funding is reducing in the Medium term



Source: Cheshire East Finance

Note: Council Tax has been adjusted for the change from Council Tax Benefit to Council Tax Support.

14. The Budget Report is based on the Provisional Local Government Finance Settlement, which is subject to consultation. At the end of January the final position had not yet been confirmed and it is proposed that any subsequent minor changes will be reported to Members and managed through General Reserves.

15. **Table 2** sets out the revised funding forecast for Cheshire East Council for the period 2012/2013 and 2013/2014. This updates the information previously published in the Council's Business Plan in February 2012 and Medium Term Financial Strategy reports taken to Cabinet in October 2012 and December 2012.

Table 2 - Funding available to services has increased slightly as a result of reductions to central adjustments offsetting the reduction in funding	2012/2013 Restated as at TQR £m	2013/2014 £m	Change £m	Change %
Government Grants	-126.5	-114.0	-12.5	-9.9%
Council Tax	-161.3	-166.8	5.5	3.4%
Sub total Funding	-287.8	-280.8	-7.0	-2.4%
Central Adjustments	25.8	16.8	9.0	-34.9%
Funding Available to Services	-262.0	-264.0	2.0	0.8%

Source: Cheshire East Finance

16. The key areas being covered in this chapter include:

Source of Funding	Paragraphs
Government Grant Funding of Local Expenditure	19 to 41
Collecting Local Taxes for Local Expenditure	42 to 62
Charges to Local Service Users	63 to 66

Income and expenditure are also influenced by decisions and estimates of the Council in relation to:

Investment, Borrowing and the Capital Programme	67 to 104
Other Economic Factors	105 to 110
Managing the Reserves Position	111 to 120

17. The build-up to the provisional funding settlement has once again seen unprecedented change. The key issue is the outcome of the local government resource review which currently has three strands:

- The introduction of the Business Rate Retention Scheme to replace formula grant.
- The introduction of Council Tax Support to replace Council Tax Benefit.
- The introduction of Council Tax Technical Reforms to allow greater control over discounts.

18. This is combined with the on-going impact of the Comprehensive Spending Review (CSR) to reduce funding levels to councils by c.30% in the four years to 2014/2015.

Government Grant Funding of Local Expenditure

19. Local Authority finances in England are undergoing significant changes as part of the Government's overall deficit reduction programme. Overall, grant funding is still expected to reduce, but will vary depending on local levels of house building, commercial development and employment levels, which are more unpredictable at a local level. These major changes in national arrangements for resource allocation create a higher degree of uncertainty for local councils in their future resource planning.

20. There is no doubt that funding for local government will further reduce significantly over the next 5 years, and is likely to continue to reduce beyond this timeframe to 2020. This is placing strain on local service levels as proposals to deliver the Council's priorities must also reflect reductions in funding.

21. A summary of the Council's grant funding is shown in **Table 3**.

Table 3 - Grant Funding is reducing by 10% in 2013/2014	2012/2013 Restated as at TQR	2013/2014	Change	Change
	£m	£m	£m	%
Formula Grant	-67.7			
Business Rate Retention Scheme		-37.2		
Revenue Support Grant - Grants Rolled In		-34.1		
Revenue Support Grant - Base Allocation		-21.7		
Specific Grants	-41.5	-16.3		
Council Tax Benefit	-17.3			
LACSEG (estimated)		-4.7		
Funding Available to Services	-126.5	-114.0	-12.5	-9.9%

Source: Cheshire East Finance

22. The Council receives grant funding from the Government under several main headings:

- Business Rate Retention Scheme (BRRS)
- A new Revenue Support Grant
- Specific Grants (unring-fenced)
- Specific Grants (ring-fenced)

Business Rate Retention Scheme

23. This has replaced formula grant. Further details of how this scheme will operate are set out in **Annex 3**. The Council will receive £93m through the BRRS in 2013/2014.

Specific Grants

24. A number of separately identified but unring-fenced Specific Grants have been retained. The detailed list is shown in **Annex 3** and summarised in **Table 4**.

Table 4 - Separate specific grants have reduced substantially	2012/2013	2013/2014	Change	Change
	Restated as at TQR			
	£m	£m	£m	%
New Homes Bonus	-2.8	-3.9		
Health Funding Section 256	-3.8	-5.2		
Council Tax Freeze Grant	-4.5	-1.8		
Other Grants - mostly rolled into RSG	-30.4	-5.4		
LACSEG		-4.7		
	-41.5	-21.0	-20.5	-49.4%

Source: Cheshire East Finance

25. The list of Specific Grants has reduced to mainly funding related to the New Homes Bonus, and Health Service re-ablement monies, which together equate to half of the total received.

26. New Homes Bonus funding is provided to the Council based on the number of new properties and new affordable homes. The scheme is now coming into its third year of a six year rolling programme with unring-fenced funding of £3.9m for 2013/2014.

Education Services Grant (ESG)

27. All funding for the functions included in the Local Authority Central Spend Equivalent Grant (LACSEG) has been removed from local authorities and transferred to the Department for Education (DfE). The DfE will then administer and distribute a separate unring-fenced ESG to local authorities and to academies proportionate to the number of pupils for which they are responsible.

28. LACSEG has now been included with the ESG grant.

29. The amount deducted from each local authority's funding allocation has been calculated on the same basis as the amount paid back for all pupils in the local authority area. For Cheshire East this has been set at £6.9m. The provisional allocation for the amount to be transferred back to local authorities is expected before the end of March 2013. Local estimates have set the provisional return of funds to be £4.7m and this has been factored into the scenario.

30. Beyond 2013/2014 the position is unclear and prudent estimates of £3.5m per annum have been factored in. This reflects the receipt of some element of funding or subsequent service reductions / increased income to the wider Council.

Ring-fenced Grants

Dedicated Schools Grant (DSG)

31. The Government has announced the indicative allocations of DSG for 2013/2014 which is ring-fenced. Following extensive educational funding reforms by the Department for Education (DfE), the grant is now allocated in notional funding blocks, namely the High Needs Block, the Schools Block and the Early Years Block.

32. The value of the High Needs Block is determined by identified 2012/2013 LA budgets to which adjustments have then been made. Funding is based on a Guaranteed Unit of Funding (GUF) per pupil for the latter two blocks. The Pupil numbers used in the calculation are based on the October 2012 Pupil Level at Schools Census (PLASC) information. Final allocations of the 2013/2014 DSG will include an adjustment for pupils reflected in the January 2013 Early Years Census.

33. New responsibilities in respect of support for newly qualified teachers (£0.1m) and provision of education for eligible 2 year

olds (£2.1m) have been transferred to the local authority for 2013/2014.

34. **Table 5** shows the actual DSG received for 2012/2013, the indicative DSG for 2013/2014, the actual GUF (Amount per Pupil) received for 2012/2013 and the Block GUFs to be received for 2013/2014 (excluding the adjustment for Academy recoupment).

Table 5 - Dedicated Schools Grant will be allocated in 3 notional blocks from 2013/2014	Actual	Estimated	Change	Change
	2012/2013	2013/2014		
	£m	£m	£m	%
Total Dedicated Schools Grant	231.8	234.8	3.0	1.3%
Comprising				
Schools Block (notional)		186.8		
Early Years Block (notional)		13.3		
High Needs Block (notional)		32.5		
New responsibilities		2.2		
Per Pupil Funding	£/pupil	£/pupil		
	2012/2013	2013/2014		
Total Dedicated Schools Grant	4,695			
Schools Block (notional)		4,077		
Early Years Block (notional)		4,048		

Figures quoted are before the Academy recoupment.

Source : DfE

Dedicated Schools Grant (DSG) ~ Academy Funding

35. The DfE have announced that its methodology for calculating Academy budgets will be changed from 2013/2014. The DfE are clear that becoming an Academy should not bring about a financial advantage or disadvantage to a school but rather, enable Academies to have greater freedom over how they use their budgets.

36. The Individual Schools Budget (ISB) receivable for the 12 academies which opened before or during 2012/2013 has **not**

been removed from the total DSG award to be received (as reflected in **Table 5**). The funding for these academies of approx £52.4m will be recouped from the Authority's DSG as part of the academy recoupment process.

Pupil Premium Grant

37. The Government has also announced ongoing increases to the Pupil Premium Grant which is now in its third year. Grant allocations are based on October 2012 census figures for deprived pupils in years from Reception to Year 11.

38. The indicator for eligibility will be Free Schools Meals received in any of the prior six years by any pupil. The allocations for 2013/2014 have been confirmed at £900 for every deprived child in maintained schools and academies. Children who have been looked after for more than six months will also attract the £900 pupil premium, and children whose parents are in the armed forces continue to attract £250 per annum. It is estimated that Cheshire East Council will receive £5.2m in relation to the Pupil Premium for 2013/2014.

Public Health

39. Central Government are transferring the responsibility of commissioning / delivering public health services from Health to Local Authorities from April 2013.

40. Public Health responsibilities cover a wide range of services including: sexual health services; NHS Health Check programmes; Drug Misuse; Alcohol Misuse and Obesity.

41. The Public Health budgets will be ringfenced for the first 2 years until 2015/2016 and councils have been notified of the two year allocation (£12.7m in 2013/2014 and £14m in 2014/2015 for CEC) to help them with budgeting and planning as they take on these new responsibilities.

Collecting Local Taxes for Local Expenditure

Council Tax

42. The amount of Council Tax charged to occupied properties in 2013/2014 will be frozen at the 2012/2013 levels. For 2013/2014 the Band D Council Tax for Cheshire East Council will therefore remain at £1,216.34.

The calculation of the Council Tax is shown in **Table 6**.

Table 6 - The calculation of the Cheshire East Council Band D Council Tax		2013/2014	
	£m	£m	
2013/2014 Revenue Budget recommended to Council on 21st February 2013		259.8	
Less External Support:			
Business Rates Retention Scheme	37.2		
Revenue Support Grant	55.8	93.0	
Surplus / Deficit on Collection Funds		0.0	
Amount to be Raised from Council Tax		166.8	
No. of Band D Equivalent Properties (note 1)		137,122.19	
Band D Council Tax		£1,216.34	

Source: Cheshire East Finance

Note 1: This figure is significantly different from previous years. This is explained at paragraph 48.

The impact on each Council Tax Band and the number of dwellings in each band is shown in **Table 7**.

Table 7 - Impact of Council Tax on each Band

Band	A	B	C	D
Council Tax £	810.89	946.04	1,081.19	1,216.34
No of Dwellings	29,440	34,521	32,762	24,407
Band	E	F	G	H
Council Tax £	1,486.64	1,756.94	2,027.23	2,434.68
No of Dwellings	18,848	12,888	11,834	1,756

Source: Cheshire East Finance

Council Tax Freeze Grant

43. By freezing Council Tax, the Council is entitled to a grant for 2013/2014 equal to the amount that could have been raised by a 1% increase. As a result of this decision and past decisions to freeze Council Tax the Council will receive £6.3m of freeze grant in 2013/2014 made up of:

- £4.5m in relation to 2011/2012 (year 3 – now rolled into RSG) and
- £1.8m in relation to 2013/2014 (year 1 - a specific grant).

44. The same amount will be receivable in 2014/2015 pending any further freeze grant offers and local decisions over Council Tax levels for that year.

Council Tax Base

45. The Council Tax base quantifies the number of properties from which the Council is able to collect Council Tax. The tax base is presented as an equivalent number of domestic properties in Council Tax Band D terms after adjusting for relevant discounts and exemptions. The level of Council Tax multiplied by the tax base equals the expected income from local taxation.

46. The gross tax base for 2013/2014 (before making an allowance for non-collection) is calculated as 138,507.27. After taking into account current collection rates, a non-collection rate was set at 1%. This results in a final tax base of **137,122.19** Band D equivalent domestic properties.

47. The collection rate has been retained at 1% to acknowledge current performance levels and that the Council does not expect its historically high collection rates to be materially affected by the new Council Tax Support scheme.

48. The tax base for 2013/2014 reflects an increase of 3.4% on the 2012/2013 equivalent position. The Council Tax base was approved by Council on 10th December 2012 and reflected a significant change from the previous year's headline figure. This is a result of several issues:

- **New growth in properties each year** ~ the overall tax base changes as a result of new properties, or properties brought back into use, less the impact of any discounts awarded.

- **The impact of technical reforms** ~ new legislation for 2013/2014 gives the Council additional control over discounts for certain classes of second homes and empty properties. The Council will adopt the following approach from 1st April 2013:

Class	Revised Discount
Second Homes	Nil
Uninhabitable properties undergoing substantial renovation	Nil
Property vacant for less than 6 months	Nil
Property left empty for more than 2 years	50% Premium

The impact of the Council Tax Support Scheme ~ from 1st April 2013 the current Council Tax Benefit system will be replaced by a locally designed Council Tax Support Scheme. Claimants under this scheme will receive appropriate discounts to their bills depending on their circumstances. It is important to note that pensioner claimants will not be affected by this change. Council Tax Benefit was formerly treated as a ring fenced grant and held within service budgets.

Further details on these changes can be found within the tax base report to Council on 13th December 2012 which is available at <http://onlineservices.congleton.gov.uk/ecminutes/mgAi.aspx?ID=18034#mgDocuments>

49. The impact of Council Tax Support on the tax base has created uncertainty for town and parish councils. This has been an issue nationally throughout the budget setting process and resulted in a CLG consultation exercise. The CLG response to this arrived at a relatively late stage and left it to local negotiations.

50. The approach adopted in Cheshire East is to fully compensate local councils for any reduction in tax base as a result of Council Tax Support. This is proposed on a temporary basis pending further review in 2014/2015.

51. Cheshire East has a relatively high Council Tax base compared to its nearest neighbours. This is partly due to the much higher proportion of properties in Bands F to H in the Cheshire East area (16.1% in Cheshire East compared to the England average of 9.2% based on 2012/2013 data).

Collection Fund

52. Receipts from Council Tax payers are paid into the Collection Fund which is then distributed to all precepting organisations (Cheshire East Council, Fire & Police and Local Town & Parish Councils).

53. A predicted deficit in the Collection Fund reduces revenue funding for the following annual budget (and vice versa in the case of a surplus). This can happen if predicted changes in the tax base do not occur or if payments are delayed.

54. The estimated balance on the Collection Fund has been forecast as a net nil position for 31st March 2013. This represents no change from the position forecast at 31st March 2012.

Council Tax on Second Homes

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

- 50% to be retained by local authorities.
- The balance to be paid over to Local Crime and Disorder Reduction Partnerships (CDRPs) for local activities including the appointment of Community Support Officers.

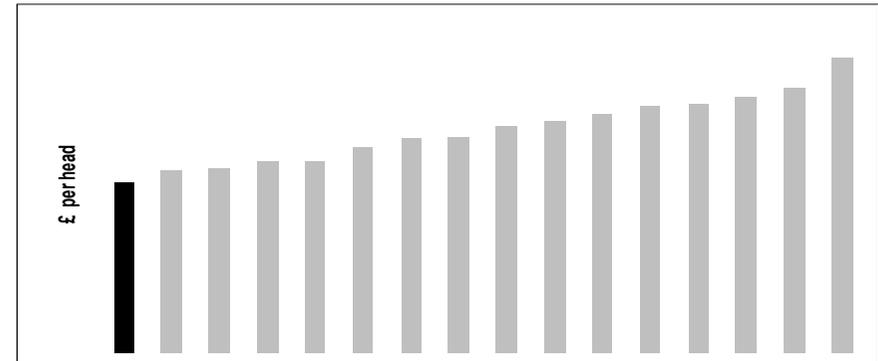
56. The final figures cannot be calculated until each authority has set its 2013/2014 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2013/2014 by adjusting the precept payments to those authorities. The provisional contribution from Cheshire East Council is £139,000.

57. Any further changes to the Second Homes discount are not part of the local agreement and therefore the additional income from any change is not included in the figure shown.

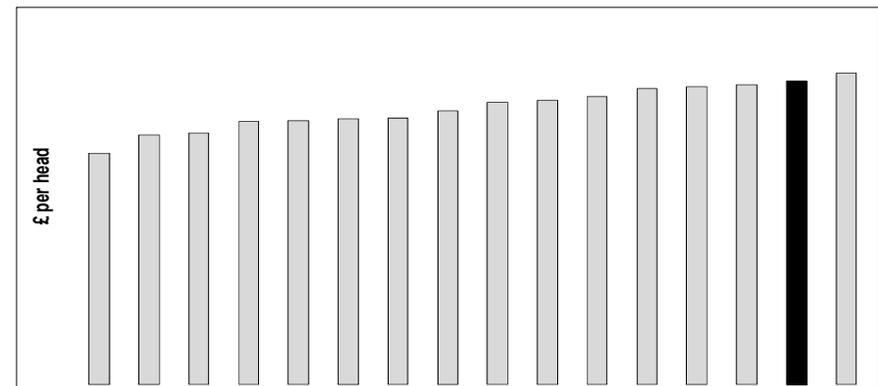
Funding Comparisons to Elsewhere

58. The Council has repeated the standard suite of comparisons based on available data. These are set out below:

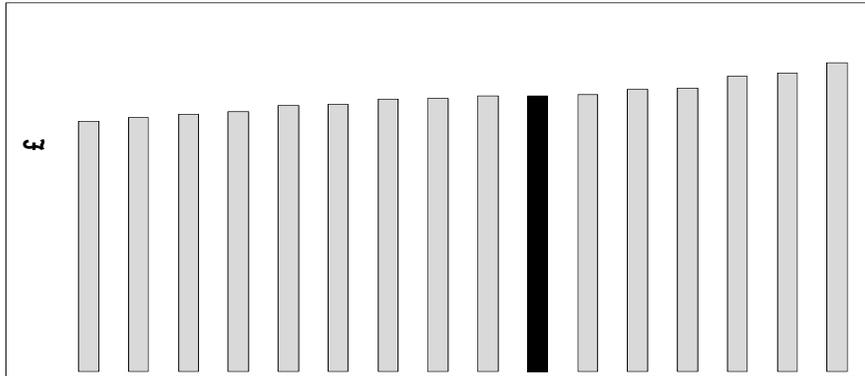
59. **Chart 2** – BRRS income (including RSG) per head is the lowest of the Council's 15 near statistical neighbours



60. **Chart 3** – The Council's Council Tax per head remains high in comparison to near statistical neighbours.



61. **Chart 4** – Absolute Band D Council Tax levels remain average in comparison to near statistical neighbours



Business Rates it received in 2012/2013 and a quarter of what it collects.

- Low baseline funding levels continue due to a high tax base.
- The system locks in unfair existing formula allocations that do not account for an ageing population.

This was followed by a number of smaller consultations in relation to the following Council Tax issues which have helped to clarify some of the detailed implementation issues:

- Localising Support for Council Tax: Funding Arrangements.
- Localising Support for Council Tax: Council Tax base and Funding for Local Precepting Authorities.
- Technical Reforms to Council Tax: Consultation
- Technical Reforms to Council Tax: Empty Homes Premium - Calculation of Council Tax base
- Technical Reforms to Council Tax: Empty Homes Premium - Exceptions

What is the Council Doing About it?

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

i. Responding to Key Consultations

2012 has once again seen several major consultations on changes to local government finance take place. The Council has responded to most of these and a summary is set out below:

Business Rate Retention

The CLG launched a major consultation on the scheme on 17th July 2012. This was a complex document and the Council responded within the deadline of 24th September. The following key points were raised:

- The Council will be unable to retain levels of Business Rates income beyond certain limits due to tariff and levy payments and the 1:1 ratio for percentage growth. As a result the Council will receive half the level of

Localisation of Council Tax Benefit

This area has seen the Council respond to a further CLG consultation and consult with local residents on its proposed scheme. A brief summary of each is set out below:

CLG Council Tax Support Consultation:

The CLG released a major consultation on 2nd August 2011 which closed on 14th October 2011.

The following key points were raised:

- The intention to mirror the focus of the Universal Credit and return people to work is entirely supported. However, there should be no attempt to duplicate effort in these proposals and claimants should not be confused about the support being offered.

Unemployment rates in Cheshire East are already below national averages and welfare payments are relatively low. The population is also generally ageing, which may place more claimants in to the protected groups. This highlights potential further difficulties in realising the required savings.

-Local power over scheme design coupled with removal of ringfencing will give authorities the incentive to reduce the number of claimants. The current proposals offer protection to pensioner claimants. This makes up c.50% of the caseload, and there are further expectations that Local Authorities will protect vulnerable groups which could be a further c.40% of claimants. This issue does not provide the Local Authority with the flexibility required to effectively deliver a localised scheme.

Cheshire East Council Tax Support Consultation/Scheme:

The Government are proposing to replace the Council Tax Benefit Scheme in 2013. Each Council must develop its own scheme and Cheshire East Council plan to continue supporting local residents through investment of an estimated £15.5m in the local scheme in 2013/2014.

Spending on the local scheme in 2013/2014 is estimated to be c.10% less than estimated spending in 2012/2013 in line with the overall need to reduce public expenditure as part of the national deficit reduction programme.

Pensioners who claim Council Tax Benefit will not be affected by these changes as their entitlements are protected and will continue under similar arrangements from April 2013.

The Council developed a local scheme which was subject to a consultation process for the 6 weeks ending 21st October 2012. The result was good support for the Council's scheme.

The main points of the scheme are as follows:

- To increase the capital limit to £6,000
- To consider an upper capital limit of £10,000 and introduce a tariff income of £10 for every £1,000, still endorsing the principle that those with assets should pay more without the disincentive of making provision for emergencies.
- Set a maximum period of 13 weeks for backdating rather than the current 26 weeks.
- To retain the current 'Local Scheme' where all war widows, war widowers and war disablement pensions and war pensions for surviving civil partners are full disregarded rather than the statutory.

Schools Funding

Several consultations on schools funding took place and were responded to during 2012 including:

- Consultation on 'Next Steps towards a Fairer System' of schools funding.
- Consultation on the 16-19 funding formula review.
- Consultation on the basis of appropriate funding for academies.

These have been supplemented by a further consultation on the Local Authorities Central Services Equivalent Grant (LACSEG). In December 2012 the DfE announced that LACSEG arrangements affecting the Dedicated Schools Grant (DSG) would be made redundant by the published funding reforms and that the arrangements affecting formula grant would be replaced by the introduction of a new Education Services Grant (ESG).

The ESG 'will be allocated on a simple, per-pupil basis to local authorities and Academies according to the number of pupils for whom they are responsible'. [Source: DfE]

In addition to the above, the local authority have consulted extensively with schools regarding the implementation of DfE educational funding reforms:

- Consultation on the formula for distributing the Schools Block element of the Dedicated Schools Grant (DSG).
- Consultation on the changes to the distribution of funding in the High Needs Block of the DSG.

Provisional Settlement

The Council has responded to the settlement through the Society of County Treasurers. This collective response raised the key issue of a late and incomplete release just before Christmas.

ii. Membership of Collective Groups.

The Council has membership of several collective groups which provide a stronger voice at a national level. They are:

- The Local Government Association
- The Society of County Treasurers
- The Sparse Rural Network
- The F40 Group

In addition the Council uses specialists in Local Government Finance for in depth analysis of key announcements and consultations.

iii. On-going briefing with Members of Parliament.

The Council provides an update on key issues to local MPs every six weeks, or when special updates are required. At certain times these focus on the Budget and funding issues.

