

# **Staffing Committee**

## **Supplementary Agenda**

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**Date:** Thursday 16th January 2014  
**Time:** 2.00 pm  
**Venue:** Committee Suite 1,2 & 3, Westfields, Middlewich Road,  
Sandbach CW11 1HZ

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8. **Budget Setting Process 2014-17 - Pre Budget Report** (Pages 1 - 48)

To consider the Pre Budget Report for 2014-17

*The Chairman has agreed that this item could be added as an item of urgent business as the Committee was being consulted as part of the budget consultation process which runs from 13 January to 21 February 2014 and the next meeting of Staffing Committee was not until after this period.*

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## CHESHIRE EAST COUNCIL

### STAFFING COMMITTEE

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<b>Date of Meeting:</b>	16 <sup>th</sup> January 2014
<b>Report of:</b>	Chief Operating Officer
<b>Subject/Title:</b>	Budget Setting Process 2014/2017 - Pre-Budget Report

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#### **1.0 Report Summary**

- 1.1 Cheshire East Council launched its Budget Setting Process in July 2013. This process has enabled the Council to align services with the Council Plan and respond to the funding reductions from Central Government by developing a series of budgetary and capital proposals for 2014/2017.
- 1.2 The draft proposals have been published in the Pre-Budget Report released to Members on 10<sup>th</sup> January 2014. This document will be used as the basis of an engagement exercise to increase awareness of the proposals and ask for views on how their impact can be managed.
- 1.3 The Council's Staffing Committees are being formally consulted as part of this process.
- 1.4 Further details will be published in the Budget Report in late January 2014.

#### **2.0 Decision Requested**

- 2.1 To note the contents of the Pre-Budget Report and make comments on the proposals in terms of how their impact can be managed.

#### **3.0 Reasons for Recommendations**

- 3.1 The Authority has a statutory duty to share budget and policy proposals with certain stakeholder groups and will do this between 13<sup>th</sup> January and the 21<sup>st</sup> February.
- 3.2 Feedback on the proposals will be used to inform Cabinet deliberations on the final Budgetary position.

#### **4.0 Wards Affected**

- 4.1 Not applicable.

## **5.0 Local Ward Members**

5.1 Not applicable.

## **6.0 Policy Implications**

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

## **7.0 Financial Implications**

7.1 The report includes details of policy proposals which will affect service budgets from 2014/2015 onwards.

## **8.0 Legal Implications**

8.1 The Medium Term Financial Strategy must be underpinned by robust estimates and the level of reserves maintained by the Authority must be adequate.

8.2 The Council must have a robust process for budget setting in order to fulfil its fiduciary duties.

## **9.0 Risk Management**

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

- a. The Council must set a balanced Budget.
- b. The Council must set a legal Council Tax for 2014/2015.
- c. The Council should provide high quality evidence to support submissions for external assessment. This can have the affect of reducing scrutiny, and audit charges that can be related to risk.
- d. That Council borrowing will comply with the Treasury Management Strategy.

## **10.0 Background and Options**

10.1 The February 2013 Budget Report to Council confirmed the funding shortfalls as:

2014/2015	2015/2016
£8.3m	£14.1m

10.2 In order to align spend with priorities and address these shortfalls, Cabinet, on 22<sup>nd</sup> July 2013, agreed the Budget Setting Process 2014/2017.

10.3 This has enabled a set of proposals to be developed and challenged through a managed process that considered service changes, the Capital Programme

and the supporting financial planning assumptions relating to funding levels, etc.

- 10.4 This has been done against a background of continuing significant reductions in funding levels, a management restructure and the Authority moving to become a commissioning council.
- 10.5 The provisional local government finance settlement was issued on 18<sup>th</sup> December 2013 and confirmed the funding assumptions were broadly correct.
- 10.6 Therefore, this Pre-Budget Report has been released to set out the Council's Draft Budget Proposals for 2014/2017.
- 10.7 This document will be used as the basis for engagement on the draft budget with:
- Partners / Third Sector / Town & Parish Councils.
  - Staffing Committee / Staffing.
  - Trades Unions.
  - Schools Forum.
  - Businesses.
- 10.8 Staffing Committee are asked to comment on the Pre-Budget Report in terms of impact on Council staff.