Charges to Local Service Users

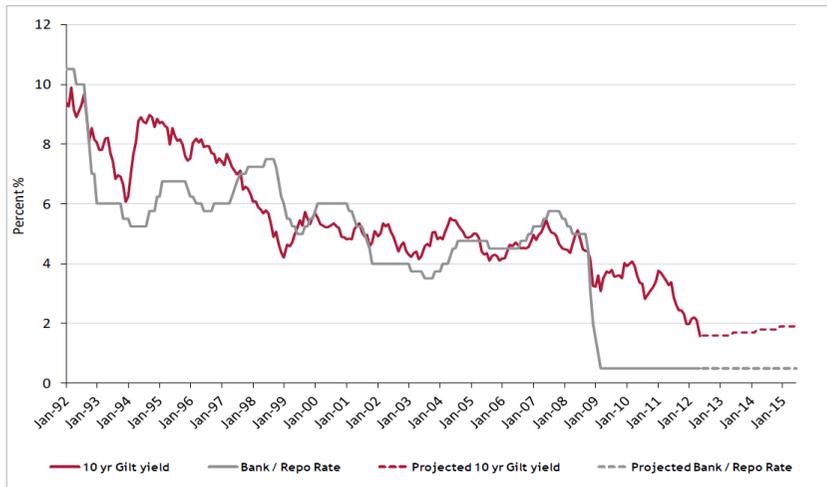
63. In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.
64. Approximately 12.3% of the Council's gross income is received through Fees & Charges and the prices are reviewed at least annually.
65. The Cheshire East Council pricing structure has over 1,800 different charges. With the overall objective to reduce subsidy in charged for services some prices may rise considerably more than inflation. In such cases users are being consulted and alternative service options are being discussed.
66. To assist officers and Members to recover full cost, the Council has produced a Charging and Trading Strategy to provide the relevant guidance to be applied. This document is available to Members on request.

Investment, Borrowing & the Capital Programme

67. Conditions in the world's money and capital markets remain volatile. Concerns are still focused on sovereign debt rather than the standing of the major financial institutions where the cost of credit risk for the major players has reduced. Quick fixes on European debt and the US budget may well need to be revisited.
68. The UK remains stuck with low growth for even longer. With a 'tight fiscal, loose monetary policy' approach, it is likely that it

could be 2016 before official UK interest rates rise (see **Chart 5**). The UK's safe haven status and minimal prospect of rate rises are expected to keep gilt yields near their lows in the near term. Gilts will be vulnerable should the fiscal outlook become even more challenging than now.

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



Source: Arlingclose

Capital Financing Costs

69. During 2012/2013 a balance sheet efficiency review has been undertaken with the aim to establish the most cost effective method of financing the capital programme and make adequate provision for the repayment of debt in future years. The review has considered the previous three financial years to form a view on the adequacy of the Council's reserves and working capital positions, as well as a projection of the expected position at the end of the following four financial years.

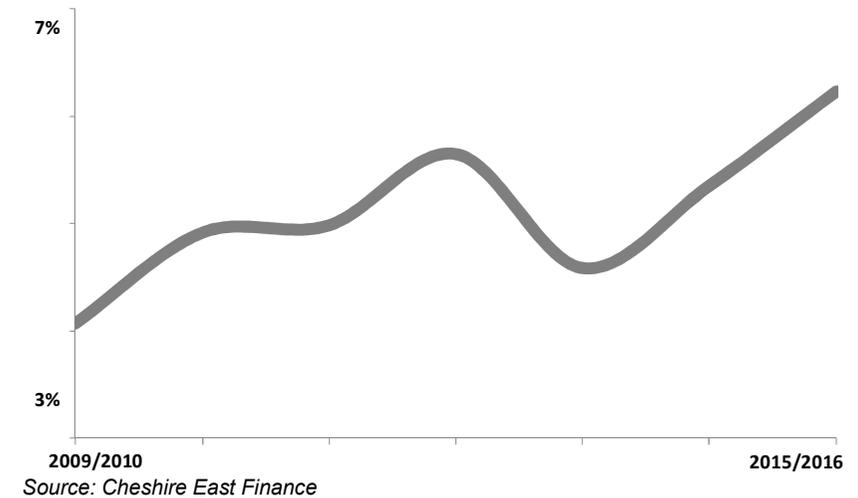
70. The methodology for applying capital receipts to finance capital expenditure has been considered as part of the review. A policy change ~ reported to Cabinet on 10th December 2012 as part of

the 3 Year Medium Term Financial Strategy ~ has been agreed to apply all capital receipts held in reserve to finance capital expenditure which has taken place in previous years and has been met from borrowing.

71. The application of the capital reserve has been used to repay £15m of borrowing for assets purchased after 2008 that were to be written down over the various asset lives. The impact will be to reduce the level of revenue provision required for the repayment of debt in 2013/2014 and future years by an estimated £2.4m.

72. **Chart 6** demonstrates the upward trend of the cost of borrowing as a % of the net budget from 2009 – 2016. The application of capital receipts in 2012/2013 will reduce the cost to 2010 levels, although the impact will be short term and costs will rise steadily as the level of prudential borrowing increases in future years.

Chart 6 - Cost of Borrowing as % of Net Budget from 2009-2016



Source: Cheshire East Finance

73. The capital financing budget for 2013/2014 is £11.9m as shown in **Table 8**. This includes amounts charged in respect of the repayment of outstanding debt and the amount of interest payable on the Council's portfolio of long-term loans. These budgeted costs are partly offset by the budgeted amount of interest the Council anticipates earning from the temporary investment of its cash balances during the year.

Table 8 - Capital Financing Budget	2013/14
	£m
Repayment of Outstanding Debt	6.9
Contribution re: Schools TLC Schemes	-0.9
Direct Revenue Funding	0.4
Interest on Long Term Loans	5.7
Total Debt Repayment	12.1
Less: Interest Receivable on Cash Balances	-0.2
Net Capital Financing Budget	11.9
<i>Source: Cheshire East Finance</i>	

74. The budgeted provision for the repayment of debt in the year 2013/2014 comprises of the following elements:

- The charge in respect of borrowing incurred after April 2008 is calculated on a basis that charges the amount borrowed to the Council's income and expenditure account in equal instalments over the anticipated life of the asset. These periods vary from 5 years to 25 years depending on the type of expenditure funded from the borrowing.
- Historical borrowing prior to this is calculated as 4% of the outstanding balance at 31 March 2013.

75. The amount of interest paid on the Council's portfolio of long-term loans is mainly at fixed rate of interest (circa 3.96%). This provides a degree of certainty to the capital financing budget.

76. Currently, long-term fixed interest rates for periods longer than 10 years are around 4.1%.

77. The rate of interest to be earned on the Council's cash balances that are temporarily invested (estimated at £66m) pending them being used is budgeted to be 0.5% during 2013/2014.

78. In line with many other local authorities, Cheshire East Council has taken the decision to use internal resources to fund capital expenditure in recent years, opting to "internally borrow". This strategy is sound, particularly with the 1% margin on Public Work Loan Board rates, low-investment yields and on-going concerns regarding credit risk.

79. The decision on the timing of longer-term borrowing will be made with consideration to a number of factors. The securing of low-rate debt before an interest rate rise has to be balanced against the credit risk of our current investments.

80. Given the credit risk it is important that the Council examines how much borrowing is actually required. The Capital Financing Requirement represents the underlying need to borrow for capital purposes. However, in reality the Council is unlikely to fully externalise this borrowing requirement.

81. Analysis of cashflows during 2013/2014 will consider the level and maturity of investment balances and planned use of reserves, in addition to estimates on expenditure, the capital financing requirement and maturing debt. It will also include an analysis of working capital and schedules of planned receipts and payments.

82. The successful management of cashflow will enable the Council to reduce net treasury costs and significantly reduce counterparty risks. If liquidity becomes an issue, the Public Work Loans Board continue to provide access to funding at competitive levels at short notice.

83. From 1 November 2012 the Government reduced by 20 basis points (0.2%) the interest rates on loans from PWLB to principal local authorities who provided the required information on their plans for long term borrowing and associated capital spending. The Council applied for the certainty rate in September 2012 and this has been acknowledged by DCLG.

84. The current effect of the heightened credit risk and the benign interest-rate outlook suggest that borrowing decisions are more likely to be delayed but this situation will be kept under constant review and estimates for additional interest payments are included within the 2013/2014 capital financing budget.

Capital Programme Planning

85. The current 2012/2015 capital programme was approved by Council on 23rd February 2012. During 2012/2013 a number of amendments have been made, including substantial reductions following a review of all the schemes in the capital programme, funded wholly or partly from Council resources. The Challenge Sessions undertaken in September 2012 resulted in schemes totalling £42.4m either being deleted from the programme or deferred. The revised capital programme was reported to Council on 13th December 2012 for approval.

86. A further update to the current capital programme is included in the Third Quarter Review of Performance and the revised profile of spend for 2013/2014 onwards forms the base for the 2013/2016 programme, which is detailed in **Annex 6**.

87. Capital commitments have been reviewed to identify the profile of expenditure and a further £18m has been slipped to future financial years. There is recognition that there are obvious complexities around planning applications, public consultation etc, and dependencies on third parties for external funding that often means slippage occurs from one year to the next as delivery is delayed.

88. Work has been on-going throughout 2012/2013 to determine the capital vision for the Council and to develop a strategic 3 Year Capital Programme for 2013/2016 with an emphasis on investment in external and internal infrastructure, development of new Service delivery models and invest-to-save opportunities.

89. A new Project Gateway model has been developed since the summer of 2012 and is bringing about a more robust discipline to the management of major Projects and Programmes across the Council.

90. A key aspect of effectively operating the Project Gateway is the formation of a high level, Member-led Governance Group called the Executive Monitoring Board (EMB). One of the key aims of the EMB is to provide consistent and robust direction for all major Projects and Programmes in Cheshire East through the Project Gateway model. The EMB is supported by a Technical Enabler Group (TEG) comprising of key corporate enablers supporting major Projects and Programmes and a Programme Office (PMO). The TEG supports the EMB by assessing the technical feasibility and options of proposals from the perspective of all relevant professional disciplines.

91. The 2013/2016 capital programme reflects the Council's project evaluation 'gateway process' to ensure that all schemes meet Council priorities and are deliverable and affordable. Although budget allocations are set aside for all schemes in the capital programme, thereafter a rigorous approach will be taken to assess the costs and benefits of all capital schemes before they are allowed to proceed and a full business case will be required even where schemes are included in the approved programme.

92. Projects will continue to come forward during 2013/2014 as part of the longer term capital vision. As they develop and progress through the gateway process further updates to the programme will be provided on a regular basis.

Capital Programme Funding

93. As set out in **Table 9**, the proposed Capital Programme for 2013/2014 has planned expenditure of £112.0m supported by £64.0m of external funding (grants, S106 contributions etc.) leaving a net cost to the Council of £48.0m. The net costs of the programme will be met through estimated in year capital receipts of £10m and additional prudential borrowing of £37.9m.
94. The Council has discretion over the use of internally-generated capital resources which include capital receipts from the sale of surplus assets, prudential borrowing and revenue contributions. It is important that this discretion is used to ensure that these scarce capital resources are used to support capital schemes that make a major contribution to ensuring the Council's assets are suitable for delivering the future priorities, improving service delivery and generating revenue savings.

Table 9 - Capital Programme Summary	2013/2014	2014/2015	2015/2016
	£m	£m	£m
Proposed New Starts	26.3	33.7	22.4
Ongoing Schemes	85.7	49.4	6.5
Total Capital Programme	112.0	83.1	28.9
Financing			
Prudential Borrowing	37.9	35.3	17.9
Government Grants	41.3	22.1	2.6
Capital Receipts	10.0	5.0	
External Contributions	22.7	20.7	8.4
Other Revenue Contributions	0.1		
Total Sources of Funding	112.0	83.1	28.9

Source: Cheshire East Finance

Government Grants

95. Government grants are generally allocated by specific Government departments to fund projects and therefore are used by the Council to support the spending programmes for which they are approved.
96. The Council seeks to maximise such allocations of grant, developing appropriate projects and programmes which reflect Government-led initiatives and agendas but address priority needs in the community. Government funding has reduced in recent years but the Council still receives external support towards a number of projects such as school improvements and the Local Transport Plan. Over the period 2013/2016, these resources equate to £66.0m.

Capital Receipts

97. A capital receipt is an amount of money which is generated from the sale of an asset. The Asset Challenge process will continue to explore opportunities to generate capital receipts by rationalising the estate and disposing of surplus property assets. This will also have revenue benefits by reducing costs relating to those assets. Capital Receipts form an important financing source for the capital programme in each financial year.
98. Under the Council's Capital Receipts Policy, all receipts are pooled centrally in the capital reserve and are allocated in line with corporate priorities as part of the overall development of the capital programme. An asset disposal schedule is maintained which indicates the timing and estimated values of future receipts. As part of this budget setting process, capital receipts of £10m have been allocated to fund the capital programme in 2013/2014 and a further £5m in 2014/2015. The ambition for capital receipts in 2013/2014 is £12m but due to the potential for timing issues a more prudent approach has been

taken regarding the financing of the programme. This will be continually reviewed as part of the monitoring process of the capital programme.

- 99. The forecast capital reserves position has been updated in line with the decision to utilise available capital receipts to repay outstanding debt and receipts generated in year will be fully utilised to finance expenditure, therefore the level of capital receipts held in reserve will be minimal in 2013/2014 and future years.

Borrowing

- 100. The Council’s capital investment falls within, and needs to comply with the “Prudential Code for Capital Finance in Local Authorities”. Under the Code, local authorities have greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver their capital programmes.
- 101. As funding sources for capital are expected to be limited during this planning period, there will be a requirement to finance schemes from Prudential Borrowing. The level of Prudential Borrowing required in 2013/2014 and in future years is detailed in **Annex 5 – Prudential Borrowing Indicators**, paragraph 6. The revenue consequences have been considered as part of the Business Planning Process to ensure they can be afforded in future years.

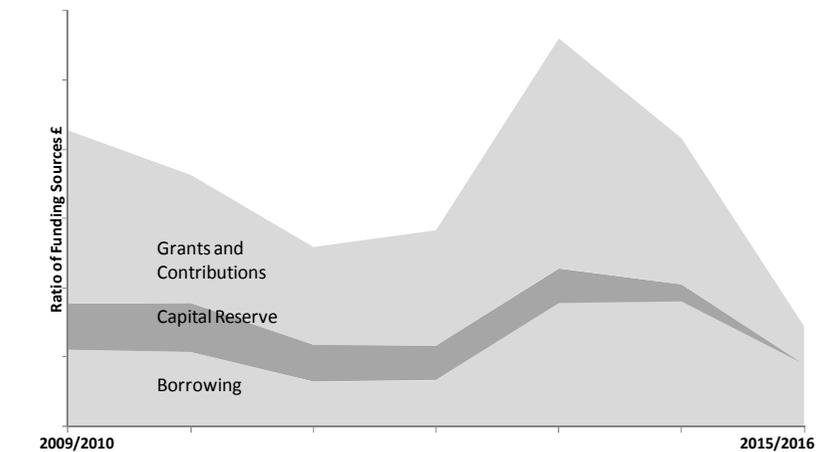
Revenue

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

Other Contributions

- 103. The Council also receives contributions from developers towards the provision of public assets or facilities, such as Section 106 contributions to mitigate the impact of their developments. These contributions are usually earmarked for specific purposes in planning agreements.
- 104. **Chart 7** demonstrates the balance of funding over time, the peak of grants and contributions in 2013-2015 relates to the Superfast Broadband project where external contributions amount to £40m. Overall the net cost to the Council of funding the capital programme will increase in 2013/2014 and future years.

Chart 7 - Balance of Funding Sources from 2009-2016



Source: Cheshire East Finance

Other Economic Factors

- 105. 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 published in July 2012 and updated through the MTFS Reports to Cabinet on 15th October and 10th December. Allowance will be made in 2013/2014 budget for other economic factors, largely inflation and pension costs; totalling **£4.9m**.

Inflation

106. The Budget Report for 2013/2014 continues the theme of not including any central allowance for inflationary pressures on the basis this is generally being mitigated by service efficiency proposals or specifically bid for as a separate proposal policy.

Employer Pensions Contributions

107. Based on the latest actuarial valuation of the Cheshire Pension Fund, the employer contribution rate for Cheshire East will increase by 0.5% from 1st April 2013. This will result in additional costs of **£0.7m** per annum.

108. The forecast position in terms of the Pension Fund is that the employer's contribution rate will need to rise as a result of the next actuarial review. This will take effect on 1st April 2014. Therefore, the Council is examining options to build this additional cost into its plans for the medium term.

109. At this stage the Council has increased the provision in 2014/2015 and 2015/2016 to 1% of pensionable pay costs.

110. The reorganisation and transformation process the Council is going through has led to greater efficiency and a reduction in staff numbers. Some of this has been through early retirement. Actuarial charges totalling **£4.2m** have been allowed for in 2013/2014 relating to these costs.

Managing the Reserves Position

111. The Council Reserves Strategy 2013/2016 states that the Council will maintain reserves to protect against risk and support investment.

112. 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.

113. Cheshire East Council's Reserves Strategy has been updated and is included at **Annex 7** to this report. For the 2013/2014 Budget the Deputy S151 Officer is satisfied that the strategy remains consistent with previous years.

General Reserves

114. The Budget report for 2012/2013 anticipated an opening balance for 2013/2014 of £20.8m. The latest estimate is set at £13.2m, as adjusted for the projected 2012/2013 outturn based on the three quarter year review.

115. The planned contribution for 2013/2014 was £9.6m. However this has been reduced to nil to reflect a reduced level of overall risk, and recognition of the need for substantial temporary investment in a number of major change programmes.

116. The medium term financial outlook reflects a reduction in real terms expenditure on Council services. Reducing expenditure over time will require up-front investment in change management that will sustain the financial resilience of the Council.

117. Strategically the Council must therefore utilise short term funding to support change and not to build up reserves. Current reserves levels will therefore be maintained to protect the Council against risk and should only require amendment if risk materialises or to support short term cashflow issues.

118. General Reserves will therefore now be stabilised over the medium term.

119. A summary of the updated forecast reserves position over the life of the medium term strategy is shown in **Table 10**.

Table 10 - Reserves levels will be maintained in the medium term	2012/2013	2013/2014	2014/2015	2015/2016
	£m	£m	£m	£m
Opening Balance	11.4	13.2	13.2	13.2
Change	1.8	0	0	0
Closing Balance	13.2	13.2	13.2	13.2

Source: Cheshire East Finance

Earmarked Reserves

120. It is anticipated that at 1 April 2013, balances on existing revenue earmarked reserves will be £5.1m (excluding Schools). The majority of this balance relates to ongoing or longer term reserves for Insurances, and Extra Care Housing.

Summary of Financial Stability

121. **Table 11** summarises the position for 2013/2014 to 2015/2016.

Table 11 - Three Year Summary Position	2012/2013	2013/2014	2014/2015	2015/2016
	£m	£m	£m	£m
Children & Families	59.2	57.8	55.7	54.3
Adults	99.0	101.5	102.6	108.3
Public Health (Funded by Grant)	-	0.0	0.0	0.0
Places & Organisational Capacity	77.1	76.4	73.4	72.4
Corporate Services	26.7	26.5	26.3	25.7
Adjustments in Previous Years (See Note 1)	-	0.2	-11.1	-25.9
Further Reductions in Management Costs	-	-2.2	-0.6	0.0
Vacancy Management Reductions	-	-2.5	0.0	0.0
Costs of Transformation	-	6.3	6.3	0.0
TOTAL: Directorates	262.0	264.0	252.6	234.8
Government Grants	-126.5	-114.0	-103.9	-89.7
Council Tax	-161.3	-166.8	-166.8	-166.8
Central Adjustments	25.8	16.8	18.1	21.7
TOTAL: Central Budgets	-262.0	-264.0	-252.6	-234.8
Deficit / (Surplus)	0.0	0.0	0.0	0.0

Source: Cheshire East Finance

Note 1: -£8.3m of savings in 2014/2015, & -£14.1m in 2015/2016, are not detailed in this report, but will be achieved through further proposals (see Table 12 - Chapter 2)

122. Directorate expenditure is shown as **£264.0m**. This represents an increase of £2m on the Budget at the three quarter year review position.

123. The Funding Available to Services in 2013/2014 is estimated at **£264.0m** to give a balanced position.

124. This balance has been achieved through a substantial process to review and refine the funding figures and Directorate expenditure/income levels.

Balancing the Medium Term Budget 2014/2015 & 2015/2016

125. **Table 11** illustrates that Council funding is forecast to reduce over the medium term by as much as 10%. These estimates are prudent, but there is little doubt that Government funding is expected to decrease and that inflationary pressure on services will continue to increase. Setting a robust budget in these circumstances is therefore challenging and plans will be subject to review.

126. The MTFS reflects a balanced position with a mix of specific policy proposals in each Directorate and areas where the Council has corporately identified areas it will explore to close the shortfall.

127. The Council adopts a standard five measure approach to balancing the budget and each measure is explored below in relation to the medium term balancing of the MTFS.

Measure	Description
Measure One ~ Challenge Financial Assumptions	Estimates related to government funding and inflation in particular will be checked against up to date indices and policies.
Measure Two ~ Review Local Taxation	Flexibility in Council Tax & Business Rates is explored in relation to emerging Government policy and local ambition.
Measure Three ~ Manage Reserves	The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.
Measure Four & Five ~ Manage Cost Drivers & Income	Options for future service delivery are challenged to ensure priorities will be delivered in a cost effective and efficient way.

128. The prudent approach to forecasting funding and the range of options to reduce expenditure provide the necessary degree of confidence that the Council can deliver sustainable services in the Medium Term.

Options related to each of the five measures are set out below.

Measure	Table 12 – Balancing the Medium Term Budget
Measure One Challenge Financial Assumptions	<ul style="list-style-type: none">- There is some uncertainty around final funding levels for 2014/2015 and 2015/2016 in terms of percentage changes and the return of the national contingencies of LACSEG, New Homes Bonus (contingency element) and the safety net. Although, the latter two are likely to be small or nil. Existing forecasts remain prudent.- Growth, beyond inflation, in the amount of Business Rates paid is not assumed in the medium term. However, the new Business Rate Retention approach to funding local authorities would see a return of as much as £0.3m on just 1% of additional growth. Although the Council has ambitious development plans the impact of rating appeals and the overall national economic picture means a currently prudent approach is appropriate at this point in time.- New Homes Bonus attracts funding of £1,400 per annum for six years for every additional band D property. The estimates in the MTFS match those detailed in the Local Plan and these will be reviewed in light of in year performance, planning permission granted and sites being developed.- Employer pensions costs are assumed to rise in the medium term. The results of the actuarial review will be known in 2013 and the Council will continue to refine its pensionable pay costs to determine an accurate provision.- Pay Inflation is being assumed in the medium term and will be reviewed in light of available funding and economic circumstances.

Measure**Table 12 – Balancing the Medium Term Budget****Measure Two
Review Local
Taxation**

The Council retains the opportunity to review current funding assumptions:

- There are no assumed increases in Council Tax Band D levels, nor any assumption about receipt of further freeze grants. This position can be re-examined each year to reflect local and national ambition.
- The Council may continue to maximise its tax base through any further flexibility made available by legislation. The potential for development in the area is also likely to increase the tax base, but at this stage a prudent approach is being taken and no assumptions are being made about growth.
- Impacts from the introduction of the local Council Tax Support Scheme will be reviewed and scrutinised during the medium term. The scheme may be amended where appropriate, but overall the ambition is to reduce claimant numbers in relation to out of work residents through the promotion of economic growth in the area.
- As the potential benefits of investment in local infrastructure are realised the Council may engage businesses and re-consider the introduction of a Business Rate Supplement for specific purposes. For example an additional rate of 1p on the rating multiplier could raise as much as £2.1m each year, this level of funding could support a 20% increase in the Council's Capital funding costs.
- There is potential to work with local businesses to introduce business improvement districts for specific purposes.

**Measure Three
Manage
Reserves**

- The Council is adopting a rigorous approach to managing in year expenditure. Service heads will sign off their Budget allocations to endorse accountability. In-year reporting will continue to identify emerging pressures and associated mitigating actions.
- The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure.
- The Reserves Strategy for 2013/2016 aims to maintain reserve levels over the medium term, reinvesting one-off funding in service change.

**Measures Four
& Five
Manage Cost
Drivers &
Income**

The Council's Major Change Programmes can be found within the Medium Term Financial Strategy Report. Many of the financial implications relate specifically to 2013/2014. However, many of these programmes will deliver further savings in 2014 to 2016 and there are further projects which will start in 2014/2015 and 2015/2016, and these are detailed on the Council's website at: www.cheshireeast.gov.uk/budget

To support longer term planning it is intended that savings identified in the above list should not be re-opened during the medium term without significant justification.

In addition to these service changes the Council must make further savings in service delivery. Listed below are a number of focused activities that can realise significant further reductions in expenditure over the medium term reflecting the ambition detailed within the Medium Term Financial Strategy:

- Continuously reviewing management levels and staffing structures. Expenditure on employees accounts for c.40% of the Council's expenditure on services, and the reviews will look to ensure that the Council operates an effective commissioning model that focuses on cost benefits and efficiency.

- Maintaining the focus on priorities, using a scale-able approach to service delivery that can continue to adapt to available funding and provide essential services.

- Reshaping Corporate Services, which account for c.10% of the Council's net budget, to reflect a smaller organisation.

- Challenging discretionary services to ensure these meet priority needs, are afforded in the most effective way or are instead ceased or transferred to alternative providers.

- Review subsidy levels in services also supported by charges to service users. Users pay c.£70m each year towards direct service provisions already. The review will focus on the adequacy of this funding with a view to re-assessing or removing some existing subsidies for discretionary services.

- Introducing a robust and effective Community Infrastructure Levy that can engage developers and other stakeholders in delivering appropriate funding in key areas.

- Creating and developing an effective commercial approach to trading and shared services, in such services as ICT/HR/Finance/Property/Waste with like minded partners or suppliers.

- Maximising development opportunities from the increasing broadband coverage. Increasing commercial development located in Cheshire East would see returns from Business Rate Retention. For example a 1% increase in Business Rates would realise c.£300,000 of additional income per year.
- Exploring opportunities to improve health and reduce dependency through integration of the local health programme with key partners. Net expenditure on Adult Services is currently accounting for 38% of the Council's budget. This is the only Council budget expected to increase in the medium term rising to as much as 45% of the Council's budget by 2015/2016, so managing costs in this area is essential.
- Engaging with community groups and local Town & Parish Councils to explore ways of maintaining service delivery at a local level. There are c.300 such groups already financially engaged with Cheshire East Council. The third sector is a powerful economic partner, employing nearly 4,000 staff and generating an income of over £125m per annum, the vast proportion of which is invested back into our local communities and economies. Further opportunities will be explored as part of the Council's Three Year Plan.
- Utilising capacity that can be purchased from the private sector, or other potential partners, to support modern ways of working, opting where possible for no-win, no-fee arrangements, but in any case ensuring low risk returns on investment. Where the Council cannot practically retain expertise it is suitable to purchase this from appropriate suppliers.
- Delivering efficient internal processes, such as debt collection and low complexity, high volume transactions in a way that achieves high efficiency without deflecting expenditure from front line services. This may involve lowering any level of tolerance for non-compliance.
- Carrying out a further Capital Challenge to address rising capital financing costs. The Capital Programme in 2013/2014 is **£112m**, however the Council is reducing capacity overall so must prioritise delivery of this size of programme. The Capital Challenge carried out by the Portfolio Holder for Finance in 2012 focused on service priorities and maximising returns on investment. This led to an overall reduction in the borrowing requirement of **£32m**. In light of the medium term financial forecasts this exercise will be repeated and further streamlining identified.

-Improving access to digital channels will significantly reduce the costs associated with telephone and face-to-face contact as customers shift their approach to accessing services. For example at present the Council's essential numbers handle c.12,000 telephone calls each week, and yet a Citizen Panel Survey in 2012 identified that c.90% of Cheshire East's residents have access to the internet either at home or at work. So in some cases the Council will reduce the availability of staff and in most cases customers will be expected to use on-line facilities as the default method of accessing services.

3. Allocating Funding to Services

- 129. Having analysed the Council’s Funding Position in **Chapter 2**, this chapter sets out how the funding is allocated to Directorates.
- 130. The Medium Term Financial Strategy Report sets out further details of how the Council is approaching delivery of the Three Year Council Plan and provide key messages in relation to value for money over the next three years.

Summary of Directorate Expenditure

- 131. **Table 13** below sets out the Directorate budget position for 2013/2014 compared to the adjusted Budget position and forecast outturn at the three quarter review (which is also being reported to Cabinet on 4th February 2013).

Table 13 - Directorate spend position compared to adjusted Three Quarter Review position	2012/2013 Restated Budget as at TQR	2012/2013 Forecast Outturn as at TQR	2013/2014 Proposed
	£m	£m	£m
Children & Families	59.2	60.2	57.8
Adults	99.0	103.1	101.5
Places & Organisational Capacity	77.1	78.8	76.4
Corporate Services	26.7	26.7	26.5
Unallocated			0.2
Management Reductions			-2.2
Vacancy Management Provision			-2.5
Costs of Investment (supported by CT freeze)			6.3
Total Directorate Expenditure	262.0	268.8	264.0

Source: Cheshire East Finance

- 132. The figures for 2013/2014 have been brought together using the Business Planning Process from October 2012 to February 2013 in response to the Three Year Plan.

- 133. Changes to the budget are being driven by the major change programmes detailed in the Three Year Plan. The financial impact of the programmes are set out in **Annex 6** of this report. A more detailed analysis is provided Appendix 2 to the Medium Term Financial Strategy Report.

- 134. A full three year version of the schedule can be found at: www.cheshireeast.gov.uk/budget.

- 135. The tables overleaf summarises the contribution that each Directorate is making to the major change programmes for revenue and capital.

Major Change Programmes

- 136. The next two tables sets out the impact of the Revenue and Capital changes for 2013/2014.

Table 14 - REVENUE

2013/2014

Summary of Priorities and Major Change Programmes

	Children & Families £000s	Adults £000s	Places & OC £000s	Corporate Services £000s	Cross Cutting £000s	Total £000s
1.0 Local economic development						0
1.1 - Investment in existing and new road infrastructure			-200			-200
1.2 - Investment in high speed broadband network for Cheshire East						0
1.3 - Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme			200			200
	0	0	0	0	0	0
2.0 Developing affordable, and sustainable local models of care for vulnerable children and adults	2,200	10,958				13,158
2.1 - Improve the sufficiency of care locally for vulnerable children and adults						0
2.2 - Next phase of development of Care4CE service						0
2.3 - Secure new integrated health and care pathways for learning disabilities						0
2.4 - Securing efficiencies through strategic commissioning of children and adult services						0
	2,200	10,958	0	0	0	13,158
3.0 Focusing services on early intervention and prevention	-515	-760				-1,275
3.1 - Focus Childrens Services on early help for families						0
3.2 - Review adult assessment and case management services						0
	-515	-760	0	0	0	-1,275
4.0 Responding to the changing education and learning environment	-1,525					-1,525
4.1 - Develop our relationship with self-sustaining schools						0
4.2 - Continue review of Home to School Transport						0
4.3 - Improve the range of special school provision						0
4.4 - Pursue the development of a new University Technical College						0
	-1,525	0	0	0	0	-1,525

Table 14 - REVENUE

Summary of Priorities and Major Change Programmes	2013/2014					
	Children & Families	Adults	Places & OC	Corporate Services	Cross Cutting	Total
	£000s	£000s	£000s	£000s	£000s	£000s
5.0 Securing housing that is locally-led, community-based and that meets local needs						0
5.1 - Develop a new delivery model for the housing service and ensure housing services support independent living and health improvement						0
5.2 - Develop accommodation strategy for vulnerable adults and those with learning disabilities			-50			-50
	0	0	-50	0	0	-50
6.0 Redefining the Council's role in core place-based services						0
6.1 - Develop new delivery model for leisure provision			-1,015			-1,015
6.2 - Develop new delivery model for streetscape and bereavement						0
6.3 - Develop a new model for sustainable library services and community hubs			-100			-100
6.4 - Determine future delivery model for waste management services			-113			-113
6.5 - Develop Total Transport Programme						0
	0	0	-1,228	0	0	-1,228
7.0 Reshaping the Organisation						0
7.1 - Restructure the organisation		-500				-500
7.2 - Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services				-37		-37
7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	-450	-400	1,924	79		1,153
7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	-170	-180		525		175
7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives			1,555			1,555
7.6 - Develop resilient communities			191			191
	-620	-1,080	3,670	567	0	2,537

Table 14 - REVENUE

Summary of Priorities and Major Change Programmes

	2013/2014					
	Children & Families	Adults	Places & OC	Corporate Services	Cross Cutting	Total
	£000s	£000s	£000s	£000s	£000s	£000s
8.0 Workforce planning						0
8.1 - Further develop employment and working practices to enable flexible and agile working						0
8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills				145		145
8.3 - Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills			-181			-181
	0	0	-181	145	0	-36
9.0 Other						
9.1 - One year funding allocation to assist delivery of major change programme	370	580	470	160		1,580
9.2 - Provision for contractual increments currently under review					210	210
9.3 - Management restructure - Unidentified					-2,173	-2,173
9.4 - Vacancy Management Provision					-2,500	-2,500
	-90	9,698	2,681	872	-4,463	8,698

Table 15 - CAPITAL

Summary of Priorities and Major Change Programmes	2013/2014					
	Children & Families	Adults	Places & OC	Corporate Services	Cross Cutting	Total
	£000s	£000s	£000s	£000s	£000s	£000s
1.0 Local economic development			8,555			8,555
1.1 - Investment in existing and new road infrastructure			36,805			36,805
1.2 - Investment in high speed broadband network for Cheshire East				20,499		20,499
1.3 - Investment to support business growth and delivery of Macclesfield and Crewe regeneration, and the Sustainable Towns programme			2,613			2,613
	0	0	47,973	20,499	0	68,472
2.0 Developing affordable, and sustainable local models of care for vulnerable children and adults	1,748	949				2,697
2.1 - Improve the sufficiency of care locally for vulnerable children and adults						0
2.2 - Next phase of development of Care4CE service						0
2.3 - Secure new integrated health and care pathways for learning disabilities						0
2.4 - Securing efficiencies through strategic commissioning of children and adult services						0
	1,748	949	0	0	0	2,697
3.0 Focusing services on early intervention and prevention			1,009			1,009
3.1 - Focus Childrens Services on early help for families						0
3.2 - Review adult assessment and case management services						0
	0	0	1,009	0	0	1,009
4.0 Responding to the changing education and learning environment						0
4.1 - Develop our relationship with self-sustaining schools						0
4.2 - Continue review of Home to School Transport						0
4.3 - Improve the range of special school provision						0
4.4 - Pursue the development of a new University Technical College						0
	0	0	0	0	0	0

Table 15 - CAPITAL

Summary of Priorities and Major Change Programmes	2013/2014					
	Children & Families	Adults	Places & OC	Corporate Services	Cross Cutting	Total
	£000s	£000s	£000s	£000s	£000s	£000s
5.0 Securing housing that is locally-led, community-based and that meets local needs			4,195			4,195
5.1 - Develop a new delivery model for the housing service and ensure housing services support independent living and health improvement						0
5.2 - Develop accommodation strategy for vulnerable adults and those with learning disabilities						0
	0	0	4,195	0	0	4,195
6.0 Redefining the Council's role in core place-based services						0
6.1 - Develop new delivery model for leisure provision			400			400
6.2 - Develop new delivery model for streetscape and bereavement						0
6.3 - Develop a new model for sustainable library services and community hubs						0
6.4 - Determine future delivery model for waste management services						0
6.5 - Develop Total Transport Programme						0
	0	0	400	0	0	400
7.0 Reshaping the Organisation						0
7.1 - Restructure the organisation						0
7.2 - Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services						0
7.3 - Continue targeted business improvement reviews to find efficiency savings from all services		500				500
7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery			100	9,914	0	10,014
7.5 - Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives			1,619			1,619
7.6 - Develop resilient communities						0
	0	500	1,719	9,914	0	12,133

Table 15 - CAPITAL

Summary of Priorities and Major Change Programmes	2013/2014					
	Children & Families	Adults	Places & OC	Corporate Services	Cross Cutting	Total
	£000s	£000s	£000s	£000s	£000s	£000s
8.0 Workforce planning						0
8.1 - Further develop employment and working practices to enable flexible and agile working						0
8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills						0
8.3 - Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills						0
	0	0	0	0	0	0
9.0 Other						0
Statutory Provision - Grant Funded	14,983		1,400			16,383
Funded from External Contributions			734			734
Asset Management Programme			4,818			4,818
Farms Programme			756			756
Residual Projects			367	5		372
	14,983	0	8,075	5	0	23,063
	16,731	1,449	63,371	30,418	0	111,969

4. Impact Assessment

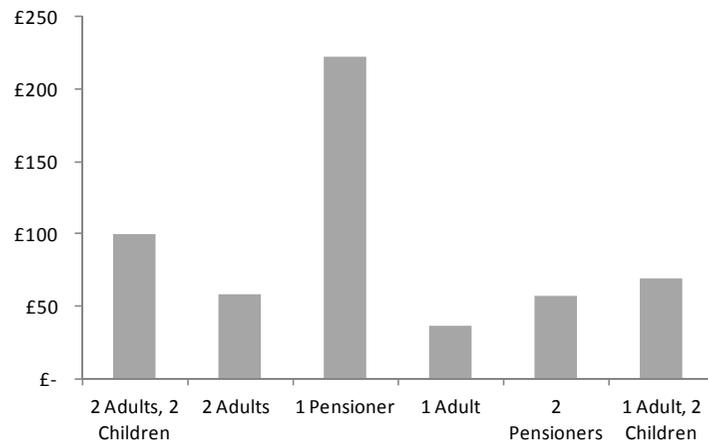
Household Calculator

137. The 2013/2014 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 and allocation between major change programmes. 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.

138. A number of assumptions must be made in relation to property sizes and service usage. The Council uses existing data to inform this process.

139. **Chart 8** below illustrates the annual impact on six typical households accessing a variety of different services if a blanket increase in line with RPI (as at December 2012) were to be applied.

Chart 8 – Increase in Annual Payments following a 3.1% RPI increase

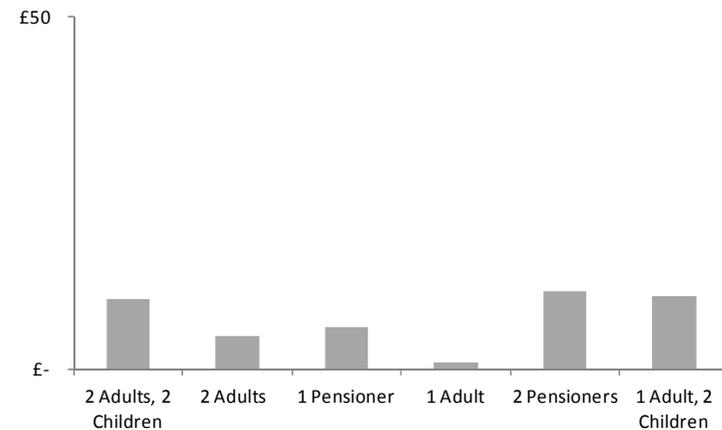


140. Every service with the authority is in the process of refining a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.

141. The Strategies calculate full cost of the service being provided and therefore set out the resulting subsidy or surplus each time a charge is made. This will then be used to inform the setting of future levels of fees and charges to ensure fairness and that the Council meets any statutory obligations.

142. **Chart 9** below illustrates the actual annual increase per household when applied to the same variety of services.

Chart 9 – Increase in Annual Payments following the proposed increase in fees and charges



143. Further details on the variances are shown in **Table 16** on the following pages. However, it is clear that the impact of the Council's increase in charges is substantially below RPI.

Table 16: Impact of the 2013/2014 Budget Proposals

Example Groups	Annual Charges £	Service Impacts £	
<p>2 Adults 2 Dependent Children</p>  <p>Typical Household Facts:</p> <p>Adults both working (full or part time) with combined net income of £43,000pa</p> <p>Children attending local schools</p> <p>Living in a Band E Property</p>	<p>Council Tax</p> <p>Fees & Charges</p> <p style="text-align: right;">Total charges in 2012/2013</p> <p>Total increase in annual payments if inflation of 3.1% for the year were added on (Retail Prices Index)</p> <p style="text-align: right;">Actual proposed increase in charges for 2013/2014</p>	<p>£1,487</p> <p>£1,736</p> <p>£3,223</p> <p>£100</p> <p>£10</p>	<p>Families will be supported, especially in difficult times or when starting out. This takes several forms:</p> <ul style="list-style-type: none"> -Council Tax ~ levels have been frozen for the third successive year resulting in a substantial saving compared to RPI over the same period. This has been agreed in conjunction with accepting an offer of a grant payment from the Government to compensate the Council. It enables families to be protected from annual increases in Council Tax. -Fees and charges ~ the Council has adopted a more scientific approach to setting fees and charges. This is based on a Charging and Trading Strategy. Under this, services should adopt an approach to setting charges that reflects the cost of the service, demand and concessions. Using this system, the aim is for full cost recovery rather than blanket increases in fees and charges. -Local initiatives ~ the Council in investing in initiatives such as: <ul style="list-style-type: none"> -Local regeneration schemes. -Affordable Housing Initiatives. -Housing Grants. -Assisted Purchase Schemes. -Council Tax Support Scheme. -Service review ~ the Council has continued to adopt the theme of protecting front-line services such as Leisure Facilities and Libraries and funding necessary savings from the back office in many cases.

Pensioner Couple



Typical Household Facts:

Private pension with combined **net income of £23,000pa**

Living in a **Band D** property

Council Tax	£1,216	The Council is working hard to protect older people through: <ul style="list-style-type: none"> -Identifying the group as a priority area ~ as evidenced under Outcome 5 – People Live Well and For Longer. -Council Tax ~ levels have been frozen as above and pensioners protected under the Council Tax Support Scheme. -Capital Funding ~ maintaining provision for home repairs and Disabled Facilities Grants, helping people to live in their own homes. -Fees and Charges ~ providing concessions for pensioners where appropriate. -Leisure Facilities ~ maintaining parks and open spaces and other leisure facilities to ensure a range of activities is available to older people.
Fees & Charges	£631	
Total charges in 2012/2013	£1,847	
Total increase in annual payments if inflation of 3.1% for the year were added on (Retail Prices Index)	£57	
Actual proposed increase in charges for 2013/2014	£11	

Local Businesses



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

Working with Businesses

The Council takes a pro-active role in engaging with and supporting local businesses. They are the engines of our economy, and the borough's future prosperity is driven by their capacity to thrive and grow. The Council's Economic Development & Regeneration team operates as a key broker for relationships between businesses and Council services and other public agencies. It also takes the leading role in promoting regeneration across the Borough, creating the conditions for job creation and economic growth, by working closely with other teams across the Council (e.g. planning, licensing, trading standards) and partners from the business community, voluntary and wider public sectors.

The team provides:

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

The Council has a strong commitment to the development and regeneration of our town centres. This will be supplemented further over the 2013/2016 period, through further investment in its regeneration programme, alongside the strategic use of its own land and property, to lever in additional private sector investment. This will enhance the attractiveness of our towns to residents and visitors, and increase confidence in the developer and investor communities.

New multipliers for 2013/2014

- Multiplier set by Government is Index linked to September RPI (2.6%).
- Provisional 2013/2014 Multiplier at 47.1p* in the £.
- Small business multiplier provisionally 46.2p** in the £.

* Includes supplement to fund small business relief.

** All occupied properties with a rateable value below £18,000 are charged using the lower multiplier – except for those ratepayers receiving mandatory rate relief.

Deferment Scheme for 2012/2013

Ratepayers who chose to defer part of the payment of their 2012/2013 rates bill under the 2012/2013 deferment scheme will pay back 50% of the deferred amount in 2013/2014. The remaining 50% will be due in 2014/2015.

Supplementary Business Rates

There are no proposals for Cheshire East Council to charge supplementary rates in 2013/2014.

Local Retention of Business Rates

From 1st April 2013 Cheshire East Council will retain c. 25% of any local growth in the rates generated through increased occupancy of commercial premises subject to certain tolerances. This will take several years to realise but will assist funding for the Council's activities. The Medium Term Financial Strategy sets out the Council's ambition to promote economic development.

Local Discretionary Rate Relief

Cheshire East Council has the discretion to award rate relief to any ratepayer. The Council will need to fully fund any relief awarded. Applications are considered on an individual basis, relief would only be awarded where it was in the Council Tax payer's interest to do so.

Council Partners & Stakeholders



For Example:
Town & Parish Councils, Health, Fire, Police, schools, community & voluntary organisations, Local Area Partnerships.

The Council will continue to work with partners to maximise value for money from all public spending in Cheshire East. We will seek to commission and deliver jointly with our partners, both across Cheshire East and at a local level. Specifically, this budget reflects the changes to financial arrangements arising from the reform of the health care sector, including the integration of public health into the local authority.

The Council will continue its work with Town and Parish Councils to develop local service delivery options including the transfer and devolution of services where appropriate.

The budget includes a one off payment to Town and Parish Councils to reflect changes in funding arising through Council Tax Support. The total amount allocated for 2013/2014 is £450,000.

The budget includes reductions to funding for community and voluntary organisations, reflecting an approach which is targeting services at need. However, the amount of funding in the Community Grants programme is remaining at the same level, £96,000, as the previous 3 years.

The Local Environment



Cheshire East Council is committed to continuing to reduce its energy consumption from its buildings and will continue to develop strategies during 2013/2014, and beyond, to reduce the environmental impact of its activities. The Council is continuing to work towards its Carbon Management Plan target of reducing our carbon emissions by 25% by March 2016. To do this, the Council is undertaking a number of schemes:

- reducing carbon emissions from its own vehicles by undertaking a whole fleet review, installing technology and educating staff to reduce fuel consumption
- reducing the impact of our staff travel through a number of measures including changes to staff travel rates and promotion of alternatives to single car occupancy
- a borough wide replacement of traffic signal lamps with LED's, which will cut energy and carbon
- completion of our £2 million capital investment in street lighting combining a number of measures to reduce energy use
- supporting schools to reduce their energy use through the Low Carbon Schools Programme & Junior Energy Monitor Programme supporting an Invest to Save approach in our own Council buildings to continue to reduce our carbon footprint.

In 2013/2014, the Council will participate effectively in the Carbon Reduction Commitment, a national mandatory scheme where carbon emissions must be accurately reported to Government.

Equality Impact

144. We have a statutory duty to understand the equality impacts of our decisions, policies, strategies and functions.
145. We want to ensure that our budget decisions do not discriminate against any group and promote equality of opportunity and good community relations. We have undertaken equality impact assessments where necessary, and will continue to do so as projects develop across the lifetime of the Three Year Plan. This process helps us to understand if our budget proposals:
- have an adverse impact on any of the protected characteristics listed in the 2010 Equality Act,
 - result in direct or indirect discrimination.
146. The process assists us to consider what actions could address or alleviate any adverse impact and help us to recognise where investment could alleviate an adverse impact from a saving.
147. The completed Equality Impact Assessments will be placed on the website at: <http://www.cheshireeast.gov.uk/budget>

Workforce Planning

Our values

148. At Cheshire East Council we aspire to help to build a strong local economy, support thriving communities and improve the quality of life for everyone living and working in Cheshire East.

149. Achieving our ambitions is not just about developing the right policies or establishing new processes and systems. It is also about the way we work, focusing equally on **how** we do things, as well as **what** we do – in order to be successful.

150. Our aspire values are at the heart of how we work with colleagues, customers, partners and communities to ensure both quality and value in public services of which we can be proud. Our values are summarised as follows:

- we take **action** with **integrity**,
- we **respect** and **support** each other,
- **together**, we achieve **excellence** for **people** in Cheshire East.