### **11.0 Access to Information**

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

Name: Peter Bates

Designation: Chief Operating Officer

Tel No: 01270 686013

Email: [peter.bates@cheshireeast.gov.uk](mailto:peter.bates@cheshireeast.gov.uk)

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# **Pre-Budget Report**

**2014 / 2017**

Page 5

**January 2014**

This document is available to download on the Cheshire East Council website, it has been distributed to all Members and is open to other stakeholders for review and comment.

If you have any comments, queries or other responses, please send these to the email address below - all responses will be captured and reported to Cabinet Members and Council. When submitting a response or comment, please also include your name, organisation (if applicable) and contact details.

**If you have any comments or queries please e-mail**

**[shapingourservices@cheshireeast.gov.uk](mailto:shapingourservices@cheshireeast.gov.uk)**

**The deadline for comments is close of business on 21<sup>st</sup> February 2014.**

After this date, a member of the public may still attend the Council meeting to speak on 27<sup>th</sup> February 2014.



# Foreword from the Finance Portfolio Holder

Welcome to Cheshire East Council's Pre-Budget Report, the local authority with the best quality of life in the Northwest.

The Council is on a journey to be a national leader in providing public services and supporting the community to achieve better outcomes for local people. However, we are also determined to do this without asking local residents to pay more.

In February 2013 we took the first steps towards becoming a "commissioning" council. By this we mean a Council that focuses its money and staff on delivering services people want and not on running a bureaucracy. To achieve this we aim to improve our understanding of what services residents really need and ensure money is invested and spent in these areas.

At the same time we are proposing in this report to freeze Council Tax for a further year and to accept the Council Tax Freeze grant, thereby keeping costs to local people down, and playing our part to improve household finances.

Our performance in 2013/2014 continues to show we are meeting the challenge of providing good services and reducing costs. Satisfaction levels in waste services and libraries for example continue to exceed 90%.

In the summer we reported a small surplus for our financial year 2012/2013. The current financial year is under control. In October 2013 we published our [Guidance and Data on the Financial Resilience of the](#)

[Council \(PDF,962KB\)](#), allowing interested residents and other stakeholders to see how financially strong the Council is.

This Pre-Budget Report now provides stakeholders with the opportunity to understand the strategy behind our 2014/2015 Budget proposals. The financial figures show a balanced budget for 2014/2015 and provide projections for further years based on projects we have already identified and income streams we can be confident in. Given our cautious attitude to including income or savings only when definite projects or Government Announcements are known, we show a gap between income and expenditure in years 2 and 3. As in previous years we expect these challenges to be overcome in good time to present a further balanced budget for 2015/2016.

Throughout the plan we remain committed to the published outcomes the Council wishes to achieve for our residents. Fundamental to achieving this is introducing innovative new ways of working that provide quality and choice. More details will be provided in the full budget report, but also please refer to the Council's website for all up to date information on Council initiatives and services ([www.cheshireeast.gov.uk](http://www.cheshireeast.gov.uk))

Finally, I would like to invite comments and feedback on our latest proposals in this report.

*Peter Raynes*

Cllr Peter Raynes, Finance Portfolio Holder

# Comment from the Chief Operating Officer

The overall financial health and resilience of Cheshire East Council is strong. This provides a solid platform to cope with the national austerity challenges that the whole of the public sector continues to face. The Council is maintaining its focus on economic development and regeneration whilst being relentless in its pursuit of greater efficiency and productivity to enable delivery of quality services at lower cost. Putting local residents and businesses first.

Central Government's commitment to reduce the high levels of national debt has contributed to local government going through a period of unprecedented change and financial challenge. This week the Chancellor has indicated that a further £25 billion of public spending cuts will be needed post the next election and by 2017/2018. It is clear that the state will have to be 'permanently smaller'.