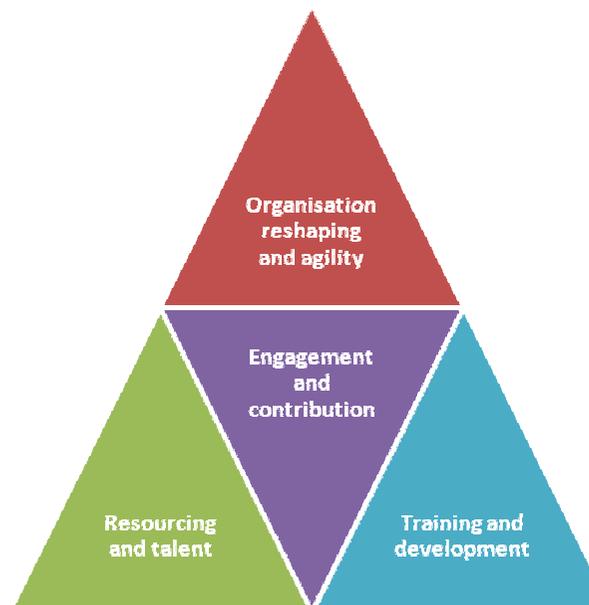
New deal for staff

151. Our workforce is our most valuable resource, and the key to our future success. In becoming a new “21st Century Council” our aim is to remain one of the best local employers. This means offering a “new deal” to staff. In return for greater flexibility over new ways of working and even better productivity to do more with less, we will invest in training for the new skills required, offer competitive earnings linked to contribution and satisfying jobs that allow our people to use their talents and creativity.

152. Ultimately this will mean improved job security for the majority of our staff. To achieve this we will need to actively manage changes to the future size and shape of the Council, primarily through not replacing most jobs when people leave; making sure that re-deployment continues to work and re-skilling for the jobs of the future.

Workforce priorities

153. To successfully transform the workforce we have, to the workforce that we will need, four strategic workforce priorities have been identified:



Workforce priority one: Organisation reshaping & agility

- **Alternative delivery models** – to explore, prototype and move into a range of new delivery and operating models which will increase efficiency and effectiveness, break down silo's and enable improved services to be delivered for less.

•**Staff deployment** - to build greater flexibility into the way in which staff, are deployed within and across services and organisations to respond to business need and optimise valuable skills, experience and capacity.

•**Agile working** – to develop further our flexible and mobile working practices to enable staff to work in a range of locations, at different times and in different ways, to maximise their productivity and deliver the greatest value.

Workforce priority two: Resourcing & talent

•**Employing young people** – we will continue to expand opportunities for young people to take their first step into employment, by working with partners to offer inspiring apprenticeships, meaningful work experience and progressive graduate development.

•**Integrated workforce** – many of our services will increasingly be delivered in partnership with others. We will focus on strengthening those relationships and effectively transitioning health responsibilities to local government.

•**Talent management** – to further identify, develop, manage and deploy the multitude of talents across the Council, enabling and empowering people with potential to make a greater impact on organisational performance.

Workforce priority three: Training & development

•**Future capabilities** - we will equip our staff with the skills required to remain marketable and at the top of their game as our job requirements change. This will include generic competencies alongside professional and technical skills.

•**Management development** – we will build the capability of managers at all levels as they have a crucial enabling role in unlocking barriers, developing talent and confidently delivering the organisational changes required, effectively.

•**Collaborative learning** - to broaden and improve the learning experience for our employees we will seek opportunities to learn with other partners, within different communities and with the trades unions.

Workforce priority four: Engagement and contribution

•**Employee engagement** – to build an engaged workforce which shares the Councils aspirations and is prepared to go the extra mile to achieve outstanding results for the communities we serve.

•**Change leadership** - managers play a crucial role in the leading and embedding the required transformation with staff, partners, suppliers and volunteers. Harnessing their skills, creative ideas and energy will be essential to success.

•**Total contribution** - we want our employees to be recognised and rewarded for both what they do and how they do it, and to be fairly remunerated for the contribution they make to achieving our goals.

Outcome measures

The key outcomes of effective workforce planning are summarised below:

- We have an agile, skilled, engaged, and high performing workforce ready and able to respond to the challenges ahead
- Where appropriate we attract and retain the best people from all sectors of the community to work for the Council
- We share and deploy our available resources across the Council in the best way to ensure priorities are achieved

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

5. Risk Management

154. Risk management is an integral part of the development of our business planning processes. We are committed to adopting best practice in the identification, evaluation and cost-effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also to maximise opportunities to achieve our priorities.
155. Risk management is not about being risk averse; some amount of risk taking is inevitable if the Council is to achieve its priorities and it is acknowledged that some risks will always exist and will never be eliminated.
156. Understanding and setting a clear risk appetite is essential to achieving an effective risk management framework. There are risks for which the Council is custodian on behalf of the public and the environment, where risk levels may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged. Where we choose to accept an increased level of risk we will do so, subject always to ensuring that the potential benefits and risks are fully understood before developments are authorised, and that sensible measures to mitigate risk are established.
157. Through the identification and treatment of risk we can ensure that our priorities, intended outcomes and key projects are more likely to be achieved, damaging actions or events are avoided or minimised and opportunities maximised.

158. Some risks to achieving our priorities are cross-cutting. The key corporate risks to achieving our priorities and expected outcomes will be identified on our key corporate risk register, including the actions necessary to manage and mitigate these risks. We have a Risk Management Policy which forms part of the Council's overall internal control framework and enables it to respond appropriately to risks. We regularly review and monitor risks through our risk management framework.
159. Individual services and project managers will identify, analyse and prioritise service and project risks on local risk registers as part of the service planning and project management processes. Progress and performance towards meeting objectives is monitored regularly and services and project managers will ensure that risks to achieving objectives are effectively managed in their area in accordance with the risk management policy and procedures.

Annexes to Budget Report 2013 / 2016

February 2013

Annex 1 - A Profile of the Authority

Introduction

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

Geography of the Area

2. The mix of topography, soils and land use in Cheshire East presents an area of contrasting character, ranging from the highland and lowland rural areas to the more densely-populated areas in the northeast of the authority. Part of the eastern boundary is part of the Peak District National Park which rises significantly higher than the rest of the council area.

3. Cheshire East is characterised by wonderful countryside assets such as Tegg's Nose Country Park, The Cloud and the Gritstone Trail as well as its splendid historic towns and its major national visitor attractions such as Tatton Park and castles built of the distinctive local sandstone.

4. The main rivers of Cheshire East are the Bollin and the Weaver - which both flow into the Mersey - and the Dane (a tributary of the Weaver). A number of canal systems - the Trent and Mersey, Shropshire Union and Macclesfield canals - make up the Borough's other major waterways.

5. There are excellent rail links both with Manchester and other parts of the country, in particular through the main West Coast routes from London through Crewe and Macclesfield to the north. The M6 is the main north-south road route, but important east-west links are established by the M56. Another main trunk road running through Cheshire East is the A556 from Knutsford to Bowden which connects people to Manchester.

Cheshire East and its population

6. Cheshire East has an area of 116,638 hectares. The population is 370,700 (2011 mid-year estimate¹), making it the 3rd largest unitary authority in the North West and 12th largest in England. Principal concentrations of population (based on the 2011 Census) are in the towns of Crewe (72,700), Macclesfield (52,200), Congleton (26,500) and Wilmslow (23,700). The Borough's other main towns - each with a population between 11,000 and 18,000 - are Alsager, Knutsford, Middlewich, Nantwich, Poynton and Sandbach.²

7. The majority of the Borough's residents live in market towns, villages or hamlets and around two fifths of the population live in areas that are classified as being more rural than urban.³

8. The population in Cheshire East has steadily increased over the past 20 years, from 340,500 in 1991 to 370,700 in 2011 - an increase of almost 9%. This increase in the total population is mainly due to net inward migration into the area. The age structure of Cheshire East is slightly older than that of England & Wales. In 2011, 5.4% of Cheshire East's residents were aged under 5 (compared to 6.2% for England & Wales), 12.3% were aged 5 to 15 (12.6% for England & Wales) and 19.4% were aged 65 or above (16.5% for England & Wales).

9. The age structure of the population in Cheshire East has changed since 1991. The number of older people (aged 65+) has

¹ ONS mid-year population estimates 2011. ONS Crown Copyright 2013.

² 2011 Census (Table PP04). ONS Crown Copyright. Notes: [1] The Wilmslow figure excludes Handforth. [2] The 2011 Census LSOA level population estimates are for the new (post-2012) LSOA boundaries, which involve the splitting up of some of the old LSOAs in the Nantwich area. The definition of Nantwich town needs to be updated to reflect these LSOA boundary changes and therefore it is not appropriate to quote an exact 2011 Census figure for the town's population at this stage.

³ [1] 2011 Census (Table PP04). ONS Crown Copyright. [2] Rural Classification, 2004, Cheshire County Council.

increased by 33%, from around 54,200 in 1991 to 72,100 in 2011, whilst the number of children (aged 0-15) has fallen slightly (down 2% over the same period) and now stands at 65,700 (against 66,800 in 1991).⁴ The latest in-house forecasting work indicates continuing decreases in the number of children, decreases in the working-age population and increases in the older age groups, with the largest proportional increase being in the 85+ age group.⁵

10. Cheshire East has a strong local economy. It contributes 5% of the North West region's total population,⁶ but 7% of the region's output⁷. Average household income is above the Great Britain average.⁸ The Borough's largest three industries in terms of economic output (Gross Value Added) in 2009 were Professional Services (12% share of GVA), Pharmaceuticals (9%) and Health & Social Work (8%). Forecasts suggest that, by 2025, Professional Services and Pharmaceuticals will make up even greater shares of Cheshire East's GVA (14% and 12% respectively), with Computing Services (8% share) replacing Health & Social Work as the next largest sector.⁹ The labour supply (the number of economically active local residents) is forecast to fall by 2,700 (1.5%) during 2009-25, which means that the Borough may need to rely on more inward migration or additional inward commuting to achieve employment growth.¹⁰

11. The local economy is not immune from national and global factors and unemployment did rise sharply during the 2008/2009 recession, like in Great Britain as a whole. The proportion of 16-64 year-olds claiming Jobseeker's Allowance (2.4% in November 2012) has fallen significantly from its summer 2009 peak (3.2%). However, this still exceeds pre-recession rates, whilst the broad unemployment count (which includes all who are available for and actively seeking work) has remained at around 10,000-12,000 since 2008/2009. Unemployment is still more prevalent amongst young people – with 5.7% of the Borough's 18-24 year olds claiming JSA in November 2012 – than in other age groups, but Cheshire East compares favourably to the national (GB) rates for both this age group (7.0%) and older people.¹¹

12. Residents enjoy better health than elsewhere in the region and nationally.¹² Life expectancy in the borough as a whole is above the national average and incidence of smoking cigarettes is lower¹³.

13. Educational attainment among school pupils - in terms of the percentage achieving Level 4+ in English at Key Stage 2 (primary school), Level 4+ in Maths at KS2 and five or more GCSE grades at A*-C grade (secondary) is, in each case, above the national (England) average.¹⁴ Cheshire East schools generally perform well; children get off to a good start with a large percentage of childcare establishments, nursery education and primary schools judged to be better than similar areas and better than standards found nationally. There is very little inadequate provision with only a very small number of schools judged as underperforming by Ofsted.

⁴ ONS mid-year population estimates 1991-2011. ONS Crown Copyright 2013. Source is the same for the previous paragraph.

⁵ In-house forecasting work produced by Cheshire West and Chester Council on behalf of Cheshire East, based on 2011 Census results and the latest Local Plan proposals.

⁶ ONS mid-year population estimates 2011. ONS Crown Copyright 2013.

⁷ Baseline projections from the Cheshire, Halton & Warrington Econometric Model (CHWEM). Projections were obtained using Cambridge Econometrics (CE)/IER LEFM software and are consistent with CE's UK Regional Forecast, as published on CE's Knowledge Base website in June 2012.

⁸ Paycheck 2010 data, CACI Ltd.

⁹ Same source as for footnote 2.

¹⁰ [1] Economic activity rate projections for Cheshire. Research, Intelligence & Consultation Team, Cheshire West and Chester Council, 2012. [2] 2009-based Cheshire Population Forecasts (produced by the Research, Intelligence & Consultation Team, Cheshire West and Chester Council).

¹¹ [1] Claimant Count, ONS, NOMIS. Crown Copyright. [2] Broad unemployment: model-based estimates of unemployment, Jul 2004 – Jun 2005 to Jul 2011 – Jun 2012, ONS, NOMIS. Crown Copyright.

¹² Life Expectancy at Birth: Dept of Health

¹³ Smoking prevalence: Office for National Statistics (ONS)

¹⁴ "In Your Area" statistics, DfE website, Jan 2013. Figures relate to 2011 and 2012.

14. The crime rate in Cheshire East is one of the lowest in the country¹⁵ and residents are less concerned about anti-social behaviour than elsewhere. However, there is significant anxiety about victimisation.
15. In the Communities of Cheshire survey 2008, the majority (93%) were satisfied with their home as a place to live and 85% were satisfied with their local area. But while the residents of Cheshire East generally enjoy good quality of life there are significant inequalities, with some areas experiencing poorer health, educational attainment and economic well-being than elsewhere. There are sixteen Lower-layer Super Output Areas among the 20% most deprived in England, according to the most recent (2010) Index of Multiple Deprivation (up from 14 in the 2007 IMD). These sixteen areas – eleven of them in Crewe, two in Macclesfield, two in Wilmslow/ Handforth and one in Congleton - contain 7% of the Borough's population.¹⁶

¹⁵ Crime and Incident Data provided by Cheshire Constabulary – Extracted from Niche and Command and Control using Business Objects.

¹⁶ [1] English Indices of Deprivation 2010, DCLG (published in March 2011). [2] Cheshire West and Chester Council Research, Intelligence & Consultation Team's Small Area Population Estimates. All estimates are constrained to the Registrar General's Annual Estimates of Population for 2010. ONS Crown Copyright 2013.

Annex 2 –The Budget Setting Process

Introduction

- 1.The Business Planning Process 2013/2016 has enabled the Budget to be balanced following a series of managed stages.
- 2.Over the last few months the Council has undertaken a series of actions in response to the on-going reductions in funding levels. These are detailed below:

Capital Visioning	A programme of meetings to review the capital programme to release funding and capacity to deliver the Council's Three Year Plan.
Revenue Visioning	A series of meetings with Portfolio Holders, Directors and Heads of Service to systematically review each area of the budget and the scope for savings.
Star Chambers	A series of officer meetings to challenge the medium terms plans for each service area.
Central Finance Group	This Group met on several occasions to review all the financial planning assumptions and the processes to agree the final position.
Development of Major Change Programmes	The Council has identified lead officers for each of the projects / programmes and initial business cases are being developed for review. It is expected the Major Change Programmes will collate all the budget changes the Council needs to make for the next three years.

Collated and reported its mid-year position to Cabinet / Identified base budget pressures with a permanent impact.	A key development is the consideration of the Council's Mid-Year Review of Performance at Cabinet on 12 th November 2012 and the subsequent analysis of the medium term pressures on the base budget.
Executive Monitoring Board (EMB)	Introduced the Executive Monitoring Board arrangement to review and challenge prospective capital and revenue projects.

In addition a series of Informal Cabinet and Corporate Management Team discussions have taken place.

- 3.The changes made to the budget are presented in the standard five measure format of:

The Five Measures	
Measure One	Challenge Financial Assumptions
Measure Two	Review Local Taxation
Measure Three	Manage Reserves
Measure Four	Manage Cost Drivers
Measure Five	Manage Income

- 4.**Table 1** sets out the stages to achieve a balanced position for 2013/2014 and ties up with the reports to Cabinet made on 15th October 2012, 10th December 2012 and in the Budget Report itself.

Table 1 - Steps to Balance the Cheshire East Council Funding Shortfall	2013/2014						
	Step 1		Step 2			Step 3	
	Feb-12 £m	Changes to Oct 12 Cabinet £m	Oct-12 £m	Changes to Dec 12 Cabinet £m	Dec-12 £m	Changes to Feb 13 Balance £m	Feb-13 £m
Directorate Spend	253.8	0.6	254.4	12.9	267.3	-3.3	264.0
Funding							
Grant Funding	-95.2	-3.8	-99.0	-3.1	-102.1	-11.9	-114.0
Council Tax	-179.1	15.7	-163.4	-3.4	-166.8	0.0	-166.8
Central Adjustments	33.6	-1.0	32.6	-6.0	26.6	-9.8	16.8
Funding Available	-240.7	10.9	-229.8	-12.5	-242.3	-21.7	-264.0
Funding Gap / (Surplus)	13.1	11.5	24.6	0.4	25.0	-25.0	0.0

Headline Changes Made and Impact on Funding Gap

Directorate Spend	- Allocation of final pension provision for 2012/2013 to Directorates (+£0.6m)	- Permanent cost pressures (+£31.5m) and permanent remedial actions (-£8.5m) were identified - Amendments to the Feb 2012 Business Plan proposals were identified (-£4.9m) - The initial impact of the major change programmes were included (-£5.2m)	- Reflects final policy proposals and cost of investment being factored in (-£3.3m)
Grant Funding	- Forecast grant levels reduced to reflect revised CSR position and BRRS modelling (+£11.9m) - CTS assumed to be cost neutral at the grant receivable level (-£15.7m)	- New Homes Bonus national contingency return included (-£3.7m) - A number of other grant estimates are refined (+£0.6m)	- Reflects the Provisional Settlement for grant funding (-£7.2m) - Includes estimated LACSEG returned (-£4.7m)
Council Tax	- Tax base reduced to reflect CTS (+£15.7m)	- Impact of final tax base including technical reforms (-£3.4m)	- No change
Central Adjustments	- Removal of pay inflation provision (-£1.3m) - Additional Relocation provision (+£0.3m)	- Capital Financing adjusted for Capital Visioning (-£2.8m) and balance sheet efficiency review (-£2.4m) - Additional net contribution to reserves (-£0.3m)	- Reflects removal of contribution to reserves to fund cost of investment (-£9.8m) and acknowledge minimum level.

Source: Cheshire East Finance

5. Further details are set out in the following paragraphs.

Opening Position

6. The changes to 2013/2014 are summarised in **Table 1** and detailed in the following paragraphs.

7. **Table 2** provides further details of the three year changes.

Measure 1 – Challenge Funding Assumptions

8. A number of changes were made through the October and December MTFS reports to Cabinet and through the process to balance the Budget.

Government Grant Funding

- **BRR and RSG** ~ the initial estimates have been revised to:

- Reflect the financial modelling based on the CLG Consultation document issued over the summer and include the return of the new homes bonus national contingency element (-£25.4m change as per December 2012 MTFS).
- Reflect the Provisional Settlement figures issued on the 19th December 2012. This includes the transfer of a number of specific grants (including Council Tax Support) into the scheme. (-£0.4m post MTFS).

Overall the impact of the changes to BRRS / RSG on the Funding Gap is a reduction of -£25.8m. However, this is significantly offset by the issues identified below in particular Council Tax Support.

- **Specific Grants** ~ the position has been revised to take account of the best information available locally based on the CSR as reflected in the MTFS (+£18.5m as per MTFS).
- This has then been updated based on the provisional settlement for the majority of items. A few items continue to remain at estimated levels pending further information from the

Government. The Council Tax Freeze Grant of £1.8m for 2013/2014 has been included. (-£11.5m post MTFS)

- Note that ring fenced grants continue to be included within net Directorate budgets.

Overall the impact of the changes to Specific Grants on the Funding Gap is an increase of £7m.

Central Adjustments:

- **Capital Financing** ~ the results of several exercises have amended the figure:

- Capital Visioning Group ~ the Capital Programme from 2012/2013 onwards has been subject to review and reduction. This has led to a reduction in the Capital Financing Budget required. (£2.8m as per MTFS)
- Balance Sheet Efficiency Review ~ the Council has revised its approach to the repayment of debt and this has resulted in a further saving for 2013/2014. (£2.4m as per MTFS)
- The result of the three quarter year review of performance on forecast capital expenditure and therefore the Capital Financing Budget. (£0.5m post MTFS)

Overall the impact on the Funding Gap is -£5.7m.

- **Pensions** ~ the Central Adjustments include two elements in relation to pension costs:

- The one off costs of staff who have left the organisation between 2009/2010 and 2011/2012 where any pension costs were funded corporately. This has been subject to refinement, resulting in additional costs of **£0.4m**.
- The provision for additional employer pension contributions. This has remained at 0.5% of pensionable pay – therefore no change.

Overall the impact on the Funding Gap is an increase of £0.4m.

-Pay inflation ~ the February 2012 position allowed 1% for pay in 2013/2014. This was removed during the process.

Overall the impact on the Funding Gap is a decrease of -£1.3m.

Total change for Measure 1 is a -£25.4m reduction in the Funding Gap.

Measure 2 – Review Local Taxation

9. Several amendments have been made through the process:

-Council Tax Increase ~ the original planning assumption of no change in Council Tax has not changed. However, the Government have offered a Council Tax Freeze Grant equivalent to a 1% increase in Council Tax. It is proposed that this is accepted resulting in additional funding of £1.8m. (This has been added to specific grants under Measure 1 post December MTFS).

-Council Tax Base ~ The overall package of tax base measures of New Growth and Technical Reforms results in net growth of **£3.3m**. (Reflected in December MTFS)

However, the application of Council Tax Support has reduced the tax base by **£15.6m**. This forms part of the increase in the BRRS grant.

-Business Rates ~ The Council is continuing to assume no income from supplementary Business Rates or business improvement districts.

The total change for Measure 2 is a £12.3m increase in the Funding Gap.

Measure 3 – Managing Reserves

10. The February 2012 position included a provision to pay £9.5m into general reserves. This figure has been reduced to nil for the following reasons:

-Risk assessed minimum levels ~ following a review of the minimum level of general reserves required by the Council, the level has been reduced to £13.2m. This matches the forecast opening balance. Further details of this change are set out in **Annex 7**.

-Funding Cost of Investment ~ the Council has recognised that the delivery of a substantial set of major change programmes will require temporary investment. Funding previously paid into reserves as a result of the Council Tax Freeze Grant, has been used for this purpose. Combined these have resulted in a change of **-£9.5m**.

The total change for Measure 3 is a -£9.5m reduction in the Funding Gap.

Measure 4 & 5 – Manage Cost Drivers and Income

11. Directorates have identified new proposals under the following headings:

The total change for Measure 4 and 5 is +£9.5m.

Summary of Balancing the 2013/2016 Budget

13. The table overleaf summarises the measures taken to balance the 2013/2016 Budget.

	2013/2014 Impact £m
Additional Base Budget pressures on-going from the Mid-Year Review	31.5
Additional permanent remedial actions to offset these	-8.5
Review of roll forward proposals	-4.9
The impact of delivering the major change programmes	-9.4
Sub total	8.7
Less original roll forward	-5.5
Total Change	3.2

These proposals are set out in **Annex 6**.

Overall the impact on the Funding Gap is an increase of £3.2m including the change to the roll forward.

Cost of Investment

12. As referred to in Measure 3, the Council has provided for temporary funding for the year of £6.3m per annum for two years to deliver the major change programmes. This is linked to the Council Tax Freeze Grant.

Overall the impact on the Funding Gap is an increase of £6.3m.

Table 2 - Summary of Changes from February 2012 Business Plan to February 2013 Budget Report	2013/2014 Changes		2014/2015 Changes		2015/2016 Changes	
	£m	£m	£m	£m	£m	£m
Funding Gap - February 2012 Business Plan (Year 3 calculated based on February 2012 assumptions)		13.1		7.4		2.6
Measure 1 ~ Challenge Funding Assumptions						
Changes to BRRS/RSG funding (incl Council Tax Support funding)	-25.8		-23.4		-20.9	
Changes to specific grants	7.0	-18.8	9.2	-14.2	9.5	-11.4
Central Adjustments -						
Capital Financing -						
Capital Visioning Group and Further Challenge	-2.8		-7.2		-0.6	
Balance Sheet Efficiency Review	-2.4		0.0		0.0	
Reduced spend at Third Quarter Review	-0.5	-5.7	0.0	-7.2	0.0	-0.6
Pensions -						
Increased provision	0.0		0.6		0.6	
Severance Costs	0.4	0.4	-0.1	0.5	0.0	0.6
Pay -						
Change to provision		-1.3		0.0		0.0
Sub total - Measure 1		-25.4		-20.9		-11.4
Measure 2 ~ Review Local Taxation						
Council tax level (freeze grant is reflected in Measure 1)	0.0		0.0		0.0	
Impact on tax base -						
New growth above existing assumptions	-0.3		0.3		0.8	
Technical Reforms to discounts	-3.0		-3.0		-3.0	
Council Tax Support Scheme	15.6		15.6		15.6	
Sub total - Measure 2		12.3		12.9		13.4
Measure 3 ~ Managing Reserves						
Revised Strategy to maintain reserve levels	-7.9		-4.5		0.0	
Removed repayment of previous cost of investment	-1.6		-1.6		-1.6	
Sub total - Measure 3		-9.5		-6.1		-1.6
Measures 4 & 5 ~ Manage Cost Drivers and Income						
Major Change Programmes	3.2		8.7		17.4	
Cost of Investment - Funded by Council Tax Freeze	6.3		6.3		-6.3	
Directorate Savings to be allocated to base budgets	0.0		-8.3		-14.1	
Sub total - Measures 4 & 5		9.5		6.7		-3.0
Remaining Funding Gap		0.0		0.0		0.0

Source: Cheshire East Finance

Annex 3 – Grant Funding Details

	Notes	2012/2013	2013/2014	2014/2015	2015/2016
		£000	£000	£000	£000
Formula Grant					
Revenue Support Grant	1	1,287	55,856	47,257	39,462
National Non Domestic Rates	1	66,390	-	-	-
Business Rates Retention Scheme	1	-	37,160	38,299	34,511
Total Formula Grant		67,677	93,016	85,556	73,973
Specific Grants					
Ringfenced Grants					
Dedicated Schools Grant	4	193,540	182,401	155,785	155,785
Pupil Premium	4	4,164	5,228	5,197	5,197
Sixth Forms	4	8,801	6,722	4,699	4,699
Golden Hello		40	-	-	-
16-19 Bursary		128	-	-	-
Summer Schools		91	-	-	-
Total Ringfenced Grants		206,764	194,351	165,681	165,681
Non Ringfenced Grants - within services					
Council Tax Benefit Subsidy		20,408	-	-	-
Housing Benefit Subsidy		75,128	84,518	84,518	84,518
Total Ringfenced Grants - within services		95,536	84,518	84,518	84,518
Non Ringfenced Grants - corporate					
<u>Children & Families</u>					
Early Intervention Grant	2	12,908	-	-	-
Learning Disabilities & Health Reform	2	10,545	-	-	-
Adult Skills & Adult Safeguarding Learning		675	641	595	506
Skills Funding Agency		296	205	190	162
Youth Offending Service		418	-	-	-
NHS S256 Reablement		3,756	5,192	5,440	2,813
Troubled Families		522	586	-	-
Troubled Families - Co-ordinator		100	100	-	-
Music		142	-	-	-
Local Reform and Community Voices (inc Deprivation of Liberties and Healthwatch)		-	254	262	-
Independent Living Fund		-	-	-	1,500
Social Fund - Core Funding		-	612	612	600
Social Fund - Administration		-	129	119	-
Adoption Improvement		40	-	-	-

	Notes	2012/2013	2013/2014	2014/2015	2015/2016
		£000	£000	£000	£000
<u>Places & Organisational Capacity</u>					
Local Service Support -					
Preventing Homelessness	2	253	-	-	-
Lead Local Flood Authorities	2	177	52	52	-
Community Safety Fund	3	148	-	-	-
Extended Rights to Free Transport		385	-	-	-
LSS Total		963	52	52	-
Mortgage Rescue / Preventing Repossessions		107	-	-	-
Community Transport		139	-	-	-
Local Sustainable Transport Fund		578	-	-	-
Town Team Partnership		40	-	-	-
<u>Not allocated to services</u>					
LACSEG		-	4,700	3,500	3,500
New Homes Bonus 2011/2012		870	870	870	870
New Homes Bonus 2012/2013		1,844	1,844	1,844	1,844
New Homes Bonus 2013/2014		-	1,037	1,037	1,037
New Homes Bonus 2014/2015		-	-	1,079	1,079
New Homes Bonus 2015/2016		-	-	-	1,223
Affordable Homes - 2012/2013		85	85	85	85
Affordable Homes - 2013/2014		-	82	82	82
Housing Benefit & Council Tax Administration		2,094	2,000	-	-
NNDR Administration		562	562	562	478
Council Tax Freeze Grant 2012/2013		4,464	-	-	-
Council Tax Freeze Grant 2013/2014		-	1,794	1,794	-
LACSEG refund from 2011/2012		503	-	-	-
New Burden - Council Tax		84	148	135	-
New Burden - Community Rights to Challenge		9	9	9	-
New Burden - Temp Deferment Rates		5	-	-	-
New Burden - Community Rights to Bid		5	8	8	-
New Burden - Remand Funding		-	64	-	-
Total Non Ringfenced Grants - corporate		41,754	20,974	18,275	15,779
Total Specific Grants		344,054	299,843	268,474	265,978
Total Government Grant Funding		411,731	392,859	354,030	339,951

Notes -

1 Business Rates Retention Scheme replaces Formula Grant funding from April 2013.

2 Grants rolled into Business Rates Retention Scheme include - Early Intervention, Learning Disabilities & Health Reform, Preventing Homelessness and part of Lead Local Flood Authorities grants.

3 Community Safety Fund is transferring to the Police and Crime Commissioner from April 2013.

4 DSG figures reflect the same academy reduction assumptions as the Budget Book for 2013/2014 and 2014/2015. 2015/2016 has been maintained at 2014/2015 levels.

Business Rate Retention Scheme (BRRS)

1. **Table 1** sets out the calculation of the Council's Start-Up Funding Assessment calculated through the new BRRS.

Table 1 - The Council's 2013/2014 BRR Allocation Explained		
	2013/2014	Notes
£m		
Business Rates Baseline	64.9	Determined by updated Formula Grant Calculation
Less Tariff	-27.8	Determined by difference between baseline funding and business rates baseline
equals	37.1	Share of national estimated Business Rates Allocation
plus		
Revenue Support Grant	55.9	To deliver adjusted CSR funding totals inclusive of grants rolled in
Start up funding assessment	93.0	

Source: Cheshire East Finance

2. The BRRS will be introduced on 1st April 2013 for local authorities in England. The concept is for the Council to retain a share of the Business Rates it collects locally rather than paying this to the Government for re-allocation nationally through a formula.
3. However, the scheme design has been subject to a number of consultation processes and is inevitably complex as an alternative system to ensure fairness is required.
4. The Council is set a Business Rates Baseline (£64.9m) using updated Formula Grant allocations plus any Specific Grants which are being rolled into the system. This is being done to ensure no council is unfairly affected by the new system.

5. Next, the Council's proportionate share of the total estimated Business Rates collected in England is used to set a Baseline Funding Level. (£37.1m).

6. The two amounts are compared and as the Business Rates Baseline exceeds the Baseline Funding Level the Council is subject to a "tariff". (-£27.8m). (Should the baseline funding exceed the Business Rates base a "top-up" will be paid).

7. The final step is to determine a Revenue Support Grant (RSG) (£55.9m). This is being done to ensure local government continues to be funded up to the levels set out within the adjusted CSR. It includes a number of formerly specific grants being rolled into it.

8. The total of the Baseline Funding Level and RSG forms the Council's Start-Up Funding Assessment (£93m).

Annual Growth

9. Given that the Business Rate income should broadly increase each year, as RPI is applied to the multiplier rate, the level of tariffs and top-ups also increase by RPI each year.

10. The Council's modelling of the BRRS has assumed zero growth above forecast RPI, at this stage, given the uncertain economic environment and new businesses potentially being balanced out by those ceasing to trade or leaving the area. This position will be monitored closely.

Retention

11. The Council is able to retain part of any Business Rates it collects over and above the Baseline Funding Level, or manage any reduced income levels. Gaining or losing Business Rates are subject to certain tolerances. This is referred to as the levy and safety net system which should be self-funding.

12. Any growth retained will be limited to a 1:1 ratio. That is if Business Rates collected locally increases by 1% then the amount retained can only increase by 1%. For Cheshire East Council this equates to one third of any additional rates collected being retained.

Revenue Support Grant

13. A second key element of the new funding system is a new RSG from 2013/2014. RSG ensures the amount of funding the Council receives matches the adjusted control totals set within the CSR.

This has been achieved through the inclusion or rolling up of a number of previously separate specific grants into the overall total. A list is set out in **Table 2**.

Table 2 - A number of previously separate grants have been rolled into RSG	2012/2013 Restated as per CLG £m	2013/2014 £m	Change £m	Change %
Business Rate Retention Scheme	-34.7	-37.2		
RSG - basic allocation	-30.0	-21.7		
RSG - grants rolled in -				
Grants rolled in -				
Council Tax Freeze Grant	-4.5	-4.5		
Council Tax Support Grant	-15.7	-15.7		
Early Intervention Grant	-10.5	-9.6		
Homelessness Prevention Grant	-0.2	-0.2		
Lead Local Flood Grant	-0.1	-0.1		
Learning Disability & Health Reform Gr:	-10.5	-10.8		
Grants taken out -				
LACSEG	6.9	6.8		
	-34.6	-34.1		
Total BRRS funding	-99.3	-93.0	-6.3	-6.3%

Source: Cheshire East Finance

14. While the trend to unring-fence grant funding is welcome there remains a risk that, as the link to these current amounts is lost, the general figure is subject to substantial reductions in coming years.

Annex 4 – Minimum Revenue Provision

Introduction

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

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

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

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

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

Meaning of “Prudent Provision”

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

This calculation would include any technical adjustments, as statutorily required.
 - **Option 2: CFR Method** - MRP is equal to 4% of the Capital Financing Requirement (CFR), as derived from the balance sheet at the end of the preceding financial year.

This produces a similar MRP charge to Option 1, but is technically simpler.
 - **Option 3: Asset Life Method** - MRP is determined by reference to the life of the asset, by equal instalment method or annuity method.

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

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

8. For capital expenditure incurred on or after 1st April 2008 and which does not form part of Government-Supported Capital Expenditure, only Options 3 and 4 are considered prudent under the guidance issued by the Secretary of State.

9. The move to International Financial Reporting Standards (IFRS) means that private finance initiative (PFI) schemes and operating leases may be brought on balance sheet. Where this is the case, such items are classed in accounting terms as a form of borrowing and the CFR will increase which will lead to an increase in the MRP charge to revenue. To ensure that the impact on the revenue account is neutral MRP for these items will match the principal repayment embedded within the PFI or lease agreement.

10. The Council is party to one PFI contract in respect of Extra Care Housing, this was recognised on the balance sheet in 2009/2010.

Finance Leases

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

Policy Statement

12. The Council adopts the following policies in respect of calculating its annual Minimum Revenue Provision (MRP) for 2012/2013 and subsequent years.

13. The Council will apply **Option 2 (CFR Method)** in respect of supported capital expenditure and **Option 3 (Asset Life Method)** in respect of unsupported capital expenditure.

14. Other approaches may be developed, but they will be fully consistent with the statutory duty to make prudent revenue provision. These may relate to large, complex or novel schemes. Legal advisors and external auditors will be consulted if significant departures from the guidance are proposed and any alternative approaches developed will be incorporated in future annual policy statements, for approval by Council prior to application.

Annex 5 – Prudential Borrowing Indicators

Prudential Indicators revisions to 2012/2013 and 2013/2014 – 2015/2016

Background

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

Gross Debt and the Capital Financing Requirement

2. This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
3. If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with **gross** external debt.
4. The Deputy S151 Officer reports that the Authority had no difficulty meeting this requirement in 2012/2013, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Estimates of Capital Expenditure

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

Capital Expenditure	2012/2013 Approved £m	2012/2013 Revised £m	2013/2014 Estimate £m	2014/2015 Estimate £m	2015/2016 Estimate £m
Total	83.9	57.0	112.0	83.1	28.9

Source: Cheshire East Finance

6. Capital expenditure will be financed or funded as follows:

Capital Financing	2012/2013 Approved £m	2012/2013 Revised £m	2013/2014 Estimate £m	2014/2015 Estimate £m	2015/2016 Estimate £m
Capital receipts	14.3	10.0	10.0	5.0	0.0
Government Grants	36.1	31.2	41.3	22.1	2.6
Other Grants/Contributions	0.2	2.0	22.7	20.7	8.4
Revenue Contributions	0.6	0.5	0.1	0.0	0.0
Total Financing	51.2	43.7	74.1	47.8	11.0
Supported Borrowing	1.8	1.6	0.0	0.0	0.0
Prudential Borrowing	30.9	11.7	37.9	35.3	17.9
Total Funding	32.7	13.3	37.9	35.3	17.9
Total Financing and Funding	83.9	57.0	112.0	83.1	28.9

Source: Cheshire East Finance

7. The above table shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

Ratio of Financing Costs to Net Revenue Stream

8. This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.
9. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2012/2013 Approved	2012/2013 Revised	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate
	%	%	%	%	%
Total	6.01	5.64	4.58	5.35	6.23

Source: Cheshire East Finance

Capital Financing Requirement:

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

Capital Financing Requirement	2012/2013 Approved	2012/2013 Revised	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate
	£m	£m	£m	£m	£m
Total	233	196	227	253	260

Source: Cheshire East Finance

Actual External Debt

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

Actual External Debt as at 31/03/2012	£m
Borrowing	134
Other Long-term Liabilities	25
Total	159

Source: Cheshire East Finance

Incremental Impact of Capital Investment Decisions

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

Incremental Impact of Capital Investment Decisions	2012/2013 Approved	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate
	£	£	£	£
Increase in Band D Council Tax	6.02	0.00	11.92	10.77

Source: Cheshire East Finance

Authorised Limit and Operational Boundary for External Debt:

13. The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.
14. The **Authorised Limit** sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This

Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

15. The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
16. The Operational Boundary has been set on the estimate of the most likely, i.e. prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
17. The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

	2012/2013 Approved £m	2012/2013 Revised £m	2013/2014 Estimate £m	2014/2015 Estimate £m	2015/2016 Estimate £m
Authorised Limit for Borrowing	245	208	240	267	275
Authorised Limit for Other Long- Term Liabilities	23	23	22	21	20
Authorised Limit for External Debt	268	231	262	288	295
Operational Boundary for Borrowing	235	198	230	257	265
Operational Boundary for Other Long-Term Liabilities	23	23	22	21	20
Operational Boundary for External Debt	258	221	252	278	285

Source: Cheshire East Finance

Adoption of the CIPFA Treasury Management Code

18. This indicator demonstrates that the Authority has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 23rd February 2012

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

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

19. These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. This Authority calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).
20. The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	Existing level (or Benchmark level) at 02/01/13	2012/2013 Approved	2012/2013 Revised	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate
	%	%	%	%	%	%
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	0%	100%	100%	100%	100%	100%

Source: Cheshire East Finance

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

Maturity Structure of Fixed Rate borrowing

22. This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
23. It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.
24. The Lenders Option Borrowers Option (LOBO) is classified as maturing on the next call date i.e. the earliest date that the lender can require repayment. As all LOBOs can be called within 12 months the upper limit for borrowing maturing within 12 months has been increased from 25% to 35% to allow for the value of LOBOs and any potential short term borrowing that could be undertaken in 2013/2014.

Maturity structure of fixed rate borrowing	Existing level as at 02/01/13	Lower Limit for 2013/2014	Upper Limit for 2013/2014
	%	%	%
under 12 months	17%	0%	35%
12 months and within 24 months	8%	0%	25%
24 months and within 5 years	15%	0%	35%
5 years and within 10 years	15%	0%	50%
10 years and within 20 years	16%	0%	100%
20 years and within 30 years	9%	0%	100%
30 years and within 40 years	9%	0%	100%
40 years and within 50 years	11%	0%	100%
50 years and above	0%	0%	100%

Source: Cheshire East Finance

Credit Risk

25. The Authority considers security, liquidity and yield, in that order, when making investment decisions.
26. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Authority's assessment of counterparty credit risk.
27. The Authority also considers alternative assessments of credit strength, and information on corporate developments and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
 - Sovereign support mechanisms;
 - Credit default swaps (where quoted);
 - Share prices (where available);

- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

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

Upper Limit for total principal sums invested over 364 days

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

Upper Limit for total principal sums invested over 364 days	2012/2013 Approved	2012/2013 Revised	2013/2014 Estimate	2014/2015 Estimate	2015/2016 Estimate
	%	%	%	%	%
	40	40	40	40	40

Source: Cheshire East Finance

Annex 6 – Financial Summary Tables

Note: the 2012/2013 Budget, shown as the starting point in the following tables, takes account of any permanent changes made during the 2012/2013 financial year to date. There may be differences from the budget position at the Three Quarter Review which includes both permanent and temporary budget changes. The table below summarises these changes. Further details are available on request.

Summary of Budget Movements from 2012/2013 Budget at Three Quarter to Permanent Base Carried Forward

DIRECTORATES	Current Net Budget 2012/2013 at Three Quarter Review £m	Less Cost of Investment budget £m	Less temporary specific grant allocations £m	Less other temporary in- year budget adjustments £m	Permanent Base Budget carried forward to 2013/2014 £m
Children & Families	59.2	-0.7	-0.6	-0.1	57.8
Adults	99.0	-0.7	-6.4	-0.1	91.8
Public Health	0.0	0.0	0.0	0.0	0.0
Places & Organisational Capacity	77.1	-1.9	-1.1	-0.4	73.7
Corporate Services	26.7	-0.7	-0.1	-0.2	25.7
TOTAL: All Directorates	262.0	-4.0	-8.2	-0.8	249.0

Many of the proposals reflected in the following tables, the Medium Term Financial Strategy Report and on the Council's website at www.cheshireeast.gov.uk/budget remain subject to separate consultation exercises and further Member decisions prior to being implemented.

CHESHIRE EAST COUNCIL REVENUE BUDGET SUMMARY

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Children and Families	273,901	-216,046	57,855	259,683	-201,918	57,765	228,953	-173,248	55,705
Adults	142,816	-51,062	91,754	146,386	-44,934	101,452	147,529	-44,934	102,595
Public Health	0	0	0	12,725	-12,725	0	13,998	-13,998	0
Places and Organisational Capacity	126,637	-52,902	73,735	128,070	-51,654	76,417	125,002	-51,567	73,436
Corporate Services	128,698	-103,030	25,668	129,827	-103,288	26,539	129,624	-103,288	26,336
Cross Directorate Items	0	0	0	-4,463	0	-4,463	-3,372	0	-3,372
Base Budget	672,053	-423,040	249,013	672,228	-414,519	257,710	641,734	-387,035	254,700

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Children and Families	-14,218	14,128	-90	-30,730	28,670	-2,060	-7,520	6,110	-1,410
Adults	3,570	6,128	9,698	1,143	0	1,143	5,740	0	5,740
Public Health	12,725	-12,725	0	1,273	-1,273	0	0	0	0
Places and Organisational Capacity	1,433	1,248	2,681	-3,068	87	-2,981	-1,796	742	-1,054
Corporate Services	1,129	-258	871	-203	0	-203	-663	0	-663
Cross Directorate Items	-4,463	0	-4,463	1,091	0	1,091	0	0	0
Financial Impact of Policy Proposals	176	8,521	8,697	-30,494	27,484	-3,010	-4,239	6,852	2,613
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	672,229	-414,519	257,710	641,734	-387,035	254,700	637,495	-380,183	257,313

Cost of Investment Items									
	2013/2014			2014/2015			2015/2016		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Children and Families	380	0	380	220	0	220	215	0	215
Adults	1,510	0	1,510	0	0	0	0	0	0
Public Health	0	0	0	0	0	0	0	0	0
Places and Organisational Capacity	2,403	0	2,403	1,109	0	1,109	458	0	458
Corporate Services	661	0	661	20	0	20	50	0	50
Cross Directorate Items	1,346	0	1,346	4,951	0	4,951	0	0	0
Total Cost of Investment Items	6,300	0	6,300	6,300	0	6,300	723	0	723
Total Budget for the Year	678,529	-414,519	264,010	648,034	-387,035	261,000	638,218	-380,183	258,036

CHILDREN AND FAMILIES

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Directorate	579	0	579	359	0	359	139	0	139
Schools (Individual School Budgets)	184,689	-184,689	0	170,046	-170,046	0	140,956	-140,956	0
Other Schools Provision	6,030	-6,030	0	3,047	-3,047	0	3,498	-3,498	0
Pupil Premium	4,164	-4,164	0	5,228	-5,228	0	5,197	-5,197	0
Safeguarding and Specialist Support	26,422	-266	26,156	28,622	-266	28,356	27,722	-266	27,456
Early Intervention and Prevention	12,435	-255	12,180	11,920	-255	11,665	11,870	-255	11,615
Strategy, Planning and Performance	37,708	-20,383	17,325	38,217	-22,817	15,400	37,697	-22,817	14,880
Children's Safeguarding	1,874	-259	1,615	1,874	-259	1,615	1,874	-259	1,615
One year funding allocation to assist delivery of major change programme	0	0	0	370	0	370	0	0	0
Base Budget	273,901	-216,046	57,855	259,683	-201,918	57,765	228,953	-173,248	55,705

Note: the above includes total Dedicated Schools Grant (DSG) of £193.8m (2012/2013), £182.4m (2013/2014) and £155.8m (2014/2015).

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Directorate	-220	0	-220	-220	0	-220	-340	0	-340
Schools & Other Schools Provision	-17,626	17,626	0	-28,639	28,639	0	-6,110	6,110	0
Pupil Premium	1,064	-1,064	0	-31	31	0	0	0	0
Safeguarding and Specialist Support	2,200	0	2,200	-900	0	-900	-800	0	-800
Early Intervention and Prevention	-515	0	-515	-50	0	-50	0	0	0
Strategy, Planning and Performance	509	-2,434	-1,925	-520	0	-520	-270	0	-270
Children's Safeguarding	0	0	0	0	0	0	0	0	0
One year funding allocation to assist delivery of major change programme	370	0	370	-370	0	-370	0	0	0
Financial Impact of Policy Proposals	-14,218	14,128	-90	-30,730	28,670	-2,060	-7,520	6,110	-1,410
Budget Carried Forward	259,683	-201,918	57,765	228,953	-173,248	55,705	221,433	-167,138	54,295
Cost of Investment Items	380	0	380	220	0	220	215	0	215
Total Cost of Investment Items	380	0	380	220	0	220	215	0	215
Total Budget for the Year	260,063	-201,918	58,145	229,173	-173,248	55,925	221,648	-167,138	54,510

Note.