Cheshire East's response continues to be based on innovation and creativity with the long term objective of being financially self sufficient. The commitment to be a commissioning council and to develop better ways to achieve the Council's five stated outcomes by using a mix of delivery mechanisms is continuing to gain momentum. Services will have a more commercial and customer focussed outlook.

It is clear that there are financial and demographic challenges facing Cheshire East and prudent and effective financial management will remain critical to the success of the organisation. I only joined Cheshire East Council in October 2013, but I do believe that we are on the right path to creating sustainable services for the future.

As expected at this stage of the budget development there is still an estimated gap between predicted levels of income and expenditure in future years. Since February 2013 the original forecasted gap for 2014/2015 has been eliminated and the challenge for 2015/2016 has been more than halved. Estimated levels of reserves will also remain adequate to support medium term investment and protect the Council against a range of potential risks.

Achieving the Council's five outcomes will significantly support financial stability in the long term, focusing as they do, on communities, business, education, environment and health. The budget setting process has followed a robust path with the latest proposals emerging from a process of reflecting, analysing and then innovating.

This Pre-Budget Report provides an update on the budget setting process to date as well as providing a summary of the proposed changes to the current budget and how this may affect services in the future. Further information is also provided here on the Council's ongoing financial stability and the anticipated impact of budget proposals on Council staff.

The full Budget Report will be drafted by the end of January 2014. If you wish to comment on any part of the proposals or process around the Council's budget development, please see back of the cover page to this document for details. Members will formally consider the budget proposals at Council on 27<sup>th</sup> February.

*Peter Bates* CPFA, Chief Operating Officer, Section 151 Officer

# Overview 2014/2017

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

Achieving our outcomes 2014/2017:

- Investing over £1bn in providing services to local people
- Targeting prevention and fostering services to safeguard children and create better chances for a good start in life
- Increasing choices in adult social care and working to enable people to stay in their home for longer
- Reducing carbon emissions and investing in our open spaces to improve the environment
- Improving services from buildings in the community, such as leisure centres and libraries
- Enabling our communities to become stronger

Continuing financial stability:

- Freezing Council Tax payments at 2011 levels
- Reducing expenditure by over £6m in 2014/2015
- Delivering efficiency and providing more effective services
- Investment in innovation and sustainable services
- Increasing productivity and effectiveness of operations

- **Maintaining reserves** at a prudent level that protects vital services against risk and manages cashflow during the transformation of services
- **Council Tax is proposed to be frozen for the fourth successive year** in 2014/2015 as the Council proposes to accept the Government offer of a freeze grant. This approach has been endorsed by the Government as freeze grants have been rolled into baseline grant funding
- Allocating **£15.7m to support more vulnerable residents** through continuation of the local Council Tax Support Scheme
- **No external borrowing is planned, but up to £37m** of the Council's resources will support planned capital expenditure in 2014/2015, which relates to on-going capital commitments
- Net financing costs of the Capital Programme will increase to £12.5m in 2014/2015 reflecting the Council's commitment to maintain investment in infrastructure. Capital financing costs are forecast to increase from 4.6% of the net revenue budget (2013/2014) to a still very prudent level of 4.9% (2014/2015)
- The Council will manage the impact of the Provisional Local Government Financial Settlement released on 18<sup>th</sup> December 2013 which confirmed a significant reduction in revenue support grant funding of 7% from 2013/2014 to 2014/2015. At the same time, the Settlement has confirmed the continuation of Council Tax Freeze Grant from previous years.