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

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Management	579		579	579		579	579		579
Business Review			0	-220		-220	-440		-440
Base Budget	579	0	579	359	0	359	139	0	139

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
7.3 - Business Reviews	-50		-50	-50		-50			0
7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	-170		-170	-170		-170	-340		-340
Financial Impact of Policy Proposals	-220	0	-220	-220	0	-220	-340	0	-340
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	359	0	359	139	0	139	-201	0	-201
Cost of Investment Items									
VR Costs	80		80	70		70	140		140
Total Cost of Investment Items	80	0	80	70	0	70	140	0	140
Total Budget for the Year	439	0	439	209	0	209	-61	0	-61

Dedicated Schools Grant - Memorandum Page

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Nursery Schools	232		232	236		236	236		236
Primary Schools	100,784	-47	100,737	102,207		102,207	96,273		96,273
Secondary Schools	68,552	-10,424	58,128	50,211	-6,722	43,489	27,055	-4,699	22,356
Special Schools	6,257	-22	6,235	6,207		6,207	6,207		6,207
Private Voluntary and Independent Nurseries	7,517		7,517	10,477		10,477	10,477		10,477
Pupil Referral Unit	1,347		1,347	708		708	708		708
Other Schools Provision	6,030		6,030	3,047		3,047	3,498		3,498
Central Spend	13,596		13,596	16,030		16,030	16,030		16,030
Base Budget	204,315	-10,493	193,822	189,123	-6,722	182,401	160,484	-4,699	155,785

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Academy Conversions & Funding Reforms	-17,603	3,771	-13,832	-29,090	2,023	-27,067			0
Additional Delegation to Schools	-518		-518			0			0
Growth in SEN Placements Budget	2,600		2,600			0			0
New responsibility for 2 year old education	1,000		1,000			0			0
Academies Special Educational Needs Funding	-321		-321	451		451			0
Unallocated Savings	-350		-350			0			0
Financial Impact of Policy Proposals	-15,192	3,771	-11,421	-28,639	2,023	-26,616	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	189,123	-6,722	182,401	160,484	-4,699	155,785	160,484	-4,699	155,785

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Head of Service	212		212	1,012		1,012	1,012		1,012
Children in Need and Child Protection	3,128		3,128	3,128		3,128	3,128		3,128
16+ Service and Cared for Support	5,034	-102	4,932	5,034	-102	4,932	5,034	-102	4,932
Other Services	179		179	179		179	179		179
Section 17	110		110	110		110	110		110
Care Plans / Legal	605		605	605		605	605		605
Disability Services	1,152		1,152	1,152		1,152	1,152		1,152
Residential	2,309		2,309	2,309		2,309	2,309		2,309
Placements	8,624	-164	8,460	10,024	-164	9,860	9,124	-164	8,960
Allowances	5,069		5,069	5,069		5,069	5,069		5,069
Base Budget	26,422	-266	26,156	28,622	-266	28,356	27,722	-266	27,456

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Children's Placements - Base Budget Pressure	3,600		3,600			0			0
Children's Staffing	800		800			0			0
2.0 Affordable models of care	-2,200		-2,200	-900		-900	-800		0
Financial Impact of Policy Proposals	2,200	0	2,200	-900	0	-900	-800	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	28,622	-266	28,356	27,722	-266	27,456	26,922	-266	27,456
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	28,622	-266	28,356	27,722	-266	27,456	26,922	-266	27,456

Early Intervention & Prevention

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Early Intervention and Prevention Service	2017		2,017	1,502		1,502	1,452		1,452
Targeted Youth Service	2,764	-36	2,728	2,764	-36	2,728	2,764	-36	2,728
Family Service	5,966	-70	5,896	5,966	-70	5,896	5,966	-70	5,896
First Contact	529		529	529		529	529		529
Youth Offending Service	1,159	-149	1,010	1,159	-149	1,010	1,159	-149	1,010
Base Budget	12,435	-255	12,180	11,920	-255	11,665	11,870	-255	11,615

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
3.0 Focus on prevention and intervention	-515		-515	-50		-50		0	
Financial Impact of Policy Proposals	-515	0	-515	-50	0	-50	0	0	
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	11,920	-255	11,665	11,870	-255	11,615	11,870	-255	11,615
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	11,920	-255	11,665	11,870	-255	11,615	11,870	-255	11,615

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
School Support	18,899	-6,913	11,986	17,278	-6,817	10,461	16,758	-6,817	9,941
Special Education	11,221	-10,149	1,072	13,735	-13,098	637	13,735	-13,098	637
Targeted Intervention	3,333	-2,597	736	2,949	-2,178	771	2,949	-2,178	771
Early Years	1,071	-563	508	1,071	-563	508	1,071	-563	508
Workforce Development & Commissioning	2,175	-23	2,152	2,175	-23	2,152	2,175	-23	2,152
Business Support	1,009	-138	871	1,009	-138	871	1,009	-138	871
Base Budget	37,708	-20,383	17,325	38,217	-22,817	15,400	37,697	-22,817	14,880

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Base Budget Pressure - Transport	1,100		1,100		0			0	
4.0 Changing Education Environment	-2,625		-2,625	-520	-520		-270	-270	
7.3 Business Review	-400		-400		0			0	
Growth in SEN Placements	2,434	-2,434	0		0			0	
Financial Impact of Policy Proposals	509	-2,434	-1,925	-520	0	-520	-270	0	
Budget Carried Forward	38,217	-22,817	15,400	37,697	-22,817	14,880	37,427	-22,817	
Cost of Investment Items									
VR Costs	300		300	150	150		75	75	
Total Cost of Investment Items	300	0	300	150	0	150	75	0	
Total Budget for the Year	38,517	-22,817	15,700	37,847	-22,817	15,030	37,502	-22,817	

The budget incorporates the costs of the Children's Safeguarding team which reports directly to the Director of Children, Families and Adults

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children's Safeguarding	1,874	-259	1,615	1,874	-259	1,615	1,874	-259	1,615
Base Budget	1,874	-259	1,615	1,874	-259	1,615	1,874	-259	1,615

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
No Proposals			0			0			0
Financial Impact of Policy Proposals	0	0	0	0	0	0	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	1,874	-259	1,615	1,874	-259	1,615	1,874	-259	1,615
Cost of Investment Items									
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	1,874	-259	1,615	1,874	-259	1,615	1,874	-259	1,615

ADULTS

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Care4CE	19,904	-19,904	0	18,704	-19,904	-1,200	18,029	-19,904	-1,875
Strategic Commissioning	43,911	-14,766	29,145	47,048	-8,638	38,410	47,226	-8,638	38,588
Business Management and Challenge	3,241	0	3,241	3,011	0	3,011	2,881	0	2,881
Adults Safeguarding	558	0	558	591	0	591	591	0	591
Individual Commissioning	75,202	-16,392	58,810	76,452	-16,392	60,060	78,802	-16,392	62,410
One year funding allocation to assist delivery of major change programme	0	0	0	580	0	580	0	0	0
Base Budget	142,816	-51,062	91,754	146,386	-44,934	101,452	147,529	-44,934	102,595

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Care4CE	-1,200	0	-1,200	-675	0	-675	0	0	0
Strategic Commissioning	3,137	6,128	9,265	178	0	178	1,500	0	1,500
Business Management and Challenge	-230	0	-230	-130	0	-130	-160	0	-160
Adults Safeguarding	33	0	33	0	0	0	0	0	0
Individual Commissioning	1,250	0	1,250	2,350	0	2,350	4,400	0	4,400
One year funding allocation to assist delivery of major change programme	580	0	580	-580	0	-580	0	0	0
Financial Impact of Policy Proposals	3,570	6,128	9,698	1,143	0	1,143	5,740	0	5,740
Budget Carried Forward	146,386	-44,934	101,452	147,529	-44,934	102,595	153,269	-44,934	108,335
Cost of Investment Items	1,510		1,510			0			0
Total Cost of Investment Items	1,510	0	1,510	0	0	0	0	0	0
Total Budget for the Year	147,896	-44,934	102,962	147,529	-44,934	102,595	153,269	-44,934	108,335

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Provider Management	298	-18,293	-17,995	298	-18,293	-17,995	298	-18,293	-17,995
Reshaping Care4CE			0	-525		-525	-525		-525
Community Support Reablement	4,048	-449	3,599	4,048	-449	3,599	4,048	-449	3,599
Day Services (Adults)	3,376	-206	3,170	3,026	-206	2,820	3,026	-206	2,820
Day Services (Older People)	585	-133	452	585	-133	452	585	-133	452
Intermediate Care	854	-387	467	854	-387	467	854	-387	467
Community Support Centres	3,082	-158	2,924	2,757	-158	2,599	2,082	-158	1,924
Social Inclusion	6,937	-278	6,659	6,937	-278	6,659	6,937	-278	6,659
Respite	426		426	426		426	426		426
Shared Lives	298		298	298		298	298		298
Base Budget	19,904	-19,904	0	18,704	-19,904	-1,200	18,029	-19,904	-1,875

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
2.0 - Affordable models of care	-1,100		-1,100	-675		-675			0
7.3 - Business reviews	-100		-100			0			0
Financial Impact of Policy Proposals	-1,200	0	-1,200	-675	0	-675	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	18,704	-19,904	-1,200	18,029	-19,904	-1,875	18,029	-19,904	-1,875
Cost of Investment Items									
Fund VR's	450		450	400		400			0
2.0 - Affordable models of care - Redevelop Hollins View	100		100			0			0
Total Cost of Investment Items	550	0	550	400	0	400	0	0	0
Total Budget for the Year	19,254	-19,904	-650	18,429	-19,904	-1,475	18,029	-19,904	-1,875

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Strategic Commissioning Management	39		39	289		289	239		239
Prevention	7,284	-1,633	5,651	8,800	-1,633	7,167	9,028	-1,633	7,395
Contracts, Supporting People, Voluntary Community & Faith Sector	36,036	-13,133	22,903	37,307	-7,005	30,302	37,307	-7,005	30,302
Public Health	221		221	221		221	221		221
Consultation and Participation	331		331	431		431	431		431
Base Budget	43,911	-14,766	29,145	47,048	-8,638	38,410	47,226	-8,638	38,588
Changes to Budget Requirement									
	2013/2014			2014/2015			2015/2016		
Adults Valuing People Now		6,128	6,128			0			0
Unachieved redesign reductions	800		800	-70		-70			0
2.0 Affordable models of care	2,030		2,030			0			0
3.0 Focus on prevention and intervention	807		807	248		248	1,500		1,500
7.1 Restructure the organisation	-500		-500			0			0
Financial Impact of Policy Proposals	3,137	6,128	9,265	178	0	178	1,500	0	1,500
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	47,048	-8,638	38,410	47,226	-8,638	38,588	48,726	-8,638	40,088
Cost of Investment Items									
Establish market sufficiency and sustainability	100		100			0			0
Review of housing accommodation	150		150			0			0
Fund VR's	320		320			0			0
Total Cost of Investment Items	570	0	570	0	0	0	0	0	0
Total Budget for the Year	47,618	-8,638	38,980	47,226	-8,638	38,588	48,726	-8,638	40,088

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Business Management	381		381	201		201	121		121
Client Finance	1,234		1,234	1,234		1,234	1,234		1,234
Business Intelligence and Performance	845		845	845		845	845		845
Workforce Development	781		781	731		731	681		681
Base Budget	3,241	0	3,241	3,011	0	3,011	2,881	0	2,881

Changes to Budget Requirement

	2013/2014		2014/2015		2015/2016	
7.3 Business Reviews	-50	-50	-50	-50		0
7.4 Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	-180	-180	-80	-80	-160	-160
Financial Impact of Policy Proposals	-230	0	-230	-130	0	-160
Budget Carried Forward	3,011	0	3,011	2,881	0	2,881

	2013/2014 Budget		2014/2015 Budget		2015/2016 Budget	
Cost of Investment Items						
VR Costs	130	130		0		0
Total Cost of Investment Items	130	0	130	0	0	0
Total Budget for the Year	3,141	0	3,141	2,881	0	2,881

Adult Safeguarding

REVENUE

This area is responsible for the Adult Safeguarding teams and the Domestic Abuse teams.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Adults Safeguarding	391		391	424		424	424		424
Adults Safeguarding Board	34		34	34		34	34		34
Domestic Abuse	133		133	133		133	133		133
Base Budget	558	0	558	591	0	591	591	0	591
Changes to Budget Requirement									
	2013/2014			2014/2015			2015/2016		
3.0 Focus on prevention and intervention	33		33			0			0
Financial Impact of Policy Proposals	33	0	33	0	0	0	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	591	0	591	591	0	591	591	0	591
Cost of Investment Items			0			0			0
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	591	0	591	591	0	591	591	0	591

Individual Commissioning

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Individual Commissioning Manager	941		941	941		941	941		941
Skilled Multi-Agency Response Teams	7,589	-210	7,379	7,339	-210	7,129	7,339	-210	7,129
Specialist Teams	1,487	-26	1,461	1,487	-26	1,461	1,487	-26	1,461
Delayed Discharges	1,686	-443	1,243	1,686	-443	1,243	1,686	-443	1,243
Traditional Care Packages	47,362	-15,713	31,649	48,862	-15,713	33,149	51,212	-15,713	35,499
Direct Payments	15,469		15,469	15,469		15,469	15,469		15,469
Transport Service Level Agreement	668		668	668		668	668		668
Base Budget	75,202	-16,392	58,810	76,452	-16,392	60,060	78,802	-16,392	62,410

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
	Care Costs (Base Pressure)	7,600		7,600		0		0		0
2.0 Affordable models of care	-4,500		-4,500	2,850		2,850	4,900		4,900
3.0 Focus on prevention and intervention	-1,600		-1,600	-500		-500	-500		-500
7.3 Business Review	-250		-250		0			0	0
Financial Impact of Policy Proposals	1,250	0	1,250	2,350	0	2,350	4,400	0	4,400
Budget Carried Forward	76,452	-16,392	60,060	78,802	-16,392	62,410	83,202	-16,392	66,810
Cost of Investment Items									
Affordable models of care	100		100		0			0	0
Placements	100		100		0			0	0
VR's	60		60		0			0	0
Total Cost of Investment Items	260	0	260	0	0	0	0	0	0
Total Budget for the Year	76,712	-16,392	60,320	78,802	-16,392	62,410	83,202	-16,392	66,810

PUBLIC HEALTH

REVENUE

Public Health is a new Local Authority responsibility transferred from Health in 2013/2014, the service will take the lead on promoting and commissioning services that improve the Public Health of the residents of Cheshire East.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Public Health	0	0	0	12,725	0	12,725	13,998	0	13,998
Base Budget	0	0	0	12,725	0	12,725	13,998	0	13,998

Changes to Budget Requirement

	2013/2014 (See Note 1)			2014/2015 (See Note 2)			2015/2016		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
Public Health	12,725	0	12,725	1,273	0	1,273	0	0	0
Financial Impact of Policy Proposals	12,725	0	12,725	1,273	0	1,273	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	12,725	0	12,725	13,998	0	13,998	13,998	0	13,998
Cost of Investment Items			0						
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	12,725	0	12,725	13,998	0	13,998	13,998	0	13,998

Note 1: This is an indicative budget based on the PCT baseline allocation (25/04/2012). The Public Health budget allocations to Local Authorities were published on 10th January 2013 and work is now underway to work through the budget requirements.

Note 2: The total budget of £14m for 2014/2015 is guaranteed. The split between service areas will be subject to change depending on service review in year.

Public Health

REVENUE

Public Health is a new Local Authority responsibility transferred from Health in 2013/2014, the service will take the lead on promoting and commissioning services that improve the Public Health of the residents of Cheshire East.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Public Health Leadership			0	1,663		1,663	1,663		1,663
Public Health Development/Resilience			0	167		167	1,440		1,440
Public Health Intelligence			0	231		231	231		231
Nutrition, Obesity and Physical activity			0	155		155	155		155
Drug misuse			0	2,504		2,504	2,504		2,504
Alcohol misuse			0	849		849	849		849
Tobacco			0	653		653	653		653
Dental public health			0	47		47	47		47
Fluoridation			0	49		49	49		49
Children 5-19			0	1,600		1,600	1,600		1,600
NHS Health Check Programme			0	672		672	672		672
Misc health improvement and wellbeing			0	134		134	134		134
Sexual health			0	3,272		3,272	3,272		3,272
Infection Control			0	524		524	524		524
Other Locally Enhanced Services's			0	205		205	205		205
Base Budget	0	0	0	12,725	0	12,725	13,998	0	13,998

Changes to Budget Requirement									
	2013/2014 (See Note 1)			2014/2015 (See Note 2)			2015/2016		
	Transfer of Public Health Budget from NHS	12,725		12,725	1,273		1,273			0
Financial Impact of Policy Proposals	12,725	0	12,725	1,273	0	1,273	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	12,725	0	12,725	13,998	0	13,998	13,998	0	13,998
Cost of Investment Items									
No Proposals			0			0			0
Total Cost of Investment Items	0	0	0	0	0	0	0	0	0
Total Budget for the Year	12,725	0	12,725	13,998	0	13,998	13,998	0	13,998

Note 1: This is an indicative budget based on the PCT baseline allocation (25/04/2012). The Public Health budget allocations to Local Authorities were published on 10th January 2013 and work is now underway to work through the budget requirements.

Note 2: The total budget of £14m for 2014/2015 is guaranteed. The split between service areas will be subject to change depending on service review in year.

PLACES AND ORGANISATIONAL CAPACITY

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Waste, Recycling & Streetscape	30,731	-4,657	26,074	31,052	-4,297	26,755	30,364	-4,307	26,057
Highways & Transport	34,649	-17,980	16,669	35,681	-18,872	16,809	35,622	-18,778	16,844
Community Services	15,432	-15,333	99	13,743	-13,511	232	13,193	-13,511	-318
Development	34,591	-13,655	20,936	35,799	-13,697	22,102	35,197	-13,724	21,473
Performance, Customer Services and Capacity	11,234	-1,277	9,957	11,325	-1,277	10,048	10,626	-1,247	9,379
One year funding allocation to assist delivery of major change programme	0	0	0	470	0	470	0	0	0
Base Budget	126,637	-52,902	73,735	128,070	-51,654	76,417	125,002	-51,567	73,436

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Waste, Recycling & Streetscape	321	360	681	-688	-10	-698	-1,328	20	-1,308
Highways & Transport	1,032	-892	140	-59	94	35	-290	782	492
Community Services	-1,689	1,822	133	-550	0	-550	-96	0	-96
Development	1,208	-42	1,166	-602	-27	-629	331	-80	251
Performance & Capacity	91	0	91	-699	30	-669	-413	20	-393
One year funding allocation to assist delivery of major change programme	470	0	470	-470	0	-470	0	0	0
Financial Impact of Policy Proposals	1,433	1,248	2,681	-3,068	87	-2,981	-1,796	742	-1,054
Budget Carried Forward	128,070	-51,654	76,416	125,002	-51,567	73,436	123,206	-50,825	72,382
Cost of Investment Items	2,403	0	2,403	1,109	0	1,109	458	0	458
Total Budget for the Year	130,473	-51,654	78,819	126,111	-51,567	74,545	123,664	-50,825	72,840

Highways & Transport

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Highways	9,685	-492	9,193	9,484	-672	8,812	9,332	-672	8,660
PROW & Countryside	1,450	-240	1,210	1,391	-240	1,151	1,391	-240	1,151
Transport	16,976	-10,720	6,256	18,288	-11,532	6,756	18,381	-11,438	6,943
Fleet	6,538	-6,528	10	6,518	-6,428	90	6,518	-6,428	90
Base Budget	34,649	-17,980	16,669	35,681	-18,872	16,809	35,622	-18,778	16,844

Changes to Budget Requirement

	2013/2014		2014/2015		2015/2016				
1.1 Investment in existing and road infrastructure	-200	-200	0	200	200				
7.3 Continue targeted business improvement reviews to find efficiency savings from all services.	1,232	-892	340	-59	94	35	-490	782	292
Financial Impact of Policy Proposals	1,032	-892	140	-59	94	35	-290	782	492
	2013/2014 Budget		2014/2015 Budget		2015/2016 Budget				
Budget Carried Forward	35,681	-18,872	16,809	35,622	-18,778	16,844	35,332	-17,996	17,336

Cost of Investment Items

7.3 Continue targeted business improvement reviews to find efficiency savings from all services.	125	125	0	0	0				
Total Cost of Investment Items	125	0	125	0	0				
Total Budget for the Year	35,806	-18,872	16,934	35,622	-18,778	16,844	35,332	-17,996	17,336

Community Services

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Parking, Neighbourhood Enforcement & CCTV	2,848	-6,586	-3,738	2,474	-5,811	-3,337	2,474	-5,811	-3,337
Regulatory Services	2,913	-1,028	1,885	2,875	-1,028	1,847	2,875	-1,028	1,847
Leisure and Cultural Services	9,428	-7,719	1,709	8,151	-6,672	1,479	7,601	-6,672	929
Directorate Training	243		243	243		243	243	0	243
Base Budget	15,432	-15,333	99	13,743	-13,511	232	13,193	-13,511	-318

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
6.1 - Develop delivery models for frontline place-based services	-1,398	823	-575	-550	-550		-96	-96	
7.3 Continue targeted business improvement reviews to find efficiency savings from all services.	-110	999	889		0				
8.3 - Manage workforce turnover so that vacant posts are used to provide efficiency savings whilst retaining staff with essential skills	-181		-181		0				
Financial Impact of Policy Proposals	-1,689	1,822	133	-550	0	-550	-96	0	-96

	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	13,743	-13,511	232	13,193	-13,511	-318	13,097	-13,511	-414

Cost of Investment Items									
Temporary VR costs	303		303						
Leisure Trust set up	200		200						

Total Cost of Investment Items	503	0	503	0	0	0	0	0	0
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Total Budget for the Year	14,246	-13,511	735	13,193	-13,511	-318	13,097	-13,511	-414
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This service includes Spatial Planning, Housing, Development Management, Building Control, Economic Development, Assets, Visitor Economy & Tatton Park.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Strategic Planning & Housing	2,924	-774	2,150	2,874	-774	2,100	2,749	-774	1,975
Development Management & Building Control	4,425	-3,868	557	4,346	-4,093	253	4,321	-4,093	228
Economic Development and Regeneration	1,424	-42	1,382	1,598	-42	1,556	1,573	-42	1,531
Assets	21,655	-5,816	15,839	23,002	-5,608	17,394	22,826	-5,608	17,218
Visitor Economy and Tatton Park	4,163	-3,155	1,008	3,979	-3,180	799	3,728	-3,207	521
Base Budget	34,591	-13,655	20,936	35,799	-13,697	22,102	35,197	-13,724	21,473

Changes to Budget Requirement

	2013/2014		2014/2015		2015/2016	
1.3 Investment to support business growth and delivery of Macclesfield and Crewe regeneration and the Sustainable Towns programme	200	200	0	0	0	0
5.2 Better intergrate Housing across all Council services, ensuring it supports independent living and health improvement.	-50	-50	-125	-125	-125	-125
7.3 Continue targeted business improvement reviews to find efficiency savings from all services.	-289	-250	-301	-27	-328	-535
7.5 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	1,347	208	1555	-176	-176	911
Financial Impact of Policy Proposals	1,208	-42	1,166	-602	-27	-629
	2013/2014 Budget		2014/2015 Budget		2015/2016 Budget	
Budget Carried Forward	35,799	-13,697	22,102	35,197	-13,724	21,473
Cost of Investment Items						
5.2 Housing Review	100	100	0	0	0	0
7.3 Continue targeted business improvement reviews to find efficiency savings from all services.	400	400	0	0	358	358
7.5 Maximise the benefits from the Corporate Landlord model to best utilise our asset base to support delivery of the Council's wider objectives	500	500	500	500	0	0
Total Cost of Investment Items	1,000	0	1,000	500	0	358
Total Budget for the Year	36,799	-13,697	23,102	35,697	-13,724	21,973
				35,197	-13,724	21,473
					35,886	-13,804
						22,082

Performance, Customer Services and Capacity

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Customer Services	3,343	-138	3,205	3,343	-138	3,205	3,343	-138	3,205
Performance & Partnerships	2,208	0	2,208	2,399	0	2,399	2,330	0	2,330
Communications	836	-26	810	836	-26	810	836	-26	810
Organisational Change	144	0	144	144	0	144	144	0	144
Libraries	4,703	-1,113	3,590	4,603	-1,113	3,490	3,973	-1,083	2,890
Base Budget	11,234	-1,277	9,957	11,325	-1,277	10,048	10,626	-1,247	9,379
Changes to Budget Requirement									
	2013/2014			2014/2015			2015/2016		
6.3 - Development of a sustainable Library service	-100		-100	-630	30	-600	-320	20	-300
7.6 - Develop resilient communities	-259		-259			0			0
Grants to Town & Parish councils for local Council Tax Support Scheme	450		450	-69		-69	-93		-93
Financial Impact of Policy Proposals	91	0	91	-699	30	-669	-413	20	-393
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	11,325	-1,277	10,048	10,626	-1,247	9,379	10,213	-1,227	8,986
Cost of Investment Items									
6.3 - Development of a sustainable Library service	50	0	50	150		150	100		100
Total Cost of Investment Items	50	0	50	150	0	150	100	0	100
Total Budget for the Year	11,375	-1,277	10,098	10,776	-1,247	9,529	10,313	-1,227	9,086

CORPORATE SERVICES

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Finance and Business Services	117,220	-100,275	16,945	118,335	-100,533	17,802	118,555	-100,533	18,022
HR and Organisational Development	4,571	-1,310	3,261	4,663	-1,310	3,353	4,663	-1,310	3,353
Borough Solicitor	6,907	-1,445	5,462	6,869	-1,445	5,424	6,856	-1,445	5,411
Unallocated	0	0	0	-200	0	-200	-450	0	-450
One year funding allocation to assist delivery of major change programme	0	0	0	160	0	160	0	0	0
Base Budget	128,698	-103,030	25,668	129,827	-103,288	26,539	129,624	-103,288	26,336

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
Finance and Business Services	1,115	-258	857	220	0	220	-663	0	-663
HR and Organisational Development	92	0	92	0	0	0	0	0	0
Borough Solicitor	-38	0	-38	-13	0	-13	0	0	0
Developed model for Corporate Services	-200	0	-200	-250	0	-250	0	0	0
One year funding allocation to assist delivery of major change programme	160	0	160	-160	0	-160	0	0	0
Financial Impact of Policy Proposals	1,129	-258	871	-203	0	-203	-663	0	-663
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	129,827	-103,288	26,539	129,624	-103,288	26,336	128,961	-103,288	25,673
Cost of Investment Items	661	0	661	20	0	20	50	0	50
Total Budget for the Year	130,488	-103,288	27,200	129,644	-103,288	26,356	129,011	-103,288	25,723

Finance and Business Services

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Accountancy	6,926	-1,405	5,521	6,864	-1,418	5,446	7,154	-1,418	5,736
Finance Shared Service	790	-110	680	910	-110	800	910	-110	800
Revenues	1,853	-709	1,144	1,728	-709	1,019	1,728	-709	1,019
Benefits	98,827	-96,295	2,532	99,389	-96,415	2,974	99,319	-96,415	2,904
Audit	468		468	468		468	468		468
ICT	8,082	-1,756	6,326	8,702	-1,881	6,821	8,702	-1,881	6,821
Procurement	274		274	274		274	274		274
Cross Directorate			0			0			0
Base Budget	117,220	-100,275	16,945	118,335	-100,533	17,802	118,555	-100,533	18,022

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
7.2 - Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services	163		163	290		290	-613		-613
7.4 - Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery	525		525			0			0
7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	427	-258	169	-70		-70	-50		-50
Financial Impact of Policy Proposals	1,115	-258	857	220	0	220	-663	0	-663
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	118,335	-100,533	17,802	118,555	-100,533	18,022	117,892	-100,533	17,359
Cost of Investment Items									
7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	220		220	20		20	50		50
Total Cost of Investment Items	220	0	220	20	0	20	50	0	50
Total Budget for the Year	118,555	-100,533	18,022	118,575	-100,533	18,042	117,942	-100,533	17,409

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
HR Strategy & Policy	1,033	-99	934	1,025	-99	926	1,025	-99	926
HR Strategy & Policy (Shared Service)	331	-235	96	331	-235	96	331	-235	96
Organisation and Workforce Development	848	-16	832	948	-16	932	948	-16	932
HR Delivery	1,093	-365	728	1,093	-365	728	1,093	-365	728
HR Delivery (Shared Services)	1,266	-595	671	1,266	-595	671	1,266	-595	671
Base Budget	4,571	-1,310	3,261	4,663	-1,310	3,353	4,663	-1,310	3,353

Changes to Budget Requirement

	2013/2014		2014/2015		2015/2016	
7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	-53	-53	0	0	0	0
8.1 - Further develop employment and working practices to enable flexible and agile working		0	0	0	0	0
8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills	145	145	0	0	0	0
Financial Impact of Policy Proposals	92	0	92	0	0	0
Budget Carried Forward	4,663	-1,310	3,353	4,663	-1,310	3,353

Cost of Investment Items

7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	33	33	0	0	0	0
8.1 - Further develop employment and working practices to enable flexible and agile working	280	280	0	0	0	0
8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills	70	70	0	0	0	0
Total Cost of Investment Items	383	0	383	0	0	0
Total Budget for the Year	5,046	-1,310	3,736	4,663	-1,310	3,353

Borough Solicitor

REVENUE

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

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Democratic & Registration	1,926	-299	1,627	1,888	-299	1,589	1,848	-299	1,549
Legal Services	4,981	-1,146	3,835	4,981	-1,146	3,835	5,008	-1,146	3,862
Base Budget	6,907	-1,445	5,462	6,869	-1,445	5,424	6,856	-1,445	5,411

Changes to Budget Requirement

	2013/2014			2014/2015			2015/2016		
7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	-38		-38	-13		-13			0
Financial Impact of Policy Proposals	-38	0	-38	-13	0	-13	0	0	0
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	6,869	-1,445	5,424	6,856	-1,445	5,411	6,856	-1,445	5,411

Cost of Investment Items

7.3 - Continue targeted business improvement reviews to find efficiency savings from all services	38		38			0			0
Total Cost of Investment Items	38	0	38	0	0	0	0	0	0
Total Budget for the Year	6,907	-1,445	5,462	6,856	-1,445	5,411	6,856	-1,445	5,411

Cross Directorate Items

REVENUE

This includes proposals which will be allocated to Directorates during the year.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Cross Directorate Savings			0	-4,463		-4,463	-3,372		-3,372
Base Budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>-4,463</u>	<u>0</u>	<u>-4,463</u>	<u>-3,372</u>	<u>0</u>	<u>-3,372</u>
Changes to Budget Requirement									
	2013/2014			2014/2015			2015/2016		
Provision for contractual increments currently under review	210		210	1,651		1,651			0
Reducing management overheads	-2,173		-2,173	-560		-560			0
Managing workforce turnover so that vacant posts are used to provide efficiency savings whilst retaining staff with essential skills	-2,500		-2,500			0			0
Financial Impact of Policy Proposals	<u>-4,463</u>	<u>0</u>	<u>-4,463</u>	<u>1,091</u>	<u>0</u>	<u>1,091</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	<u>-4,463</u>	<u>0</u>	<u>-4,463</u>	<u>-3,372</u>	<u>0</u>	<u>-3,372</u>	<u>-3,372</u>	<u>0</u>	<u>-3,372</u>
Cost of Investment Items									
Management Restructure / Major Change Programmes (Note 1)	1,346		1,346	4,951		4,951			0
Total Cost of Investment Items	<u>1,346</u>	<u>0</u>	<u>1,346</u>	<u>4,951</u>	<u>0</u>	<u>4,951</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Budget for the Year	<u>-3,117</u>	<u>0</u>	<u>-3,117</u>	<u>1,579</u>	<u>0</u>	<u>1,579</u>	<u>-3,372</u>	<u>0</u>	<u>-3,372</u>

Note 1: Part of the 2014/2015 allocation may be earmarked to cover expenditure in 2015/2016.

This page summarises the programme to reduce management overheads.

	2012/2013 Budget			2013/2014 Budget			2014/2015 Budget		
	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Management restructure			0	-3,500		-3,500	-4,500		-4,500
Base Budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>-3,500</u>	<u>0</u>	<u>-3,500</u>	<u>-4,500</u>	<u>0</u>	<u>-4,500</u>
Changes to Budget Requirement									
	2013/2014			2014/2015			2015/2016		
Management restructure	-2,173		-2,173	-560		-560			0
Contribution from Children & Families	-640		-640	-400		-400	-560		-560
Contribution from Adults	-320		-320			0			0
Contribution from Places & Organisational Capacity	-105		-105			0			0
Contribution from Corporate Services	-262		-262	-40		-40	-25		-25
Financial Impact of Policy Proposals	<u>-3,500</u>	<u>0</u>	<u>-3,500</u>	<u>-1,000</u>	<u>0</u>	<u>-1,000</u>	<u>-585</u>	<u>0</u>	<u>-585</u>
	2013/2014 Budget			2014/2015 Budget			2015/2016 Budget		
Budget Carried Forward	<u>-3,500</u>	<u>0</u>	<u>-3,500</u>	<u>-4,500</u>	<u>0</u>	<u>-4,500</u>	<u>-5,085</u>	<u>0</u>	<u>-5,085</u>
Cost of Investment Items									
Management Restructure	60		60			0			0
Total Cost of Investment Items	<u>60</u>	<u>0</u>	<u>60</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Budget for the Year	<u>-3,440</u>	<u>0</u>	<u>-3,440</u>	<u>-4,500</u>	<u>0</u>	<u>-4,500</u>	<u>-5,085</u>	<u>0</u>	<u>-5,085</u>

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000
Ongoing Schemes					
Children & Families	25,906	16,513	8,769	625	0
Adults	1,796	847	949	0	0
Places and Organisational Capacity	144,063	75,371	45,550	21,629	1,512
Corporate Services	68,513	5,928	30,418	27,167	5,000
Total Ongoing Schemes	240,278	98,659	85,686	49,421	6,512
New Schemes					
Children & Families	7,962	0	7,962	0	0
Adults	9,000	0	500	2,500	6,000
Places and Organisational Capacity	65,366	0	17,821	31,145	16,400
Corporate Services	0	0	0	0	0
Total New Schemes	82,328	0	26,283	33,645	22,400
Total	322,606	98,659	111,969	83,066	28,912
Funded By					
Prudential Borrowing		18,860	37,894	35,227	17,912
Grants		65,194	41,305	22,076	2,630
Capital Receipts		11,648	10,000	5,000	0
Developer / Other Contributions		2,927	22,670	20,763	8,370
Revenue Contributions		30	100	0	0
Total		98,659	111,969	83,066	28,912

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016
	£000	£000	£000	£000	£000
Ongoing Schemes					
Safeguarding & Specialist Support	2,081	1,196	885	0	0
Early Intervention & Prevention	865	2	863	0	0
Strategy, Planning & Performance	22,960	15,315	7,021	625	0
Subtotal - Ongoing Schemes	25,906	16,513	8,769	625	0
New Schemes					
Strategy, Planning & Performance	7,962	0	7,962	0	0
Subtotal - New Schemes	7,962	0	7,962	0	0
Total	33,868	16,513	16,731	625	0
Funded By					
Prudential Borrowing		5,543	1,510		0
Grants		10,430	14,368	625	0
Capital Receipts		137			0
Developer / Other Contributions		403	853		0
Revenue Contributions					0
Total		16,513	16,731	625	0

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Residential Development Programme	1,500	997	503	0	0	100
Short Break Re Provision 2011-2012	175	51	124	0	0	100
Short Breaks for Disabled Children - Development of placements	406	148	258	0	0	0
Total	2,081	1,196	885	0	0	

**CHILDREN AND FAMILIES
EARLY INTERVENTION AND PROTECTION**

CAPITAL

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
Scheme	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Hurdsfield - Replacement of the Family Centre	865	2	863	0	0	100
Total	865	2	863	0	0	

Capital Programme 2013/2014 - 2015/2016

Scheme	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000	Forecast Spend Funded by Borrowing %
Ongoing Schemes						
Primary Schools	13,480	9,902	3,579	0	0	63
Secondary Schools	4,735	3,216	1,439	80	0	24
Specialist Schools	906	0	906			0
Minor Works / Accessibility (<£100k) - Improvements	943	922	21	0	0	15
Devolved Formula Capital Grant	2,748	1,137	1,066	545	0	0
Basic Need (<£100k) - Extensions	148	138	10	0	0	0
Subtotal - Ongoing Schemes	22,960	15,315	7,021	625	0	
New Schemes						
1. Basic Need - Block Provision	1,273	0	1,273	0	0	0
2. Wilmslow Grange Primary School - 2 Classroom Extension	887	0	887	0	0	0
3. Vine Tree - Primary School - 4 Classroom Extension	1,267	0	1,267	0	0	0
4. Suitability/Minor Works/Accessibility Block Provision	900	0	900	0	0	0
5. Condition Work - Block Provision	1,509	0	1,509	0	0	0
6. Re-organisation/Co-location of Services	100	0	100	0	0	0
7. Capital Maintenance Grant Block Provision	727	0	727	0	0	0
8. Devolved Formula Capital	902	0	902	0	0	0
9. Free Early Years Education Grant for 2 year Olds	397	0	397	0	0	0
New Schemes	7,962	0	7,962	0	0	0
Total	30,922	15,315	14,983	625	0	

Capital Programme 2013/2014 - 2015/2016

Please note that all of the 2013/2014 grant figures are based on the 2012/2013 grant allocations and will be revised once notification is received from the Department for Education

Details of New Schemes

1. Basic Need Block Provision

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

2. Wilmslow Grange Primary School

A two classroom extension over two storeys including a lift to allow DDA access to the first floor, a new staircase and group room space. Increases capacity to 315 places

3. Vine Tree Primary School

A four classroom extension, demolition of a mobile, creation of two group rooms, toilets and circulation. Increases capacity to 315 places.

4. Suitability/Minor Works/Accessibility Block Provision

Prioritised on a needs led basis the provision ensures that the establishment can function effectively and there are no Health & Safety or Safeguarding issues.

5. Condition Work - Block Provision

Prioritised on a needs led basis the provision relies on a condition survey to be completed.

6. Re-organisation/Co-location of Services

Provision to be used for the Children and Families Accommodation Strategy.

7. Capital Maintenance Grant Block Provision

To cover the project management costs of the individual projects within the Children and Families Capital Programme

8. Devolved Formula Capital

The grant is passported through the Authority and directly allocated to the schools for capital works.

9. Free Early Years Education Grant for 2 year Olds

New Government funding for disadvantaged 2 years olds to entitle them to 15 hours support each week.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend funded by Borrowing %
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Business Management & Change - Building Base Review - Adaptations and refurbishments	773	190	583	0	0	0
Business Management & Change - Combined ICT Project - Standardising processes	567	317	250	0	0	0
Care4CE - CareWorks System - Information Management System	456	340	116	0	0	0
Subtotal - Ongoing Schemes	1,796	847	949	0	0	
New Schemes						
<u>7.4 Implement a modern business architecture, including ICT Systems</u>						
1. Supporting the Front Line - Standardising of the Adults, Children & Families ICT Systems	3,000	0	500	1,500	1,000	77
<u>2. Developing affordable and sustainable local models of care</u>						
2. Hollins View	6,000	0	0	1,000	5,000	50
Subtotal - New Schemes	9,000	0	500	2,500	6,000	
Total	10,796	847	1,449	2,500	6,000	
Funded By						
Prudential Borrowing				1,800	3,500	
Grants		847	1,449	200		
Capital Receipts						
Developer / Other Contributions				500	2,500	
Revenue Contributions						
Total		847	1,449	2,500	6,000	

Details of New Schemes1. Supporting the Front line

This projects aims to rationalise and standardise the number of systems and processes within the Adults, Children & Families service departments.

2. Hollins View

To create a Adult Care Facility in partnership with the Health Authority.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000
Ongoing Schemes					
Waste, Recycling and Streetscape	272	89	183	0	0
Highways and Transport	87,318	51,784	23,470	12,063	0
Community Services	2,486	1,139	1,297	50	0
Development	52,518	21,100	20,390	9,516	1,512
Performance, Customer Services and Capacity	1,469	1,259	210	0	0
Subtotal - Ongoing Schemes	144,063	75,371	45,550	21,629	1,512
New Schemes					
Highways and Transport	46,380	0	14,835	21,645	9,900
Community Services	12,700	0	400	9,000	3,300
Development	5,586	0	2,586	0	3,000
Performance, Customer Services and Capacity	700	0	0	500	200
Subtotal - New Schemes	65,366	0	17,821	31,145	16,400
Total	209,429	75,371	63,371	52,774	17,912
Funded By					
Prudential Borrowing		9,749	36,281	31,484	9,412
Grants		53,874	25,457	21,251	2,630
Capital Receipts		9,452			
Developer / Other Contributions		2,266	1,533	39	5,870
Revenue Contributions		30	100		
Total		75,371	63,371	52,774	17,912

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	
Ongoing Schemes						
Improvements to Congleton Park, Including Town Wood	104	64	40	0	0	
Waste, Recycling & Streetscape - Section106 Agreements	127	24	103	0	0	
Malkins Bank Play Area - Restoration / Improvements	41	1	40	0	0	
Total	272	89	183	0	0	

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Highways & Transport Section 278 Agreements	776	556	210	9	0	0
Crewe Green Link Road (Council Funded Element)	1,300	800	500	0	0	100
Alderley Edge By-Pass Scheme Implementation	54,687	47,135	6,924	628	0	5
Badger Relocation	115	64	51	0	0	0
Alderley Edge Village enhancements	94	34	60	0	0	36
Bridge Maintenance Minor Works - Public Right of Way	114	94	20	0	0	100
Taylor Drive, Nantwich - Footway / Cycleway link	120	90	20	10	0	0
Crewe Rail Exchange - Redevelopments	5,274	1,256	4,018	0	0	0
Carbon Initiatives	2,000	1,381	619	0	0	100
Highways & Transport Section 106 Agreements	101	71	30	0	0	0
Local Sustainable Transport Fund	1,273	303	510	460	0	0
Integrated Transport Block - Local Transport Plan	5,489	0	2,281	3,208	0	0
Roads Maintenance Block - Local Transport Plan	15,975	0	8,227	7,748	0	0
Subtotal - Ongoing Schemes	87,318	51,784	23,470	12,063	0	
New Schemes						
<u>1.1 Investment in existing and new road infrastructure</u>						
1. Construction of Crewe Green Link Road South	19,000		1,200	8,800	9,000	2
2. Investment In Existing Road Infrastructure	22,280	0	11,485	10,795	0	90
3. Congleton Relief Road - Option Development	2,700	0	900	900	900	67
4. Poynton Relief Road - Option Development	1,100	0	600	500	0	50
5. Crewe Transformational Projects	1,300	0	650	650	0	100
Subtotal - New Schemes	46,380	0	14,835	21,645	9,900	
Total	133,698	51,784	38,305	33,708	9,900	

Details of New Schemes

1. Construction of Crewe Green Link Road South

Development and construction of the Crewe Green Link Road South, opening up the Basford East Strategic employment site. The proposal was approved at Cabinet on the 4th July 2011 and 20th August 2012.

2. Investment In Existing Road Infrastructure

The project will deliver a Borough wide programme of carriageway surface treatments including resurfacing, overlays and surface dressing and, where necessary, associated drainage and footway works that will restore the targeted roads to a high standard.

3. Congleton Relief Road - Option Development

To investigate a number of transport options on the A34 and A534 West and North of Congleton Town Centre. The proposal was approved at Cabinet on 17th September 2012.

4. Poynton Relief Road - Option Development

To develop a new protected route alignment for the scheme. The proposal was approved at Cabinet on 17th September 2012.

5. Crewe Transformational Projects

A key transport infrastructure project linked to enabling the delivery of the All Change for Crewe Regeneration Scheme.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Nantwich Pool Enhancements	1,521	512	1,009	0	0	100
Residents Parking Schemes	245	170	75	0	0	43
Leisure Centre ICT Member Systems	200	100	100	0	0	100
Lifestyle Centre Refurb at Macclesfield Leisure Centre	115	105	10	0	0	100
Lifestyle Centre Refurb at Wilmslow Leisure Centre	75	65	10	0	0	100
Other Car Parking Improvements	180	152	28	0	0	100
CCTV - Infrastructure Rationalisation	150	35	65	50	0	100
Subtotal - Ongoing Schemes	2,486	1,139	1,297	50	0	
New Schemes						
<u>6.1 Develop new delivery model for leisure provision</u>						
1. Development of a Lifestyle Centre at Crewe Cumberland Arena	12,700	0	400	9,000	3,300	100
Subtotal - New Schemes	12,700	0	400	9,000	3,300	
Total	15,186	1,139	1,697	9,050	3,300	

Details of New Schemes

1. Development of a Lifestyle Centre at Crewe Cumberland Arena

The construction of a new all-inclusive leisure facility, modern family and adult social care provision and community facilities all in one location. This proposal was approved at Cabinet on 10th December 2012 and permission was given to progress the delivery of the Crewe Lifestyle Centre Scheme as set out in the business case by procuring a design and build contractor.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Town Centre Regeneration & Development Programme	2,848	2,704	144	0	0	30
Earl Road Handforth Feasibility	130	30	100	0	0	0
Parkgate - Regeneration	359	294	65	0	0	0
Choice Based Lettings	222	202	20	0	0	18
Affordable Housing Initiatives - Section 106 Holly Lodge	870	559	311	0	0	4
Housing Grants - Ex Macclesfield Borough Council - Section106	1,045	880	165	0	0	0
Social Housing Grants	601	557	44	0	0	2
Assisted Purchase Scheme - First Time Buyers	591	522	69	0	0	1
Tatton Park Programme	2,064	279	1,785	0	0	59
Rolling Programme						
Private Sector Assistance - Home repairs	1,336	776	300	260	0	0
Disabled Facilities Grants - Adaptations	1,814	1,200	614	0	0	54
Asset Management Programme	14,138	4,820	4,818	4,500	0	87
Farms Strategy - Restructure	3,380	356	756	756	1,512	
Office Accommodation Strategy	8,376	7,876	500	0	0	23
Regeneration & Development Programme	1,944	0	944	1,000	0	100
Tatton Park Investment	6,260	0	6,260	0	0	100
Housing Development	6,540	45	3,495	3,000	0	100
Subtotal - Ongoing Schemes	52,518	21,100	20,390	9,516	1,512	

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/201 4	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing %
	£000	£000	£000	£000	£000	%
New Schemes						
<u>7.5 Maximise the benefits from the Corporate Landlord model</u>						
1. Assets Accelerated Disposals & Demolitions	500	0	500	0	0	100
<u>1.3 Investment to support business growth and regeneration</u>						
2. Economic Development & Regeneration - Physical Asset Development	300	0	300	0	0	100
3. Alderley Park Bio-Incubation Centre	1,000	0	1,000	0	0	100
Rolling Programme						
4. Asset Management Programme	3,000	0	0	0	3,000	100
5. Disabled Facilities Grant	786	0	786	0	0	12
Subtotal - New Schemes	5,586	0	2,586	0	3,000	
Total	58,104	21,100	22,976	9,516	4,512	

Capital Programme 2013/2014 - 2015/2016

Details of New Schemes

1. Assets Accelerated Disposals & Demolitions

Required for a disposal and demolition programme to improve potential sites for re-sale.

2. Economic Development & Regeneration - Physical Asset Development

Increase in resources to deliver the economic growth agenda.

3. Alderley Park Bio-Incubation Centre

A Joint Venture to establish and operate a BioScience Incubator centre for new and existing small businesses in the bioscience sector. The proposal to support a £1m repayable loan was approved at Cabinet on 7th January 2013.