# Three Year Summary Position

## Calculating the net Medium Term Financial Strategy

Revenue Budget	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m	Three Year Change £m	Three Year Change %
Estimated Service Budgets	276.7	270.3	269.1	261.9	-14.8	-5.3%
<i>Funded by</i>						
Council Tax	-166.8	-167.3	-167.3	-167.3	-0.5	0.3%
Government Grants	-109.9	-103.0	-95.2	-79.2	30.7	-27.9%
Total	-276.7	-270.3	-262.5	-246.5	30.2	-10.9%
<b>Potential Funding (Surplus) / Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>6.6</b>	<b>15.4</b>		

Capital Programme	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m	Total £m
On-going Schemes - 2013/2016 Approved Programme	76.9	107.2	29.5	0.0	213.6
New Proposals 2014/2015 Starts	5.7	34.9	16.9	35.4	92.9
<b>Total Capital Programme</b>	<b>82.6</b>	<b>142.1</b>	<b>46.4</b>	<b>35.4</b>	<b>306.5</b>
<b>Funded by:-</b>					
Government Grant	44.2	56.0	6.3	6.2	112.8
Other Contributions	26.4	13.9	8.5	4.5	30.8
Cheshire East Resources	12.0	72.2	31.6	24.6	162.9
	<b>82.6</b>	<b>142.1</b>	<b>46.4</b>	<b>35.3</b>	<b>306.5</b>

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# 1 Meeting the Council's Priorities

Cheshire East Council is responsible for delivering more than 500 local public services across an area of over 1,100km<sup>2</sup> for over 370,000 residents. The budget to deliver these services in the period April 2014 to March 2015 will be over £750m, which is raised from a combination of local taxes, national taxes (in the form of Government Grants) and payments direct from service users and other organisations that we work with.

To continue to improve services and provide better outcomes for local people, within appropriate funding levels, requires constant challenge to the way services are provided. Planning good quality services that people need is achieved through consultation, analysis and prioritisation. This section provides details on the Council's delivery arrangements and describes the more significant proposals to vary existing services and how much they cost.

The next four pages set out some of Cheshire East Council's achievements over the last year, the Three Year Council Plan as agreed by Council on 28<sup>th</sup> February 2013, and the engagement plan for the current budget setting process. The Council Plan details our strategic outcomes which form the starting point for presentation of Council proposals. Proposals for the next three years, (2014/2015 to 2016/2017) reflect the Council's ambition to achieve our stated outcomes.

The engagement schedule identifies who is being consulted with as part of this budget development process.

**97% of users are satisfied with services from Environmental Health**

**Cheshire East Council has secured £9,117,783 in additional capital funding this year**

**Equipment services have helped 2,833 people to stay in their homes – a 15.7% increase in the number of people receiving equipment services since December 2012**

**Our Four4Adoption Service is recognised nationally as the best local authority adoption service**

**The Council influences Local Growth Deals and European Union Structural Funds through the Local Enterprise Partnership**

**95% of all library users are satisfied with their library service**

**Crewe Rail Exchange is on schedule to deliver major improvements to Crewe Station and its users by late Spring 2014**

**HMI Probation Services confirmed that our Youth Offending Service achieved improved outcomes for young people**

**Did you know..?**

**Over 56,000 potholes have been repaired across Cheshire East this year**

**Connecting Cheshire: Superfast Business – support programme will provide over 12 hours support to 900 businesses**

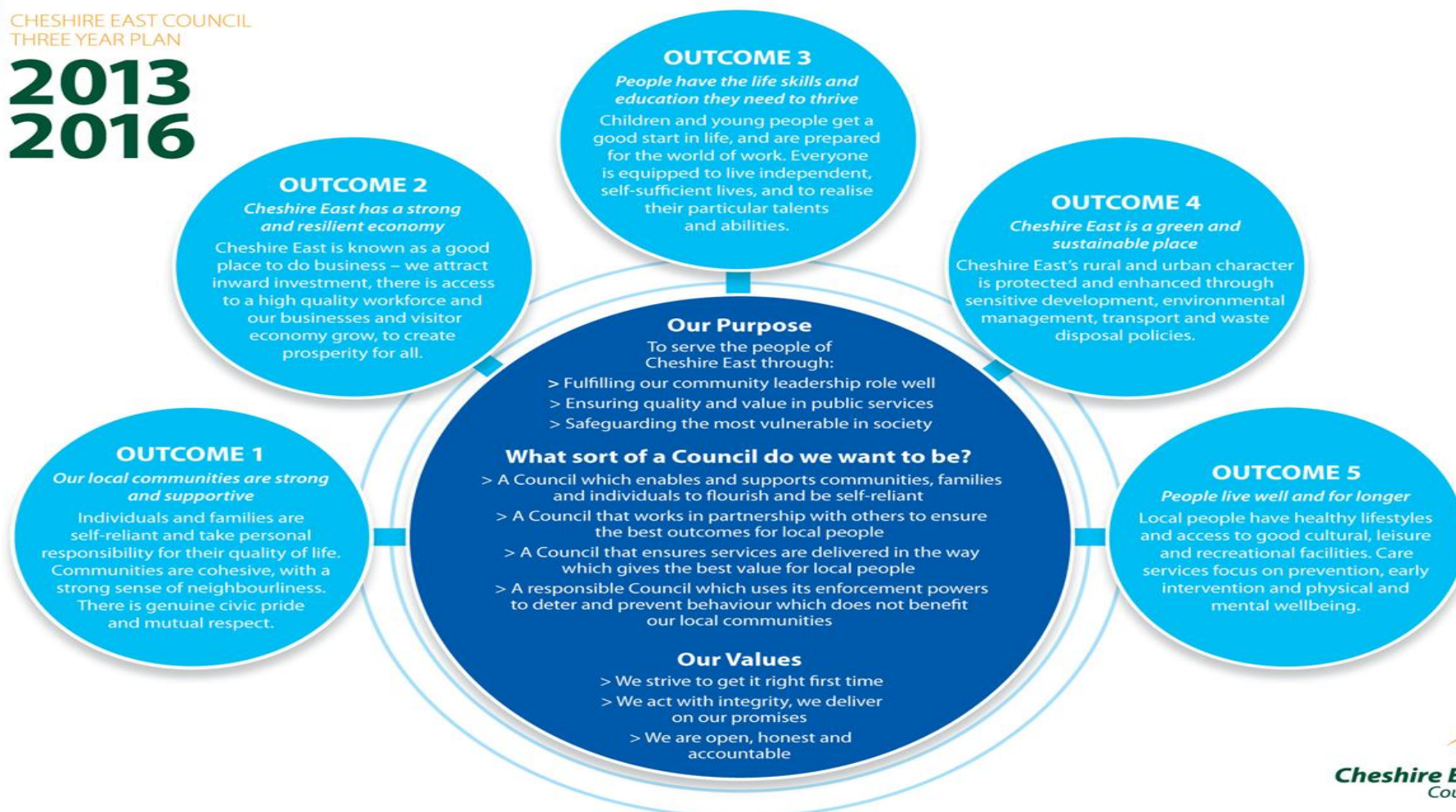
**More children are being made safer due to increasing awareness**

**The domestic abuse multi-agency steering group operate a whole family approach to safeguarding**

# Focused on Outcomes

CHESHIRE EAST COUNCIL  
THREE YEAR PLAN

**2013  
2016**





# 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

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

## Local Engagement

### Cabinet and Council meetings

Leader's Report and Medium Term Financial Strategy:

- Recommend by Cabinet on 4<sup>th</sup> February 2013
- Presented for approval by Council on 28<sup>th</sup> February 2013

### Member briefings

- On 23<sup>rd</sup> July, 7<sup>th</sup> November and 17<sup>th</sup> December 2013, the Finance Portfolio Holder and Chief Operating Officer (for the latter two briefings) provided Members with an update on budget setting progress
- Strategic Commissioning Leadership Team outlined details of proposals and the priorities for next year
- The presentation on the 17<sup>th</sup> also included an update on the new Alternative Service Delivery Vehicles

### Updates for staff

- Updates to be made available in TeamTalk, on Centranet and the Cheshire East Council website
- Staffing Committee meeting 16<sup>th</sup> January 2014 will include updates for the attention of Cheshire East Council staff
- Updates at Staff Roadshows early 2014

### Corporate Scrutiny

- Opportunity for this group to examine budget setting progress and more detail around service proposals on 13<sup>th</sup> January 2013