4. Asset Management Programme

Part of the rolling capital programme for capital works on the Authority's asset portfolio.

5. Disabled Facilities Grant

Grants that are awarded to individual applicants to allow them to adapt their homes for independent living and/or to reduce their need for social care.

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget	Prior Year Spend	Forecast Spend 2013/2014	Forecast Spend 2014/2015	Forecast Spend 2015/2016	Forecast Spend Funded by Borrowing
	£000	£000	£000	£000	£000	%
Ongoing Schemes						
Customer Access - Improvements	403	273	130	0	0	94
Radio Frequency ID (RFID) - Library self service machines	1,066	986	80	0	0	100
Subtotal - Ongoing Schemes	1,469	1,259	210	0	0	
New Schemes						
<u>6.3 Develop a new model for sustainable library services and community hubs</u>						
1. Development of a new Library Model	700	0	0	500	200	100
Subtotal - New Schemes	700	0	0	500	200	
Total	2,169	1,259	210	500	200	

Details of New Schemes

1. Development of a new Library Model

The project will design a range of target operating models for libraries that better enables the Council to deliver a library service, reflecting the scale of demand within different communities

Capital Programme 2013/2014 - 2015/2016

	Total Approved Budget £000	Prior Year Spend £000	Forecast Spend 2013/2014 £000	Forecast Spend 2014/2015 £000	Forecast Spend 2015/2016 £000	Forecast Spend Funded by Borrowing %
Ongoing Schemes						
Integrated Legal ICT System	60	55	5	0	0	100
Oracle Optimisation - Development of financial systems	3,960	2,809	824	327	0	48
Location Independent Workforce - Developing ICT facilities	8,571	700	3,400	3,131	1,340	100
Enable Citizens and Businesses - Technology improvements	1,197	100	287	450	360	100
Core System Stability - Maintenance of ICT	13,079	1,900	5,403	2,876	2,900	100
Superfast Broadband	41,646	364	20,499	20,383	400	1
Subtotal - Ongoing Schemes	68,513	5,928	30,418	27,167	5,000	
Total	68,513	5,928	30,418	27,167	5,000	
Funded By						
Prudential Borrowing		3,568	103	1,943	5,000	
Grants		43	31		0	
Capital Receipts		2,059	10,000	5,000	0	
Developer / Other Contributions		258	20,284	20,224	0	
Revenue Contributions		0	0	0	0	
Total		5,928	30,418	27,167	5,000	



Reserves Strategy

2013/2016

Contents

Executive Summary	.....	119
1. Introduction	.....	120
2. General Fund Reserves (Revenue)	.....	123
3. Earmarked Reserves (Revenue)	.....	130
4. Capital Reserves	.....	134
5. Conclusion	.....	135
Background Papers	.....	136
Annex A ~ Protocols & Controls	.....	137

Executive Summary

Cheshire East Council will maintain reserves for two main purposes:

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

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

This strategy is revised annually, in line with the process to determine the Council's Budget, and sets out a clear purpose for the holding of reserves, using risk assessments and setting out principles for the management of balances for the period 2013/2016.

The report follows guidance issued by the Chartered Institute of Public Finance & Accountancy ~ *LAAP Bulletin 55 – February 2003: Guidance Note on Local Authority Reserves and Balances*. Compliance with the guidance is recommended in the Institute's 2003 Statement on the Role of the Finance Director in Local Government and the regulatory framework and role of the Deputy S151 Officer are set out in **Annex A**.

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

Christine Mann

**Finance Manager and Deputy S151 Officer
February 2013**

1. Introduction

Types of Reserves

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

General Reserves (see Section 2)

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

Increasing General Reserves

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

Decreasing General Reserves

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

Earmarked Reserves (see Section 3)

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

Assessing the Adequacy of Reserves

2. In order to assess the adequacy of unallocated general reserves when setting the budget, the Deputy S151 Officer will take account of the strategic, operational and financial risks facing the Authority. The Council will therefore adopt formal risk management processes. The Audit Commission Codes of Audit Practice make it clear that it is the responsibility of the audited body to identify and address its operational and financial risks, and to develop and implement proper arrangements to manage them, including adequate and effective systems of internal control. The financial risks will be assessed in the context of the Authority's overall approach to risk management.

3. There is a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Deputy S151 Officer will ensure that the Authority has put in place effective arrangements for internal audit of the control environment and systems of internal control, as required by professional standards.
4. Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account will also be taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements.
5. **Table 1** sets out the significant budget assumptions that are relevant when considering the adequacy of reserves, in addition to the issue of cashflow:

Table 1: Holding adequate reserves will depend on a number of key factors

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

Source: CIPFA ~ LAAP Bulletin 55, 2003

6. These factors can only be assessed properly at local level. A considerable degree of professional judgment is required. The Deputy S151 Officer may choose to express advice on the level of balances in cash and / or as percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the Authority for that particular year.
7. Advice will be set in the context of the Authority's process to manage medium term financial stability and not focus on short term considerations, although balancing the annual budget by drawing on general reserves may be a legitimate short term option. However, where reserves are to be deployed to finance recurrent expenditure this should be made explicit, and will occur only to pump prime investment and not to regularly support such costs. Advice will be given on the adequacy of reserves over the lifetime of the Medium Term Financial Strategy.
8. The current guidance requires the purpose, usage and the basis of transactions of earmarked reserves to be identified clearly. A review of the levels of earmarked reserves will be undertaken as part of annual budget preparation.

2. General Fund Reserves (Revenue)

Purpose

9. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
 - Emergencies.
 - In-year emerging issues.
10. The Finance Procedure Rules set the parameters for the use of general reserves.
11. The in-year use of general reserves requires Council approval and must not be used for any level of recurring spending unless that spending will be included in revenue budgets in the following financial year or a suitable payback period is agreed in advance.
12. In all cases the use of reserves should be approved by the Deputy S151 Officer.

Opening Balances

13. At 1st April 2013, it is anticipated that the Council will hold general reserves of £13.2m. This balance is calculated from:

Amount of General Fund Balance available for new expenditure (£11.4m)

(source: 2011/2012 Statement of Accounts)

adjusted for

The estimated impact of performance against the 2012/2013 Revenue Budget (£1.8m)

(source: 2012/2013 Third Quarter Review of Performance)

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

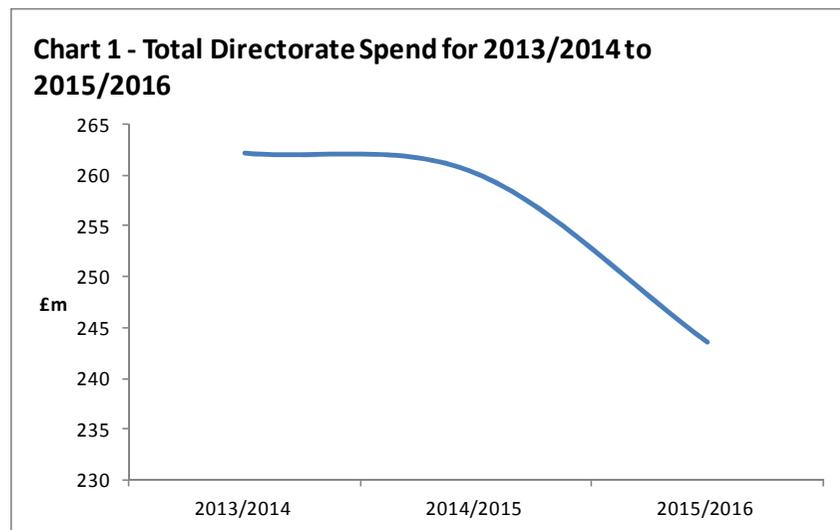
Estimated Movement in Reserves (2012/2013 onwards)

15. **Table 2** (overleaf) summarises the current estimated movements in general reserves from 2012 to 2016. This position makes a clear assumption that any recently identified in-year, or future, emerging financial pressures will be met from within the Council's funding envelope.
16. In addition the level of reserves needed will be assessed each year according to the risks facing the Authority (see Risk Assessment overleaf).

Table 2 - Reserves levels will be maintained in the medium term	2012/2013	2013/2014	2014/2015	2015/2016
	£m	£m	£m	£m
Estimated Balance @ 1st April	11.4	13.2	13.2	13.2
Estimated Impact of 2012/2013 Spending	1.8			
Planned Contribution to Reserves		0.0	0.0	0.0
Forecast General Reserves @ 31st March	13.2	13.2	13.2	13.2
Risk Assessed Minimum Level		13.2		

Source: Cheshire East Finance

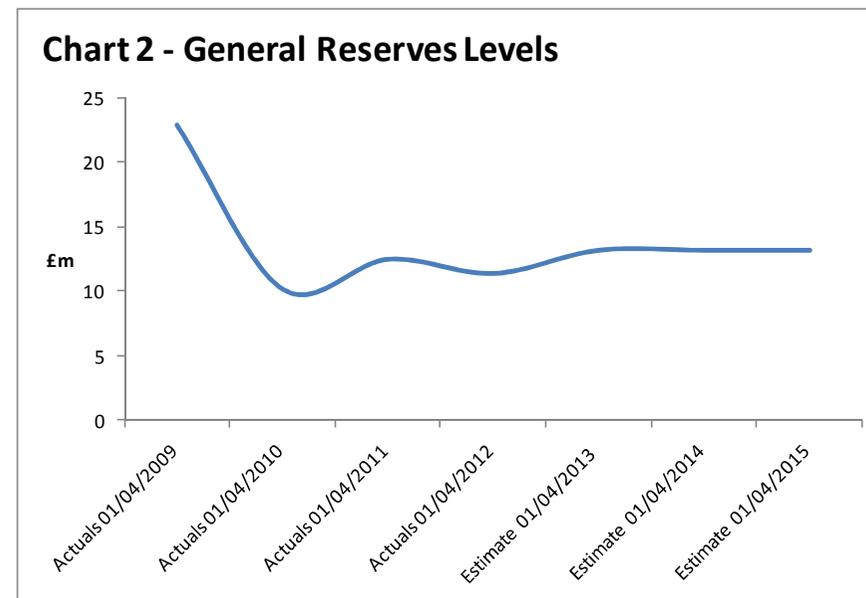
17. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.



18. Reducing expenditure over time will require up-front investment in change management that will sustain the financial resilience of the Council. For example reducing staffing numbers may require

expenditure on severance payments and automation of services may require investment in information technology.

19. Strategically the Council must therefore utilise short term funding to support change and not to build up reserves. Current reserves levels will therefore be maintained to protect the Council against risk and should only require amendment if risk materialises or to support short term cashflow issues.
20. **Chart 2** shows how Cheshire East Reserves were initially reduced to support large scale investment, but will now be stabilised over the medium term.



21. The level at which reserves are set for 2013/2014, reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and provide sufficient flexibility to manage short term cashflow.

General Fund Reserves - Risk Assessment

22. The risks facing each local area will vary, and in the case of Cheshire East, the impact of rising demand for services, the economic climate, emerging Government policies and pressure on public services to reduce overall expenditure are key issues. These present the potential for significant emerging risk.

23. The minimum target level of reserves is therefore quantified by a detailed risk assessment. This approach allows the Council to take account of the circumstances around current structural changes and economic circumstances.

24. Where specific financial liability has not been established, or where outcomes from emerging pressures cannot be detailed, the Council will assume a level of risk. This reduces the possibility that the Council will be exposed to excessive financial pressure in a single year by smoothing the impact on citizens.

25. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 3** (overleaf) shows the risk areas and the level of reserves Cheshire East Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a percentage of the potential impact. The percentage is based on the likelihood of the risk actually achieving that total impact in any year.

26. The level of risk in the Medium Term Financial Strategy has reduced from the 2012/2013 levels. This has occurred for a number of key reasons:

- Quarterly Reports of Performance have provided consistent forecasts on the closing/opening balance of reserves, reducing the risk that the 2013/2014 budget might open with a deficit.
- The Medium Term Financial Strategy (December 2012) detailed significant re-basing of the Council's budget to reflect emerging pressures. The 2013/2014 budget has therefore been based very much on up to date robust figures, reducing the risk of overspending.
- Investment in change management has been quantified and funding is built in to the Medium Term Plans, reducing the risk of change not being delivered in-year.
- Development in the local area is being consulted upon through the Local Plan. This may improve funding levels for the Council in relation to Business Rate Retention, New Homes Bonus, and Community Infrastructure Levy however such impacts are prudently not factored in to the medium term finances at this stage.
- Council Tax income, which provides the largest element of the Council's non-ringfenced funding, is predicted to remain static. Therefore this does not reflect the possibility of increases in Council Tax levels in future or further freeze grants from central government or additional changes to the way Council Tax is charged.

27. £13.2m remains a relatively prudent overall target for reserves at 5% of the net budget. This reflects the fact that there are still negative financial issues potentially facing the Council in the medium term, such as:

- Changes to the local government financial settlement may create funding deficits.
- Some savings targets may need to be re-phased or revised following more detailed appraisal or consultation work.

- There is a significant pensions deficit which may need to be managed outside of the current medium term estimates. The next triennial valuation of the Cheshire Pension Fund will take place on 31 March 2013 with any changes to contribution levels taking effect from 1 April 2014.

28. It is also possible that a number of events could happen in a single year. Cheshire East Council could also be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a percentage of gross expenditure (in this case 0.6%).

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

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

Table 3: A robust level of reserves is guided by an assessment of potential risks

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Health & Safety	Major loss of service	Increased cost to reduce further risk of breach / Robust risk assessments	£300,000
	Loss of income	Substantial disruption to income streams / Robust disaster recovery	
	Lost reputation	Cost of new advertising to regain confidence / Effective Communication Plans	
	Effect on recruitment	Additional advertising costs to attract staff / Employment options on standby	
Fire / Structural damage	Major loss of service	Premises not operational / Robust disaster recovery plan	£800,000
	Epidemic	High staff or resident sickness & absence costs / raise awareness of safety measures and introduce robust emergency response plans	
	Severe Weather	Additional staffing, transport and materials costs / robust emergency plans	
	Insurance claims create rising premiums or cost to insurance reserves	Budget growth to cover premiums or self insurance costs / Good claims management	

Class of Risk	Knock on Effects	Effect on Budget / Mitigating Action	Risk Assessment
Budget Pressures	Opening Balances vary from current predictions	Impact on opening balances / apply prudent assumptions to opening balances	£7,000,000
	Efficiency savings challenged by changing priorities, and reduced income from economic downturn and additional VR costs.	Impact of 2012/2013 projected outturn / robust remedial plans and monitoring of progress In-Year emerging issues / Robust plans and monitoring of progress	
	Higher than anticipated Inflation arising in year	Increased inflation on contracts and services / contract management and robust remedial plans	
	Potential decrease in Council Tax collection rate	New payers unable top pay / debt recovery procedures	
	Potential decrease in assumed Business Rates income	Lower than forecast income or increased reliefs / robust assessment criteria	
Legal costs	Legal challenges to Council service delivery	Court costs and Claims for compensation / clear processes and good workforce management	£600,000
	Data corruption and need to improve security	ICT service days to repair, loss of service / robust security policies and firewalls	
Industrial relations / External organisations	Disruption to service and possible costs of arbitration/tribunal	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay budget / emergency planning	
Strategic Reserve		Strategic/Emergency risk cover, potential further invest to save options and future pay and structure changes	£4,500,000
OVERALL RISKS			£13,200,000
% of Net Revenue Budget			5.1%

Source: Cheshire East Finance

30. The outcome of this analysis has been to place an estimated total value on the range of risks that may arise and which are not covered by insurance. This is equivalent in total to **£13.2m**.

31. It should be noted that these risks reflect the net effect of issues relating to performance against the 2013/2014 Revenue Budget.

The key factors are:

- the capacity of the organisation to deliver proposed growth or achieve the proposed level of savings entirely,
- potential underachievement of cost reduction targets following consultation processes,
- demand for services rising above estimated trends,
- changes to Government settlements.

Adequacy of General Reserves

32. A duty of the Deputy S151 Officer is to comment on the adequacy of financial reserves (**see Annex A**).

33. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Deputy S151 Officer will use information contained within the Reserves Strategy to comment specifically in the annual Budget Report on the adequacy of reserves.

3. Earmarked Reserves (Revenue)

Purpose

34. The purpose of earmarked reserves is:

- a. To prevent an uneven impact from policy options, by allowing balances to be set aside for future year expenditure.
- b. To set aside amounts for projects that extend beyond 1 year.

35. Once Earmarked reserves have been established by Cheshire East Council it is the responsibility of Chief Officers, in consultation with the Deputy S151 Officer, to ensure balances are spent in line with their purpose.

36. **Table 4** identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

Table 4: All earmarked reserves should have a clear rationale

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

Source: CIPFA ~ LAAP Bulletin 55, 2003

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

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

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

39. The protocol for Cheshire East Council earmarked reserves is set out below. The Deputy S151 Officer will monitor adherence to these protocols. Details of each reserve will be held to demonstrate compliance with the protocols.

40. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Deputy S151 Officer,
- Supported by a business case,
- Normally held for a maximum of 3 years, except where the business case justifies a longer retention,
- Subject to a minimum value, set initially at £60,000, unless the business case supports a lower level,
- Be reviewed at least annually.

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

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

Opening Balances

43. At 1st April 2013 it is anticipated that the balances on existing earmarked reserves held by Cheshire East Council will be **£5.1m**. **Table 5** (overleaf) shows the position on each earmarked reserve.

44. The estimated position on the Insurance Reserve excludes the impact of an historic claim for additional contributions due to be received shortly from the administrators of Municipal Mutual Insurance. An element of risk for this has been reflected in the General Reserves risk assessment.

45. Over 90% of Earmarked Reserves balances in 2013/2014 relate to ongoing or longer term reserves, e.g. Insurance, Extra Care Housing.

Table 5: Earmarked Reserves that are statutory or essential have been retained for 2013/2014

Directorate / +Description	Opening Balance 1 April 2012 £000	Estimated movement to 31 March 2013 £000	Estimated Available Balances for 2013/14 £000	Reason / Use
CHILDREN & FAMILIES				
Long Term Sickness	150	-150	0	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks	50	-50	0	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
ADULTS				
Extra Care Housing (PFI)	892	100	992	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
PLACES & ORGANISATIONAL CAPACITY				
Landfill Allowance Trading Scheme	0	0	0	Carried forward unused allowances to offset future years landfill usage
Streetscape	5	-5	0	Fixed Penalty notice income set aside to meet public realm improvements
Crewe Crematorium	191	-191	0	Mercury abatement income set aside to fund potential replacement cremators as per the capital programme.
Building Control	180	-50	130	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	268	-42	226	Ring-fenced surplus on Tatton Park trading account
Economic Development Projects	263	-114	149	Support for town centres and economic development initiatives
Climate Change	67	-10	57	Renewable Energy project

Directorate / +Description	Opening Balance 1 April 2012 £000	Estimated movement to 31 March 2013 £000	Estimated Available Balances for 2013/14 £000	Reason / Use
Enabling Local Delivery	476	-309	167	Available to promote local delivery
Partnerships & Grants Support	92	0	92	Funding issued to groups who meet the Cheshire East Council's criteria. It is planned to use the reserve in 2013/2014.
CORPORATE SERVICES				
Invest-to-Save Projects	656	-656	0	Central reserve to support invest-to-save projects
Insurance Reserve	3,139	190	3,329	To settle insurance claims and manage excess costs.
CROSS SERVICE				
Service Manager carry forwards	813	-813	0	Specific funding for expenditure slipped against previous year's budget e.g Pay Harmonisation.
Totals	7,242	-2,100	5,142	

Source: Cheshire East Finance

4. Capital Reserves

46. Cheshire East Council retains a capital receipts reserve to finance future capital expenditure. This reserve is largely financed by capital receipts set aside on the disposal of land, buildings and other assets but can be supplemented from revenue reserves if required.
47. As reported in **Chapter 2** of the report (paragraphs 69 - 74) the application of £15m of capital receipts to repay capital expenditure that has taken place in previous years will reduce the balance of the reserve at 31st March 2013. Receipts generated in 2012/2013 will be fully applied to fund in year capital expenditure. In 2013/2014, Cheshire East Council is forecast to generate capital receipts of £10m which again will be fully applied to finance the capital programme. The reserve currently holds a balance of £0.8m relating to revenue funds set aside to finance future capital expenditure.
48. At 1st April 2013 it is anticipated that the balances on the existing reserve earmarked for capital purposes held by Cheshire East Council will be **£0.6m**. **Table 6** provides further detail on revenue funds set aside to fund capital expenditure.

Table 6 - Revenue funds set aside to fund capital expenditure	Opening Balance 01-Apr-12	Estimated movement 2012/2013	Closing Balance 31-Mar-13
	£000	£000	£000
Alsager Closed Landfill Site	80	0	80
Tatton Park:			
Farm Entrance	10	10	0
Office Accommodation	10	10	0
Stableyard Development	96	96	0
Farm Development	33	33	0
Assets Feasibility Study	28	28	0
Crewe LDF	3	3	0
Dalton House Air Conditioning Projec	122	0	122
Harnessing Technology	400	0	400
Total	782	180	602

5. Conclusion

49. Overall Cheshire East Council is establishing reserves that match the minimum risk levels. This approach can be supported during the medium term and still allows for investment that will create sustainable levels of service.
50. This recognises local issues and allows the Deputy S151 Officer to comment favourably on the adequacy of reserves.
51. The maintenance of protocols around the use of balances improves control and increases openness in financial reporting and management. This approach assists with financial planning and increases understanding of Cheshire East Council's financial position. Reserves' positions will continue to be reviewed throughout the financial year.

Background Papers

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

General Fund Reserves ~ Risk Assessment Working Papers 2012

Cheshire East Council - Final Accounts 2011/2012

Cheshire East Council Budget Report 2012/2013

Quarter Three Review of Performance 2012/2013

Annex A to Reserve Strategy

Protocol & Controls

The Existing Legislative/Regulatory Framework

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

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

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

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

While it is primarily the responsibility of the local authority and its Chief Finance Officer to maintain a sound financial position, External Auditors have a responsibility to review the arrangements in place to ensure that financial standing is soundly based. In the course of their duties External Auditors review and report on the level of reserves taking into account their local knowledge of the Authority's financial performance over a period of time. However, it is not the responsibility

of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

The Role of the Chief Finance Officer

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

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

Good Governance

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

- state which council bodies are empowered to establish reserves
- set out the responsibilities of the Chief Finance Officer and Councillor – or group of Councillors – responsible for finance
- specify the reporting arrangements

A New Reporting Framework

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

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

CIPFA recommended that:

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

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

Annex 8 – Abbreviations

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

Term	Meaning
BRRS	Business Rates Retention Scheme – a new system of funding being introduced from 1 st April 2013.
CSR	Comprehensive Spending Review 2010 – a major announcement in October 2010 in relation to Local Government funding levels for 2011/2012 to 2014/2015.
DCLG / CLG	Department for Communities and Local Government – the Government department responsible for supporting local government and communities.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.
HR	Human Resources – one of the Council's corporate service areas.
ICT	Information and Communication Technologies – service responsible for technology at Cheshire East Council.
LACSEG	The Local Authority Central Spend Equivalent Grant
LSOA	Lower Super Output Areas - geographical areas, based on population size, each containing a minimum population of 1,000 people and on average (mean) around 1,500 people. There are 231 LSOAs in Cheshire East and 32,482 LSOAs in England.
NNDR	National Non Domestic Rates – the contribution to local authority costs by businesses. The rate is set by central Government.
PCC	Police and Crime Commissioner – the new arrangement for Commissioning Police Services.
PWLB	Public Works Loan Board – a Government agency providing loans to public bodies for capital works.
RSG	Revenue Support Grant – a new grant that forms part of the Business Rate Retention Scheme. The grant is given to local authorities by central Government.
SLE	Separate Legal Entity – a delivery model for delivering services in a different way.

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