### Engagement events with other stakeholder groups

- Including businesses, Trades Unions, voluntary, community and faith sector, and the Schools Forum
- These events will highlight how the Cheshire East Council budget will affect our different stakeholders and help to answer questions, address concerns these stakeholders may have, and help us to develop our relationship with our stakeholders/the wider community

### Residents

- Updates on the website
- Information included with Council Tax bills
- Media releases
- Citizens' Panel survey in February 2014

### Group meetings

- An opportunity to discuss details of the budget with Officers
- Available upon request throughout January or February 2014

# Children and Families

Net Budget	
2013/2014	£57.0m
2014/2015	£53.9m
Variance	-£3.1m

## Some facts about Children and Families Services

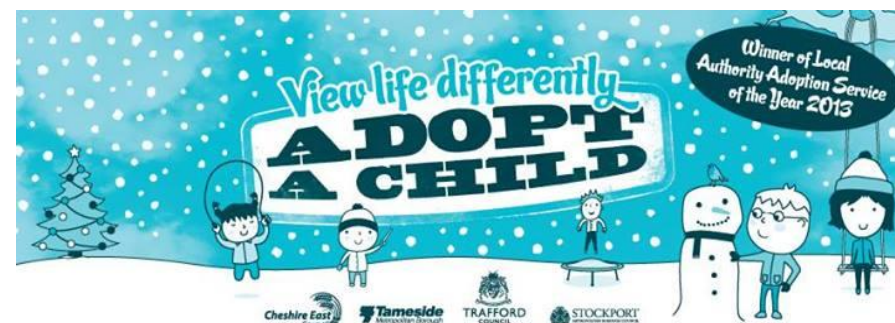
- 1 Cheshire East adoption services, in collaboration with Stockport, Tameside and Trafford Councils, won the 2013 Adoption Service of the Year award, and the Council is on course to adopt the most children ever
- 2 87% of primary and secondary schools in Cheshire East are good or outstanding
- 3 Targeted preventative activity has seen the number of children in care reduce by 10% in the last year
- 4 High quality youth support services were recognised through inspection of our Youth Offending Service and excellent NEET (Not in Education, Employment or Training) figures

The service focuses on providing children with a good start in life in their early years, raising aspiration and achievement across primary and secondary education, and working closely with partners to protect vulnerable children including those placed in the care of the Council. Achievements within Children and Family Services will be measured through improvements in areas such as increased numbers of recognised qualifications, reducing numbers of NEETs, improved safety of vulnerable children, the number of children adopted and less children and young people getting involved in anti-social behaviour.

*Budget proposals are focused on three significant areas:*

- The targeting of preventative services and the improved financial management of care costs has resulted in significant savings to date. The significant reduction of children in care (475 at its peak and now 346) means that planned savings for 2015/2016 can be brought forward and further savings can be realised totalling £1.2m. In addition to this, income for complex placements with a care, social, health and education need will increase income by £0.4m

- Improved commissioning/contracting emphasis will result in a more dynamic approach to getting better value with the placements we continue to purchase and realise efficiencies of £0.4m
- Early help services continue to perform well and the strategy to target resources is paying dividends financially, as seen in the reduction of the numbers of children in care. Early intervention and prevention services are key to this and are being aided by improved integration arrangements linking youth support and family support
  - This will reduce management costs and planned for 2014/2015 is the removal of 5 further management posts and 3 back office support posts that will realise savings of £0.35m
- Plans to use more assertive home visiting and potentially deliver services from mobile outreach, especially bearing in mind the need for rural proofing, will reduce the need for the buildings we currently use. Buildings could be transferred to the community and with more integrated community hubs potentially being developed, building costs could be reduced by £0.15m
  - Momentum is gathering under the banner of going local in which we work to empower communities to become self sustaining and self reliant
- The current transport spend for children and families is nearly £9m. The proposal is to reduce this spend by c.7% to make savings of £0.7m
  - The successful reduction of children in care means we will spend less on transport for example, in supervised contacts prescribed by the Court. Furthermore for the services we currently purchase, improvements in the cost base of this will reduce spending by £275,000
  - With improved competition and more effective route planning for Special Educational Needs, a further reduction of £0.3m is achievable
  - The new national strategy of personalisation for education, health and care plans gives an opportunity to provide holistic personal budgets to parents which can include the transport element and estimates are that this could save £25,000
  - The introduction of Independent Traveller Training for young people to aid their social independence will further realise savings of £50,000
  - Finally, the service has reduced staffing costs of £50,000 which adds more savings.



# Adult Social Care and Independent Living

Net Budget <sup>1</sup>	
2013/2014	£92.8m
2014/2015	£93.6m
Variance	+£0.8m

## Some facts about Adult Care and Public Health

- 1 Life expectancy in Cheshire East is higher than the England average, and is rising at the fastest rate in the Northwest
- 2 The Council provides care to an average of c.5,500 adults at any given time
- 3 More than one third of the Council's net budget is utilised in support of services to adults

The services focus on promoting and supporting better health, wellbeing and lifestyles through delivering choice and personalisation. Achievements within Adult Care and Public Health will be measured through improvements in areas such as self management, lifestyle services, greater use of universal services and community resources, and a refocus on prevention and early intervention including a new Council responsibility to develop health checks for the over 50s, increasing re-ablement and increases in choice and control.

Public Health commissioned services are being reviewed and re-tendered where needed to ensure that they link with other Council and NHS services to deliver improved health outcomes.

*Budget proposals are focused on these significant areas:*

- Effectively managing the forecast growth in demand, by doing things differently - increasing choice for customers, stimulating the market and focusing resources for those most in need
- Detecting need early and supporting healthy lifestyle choices
- Continuing to provide personalised care, focusing on prevention and early intervention, and helping people stay in their own home

<sup>1</sup> This does not include grant funding of £14.3m which is ringfenced for 2014/2015 and 2015/2016 to support delivery of Public Health priorities.



- Continuing the work with our Partners to deliver an increased range of integrated services with health which identify and focus on meeting service users' needs and outcomes and ensuring they are appropriately safeguarded
- Making sure resources are targeted specifically to need and risk
- Innovation and evolution of a range of services across all care sectors to better serve our community with robust measures in place for Quality Assurance
- Joint approach with health commissioners in ensuring a clear and detailed joint commissioning strategy is in place to meet the needs of the local population, and prioritising the support for stronger communities.



# Environmental Protection and Enhancement

Net Budget	
2013/2014	£37.8m
2014/2015	£36.9m
Variance	-£0.9m

Some facts about Environmental Protection and Enhancement	
1	Over 200,000 bins are emptied every week in Cheshire East
2	92% of respondents in the recent Influence Cheshire East Autumn Survey were satisfied that bins are collected when they should be
3	Recycling rates exceed 50% of all waste, which is the best in the Northwest of England
4	More than 56,000 potholes have been filled in 2013 and claims from pothole damage have significantly reduced
5	Satisfaction with country parks increased during 2013/2014 to 96%
6	Gulleys have been cleaned to achieve reduced flooding against last year
7	“Free after 3” car parking has been introduced in 7 car parks across the borough to help businesses and increase footfall in town centres, with an addition of 4 more free car parks in Crewe, Congleton, Macclesfield and Wilmslow

Environmental Protection and Enhancement incorporate a wide range of front line operational services that are delivered by the Council and used by all residents who live and travel through Cheshire East. The services range from those that are essential to all residents such as and waste collection, roads and bereavement services, to services that enhance our environment and the wellbeing of residents, such as the Countryside and Public Rights of Way Network. All of which are vital and valued by the communities within Cheshire East.

Achievements in this service are measured by such things as maintaining the high recycling and satisfaction rates in waste services, improving the condition of the Highway Network by reducing the number of potholes, managing down overall pollution in the area whilst increasing satisfaction with our parks, open spaces and countryside.

*Budget proposals are focused on these significant areas:*

- Creating new efficient delivery models for Environmental and Bereavement Services, saving £0.7m in revenue expenditure. In waste services this approach will minimise the impact of increasing landfill taxes, rising fuel inflation and an increase in the number of dwellings requiring bin collection services. Each new delivery model will also be supported by capital expenditure, such as the refurbishment of Crewe Crematorium (£1.5m) and investment in improving the Pym's Lane Depot to increase capacity of the site (£2.4m). Provision is also being made for a potential transfer station facility in the North of the Borough, with potential capital investment of £7m
- Business as usual to service users, focussing on cost reductions and asset utilisation
- Using prestige locations on highways, creating advertising and sponsorship income (-£0.1m)
- Better managing existing road space by providing a highway permit scheme that can reduce congestion associated with highway and utility related activities
- Reducing energy use and carbon emissions and enhancing our environment (-£0.2m)
  - Carbon emissions have significantly reduced by 18% and on track to achieve a 25% reduction by 2016
  - Enhance rural habitats along roadside verges
  - Diverting waste from landfill sites
  - Converting waste into energy
- Step changes will be targeted at energy generated from waste - over 40% expected to be diverted from landfill next year
- At least maintaining the record levels of waste recycled, which is currently running at 54%
- A programme of pathway works in Queens Park (capital investment £0.5m)
- Continuing investment in the existing road infrastructure, including £11m capital expenditure on a 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.





# Public Protection and Enforcement

Net Budget	
2013/2014	-£0.3m
2014/2015	-£0.6m
Variance	-£0.3m

Some facts about Public Protection and Enforcement	
1	Attendance at Council Leisure facilities is increasing, with over 1,600,000 visits between April and October 2013, up 3% from the same period in 2012
2	The number of Penalty Charge Notices issued is over 22,000 per annum
3	60 Unauthorised Gypsy and Traveller encampments were dealt with across the Borough in 2013
4	Building control have dealt with over 2,000 applications this year resulting in almost 11,000 site visits to inspect over 16,000 elements of construction work
5	Reports of anti-social behaviour in Cheshire East are less than half the average for the Northwest
6	Regulatory Services carry out c.1,000 inspections a year in relation to diverse cases such as animal welfare and food safety
7	Building Regulation services dealt with 2,050 cases in the first quarter of 2013, which has generated a surplus position of £44,000 for the first 9 months of the financial year, with expectations that this will continue for the final period
8	97% of businesses and domestic service users are satisfied with the service received from Environmental Health
9	The Bikeability scheme is running at a 92% success rate, with 3,500 young people now accredited
10	Planning enforcement have responded to almost 600 new reports of alleged breaches of planning control issuing 21 formal notices
11	Licensing have managed over 1,300 premises applications this year

The service focuses on safety within communities and providing accessible leisure services. Achievements within Public Protection and Enforcement will be increasing participation in leisure activities and managing significant improvements in local leisure facilities.

*Budget proposals are focused on these significant areas:*

- The Council will take enforcement action to prevent behaviour which harms our communities and the environment. We will act consistently and proportionately, in line with our Enforcement Policy, in the interests of the public
- Civil enforcement of on-street parking will be focused on reducing congestion, improving traffic flow, and dealing with dangerous parking behaviours and obstruction
- Cheshire East Council is investing in leisure services, recognising the importance of an active lifestyle in achieving our outcomes for local people
- Establishment of a Leisure Trust to realise long term efficiencies and improve the quality of service for customers
- Focusing potential capital investment of £32m on our major towns of Crewe, Macclesfield and Congleton to address health inequalities and integrate lifestyle services



# Local Communities

Net Budget	
2013/2014	£18.6m
2014/2015	£17.5m
Variance	-£1.1m

Some facts about Local Communities	
1	Over 1,500,000 visitors pass through the doors of our libraries each year
2	Work in communities delivers a wide range of community activities and projects with over 100 new volunteers getting involved in projects such as managing community centres or volunteering at one of the 16 new work clubs
3	180,000 Council Tax and National Non Domestic Rate bills are issued during annual billing. In 2012/2013 the Council collected 98.2% of Council Tax placing it in the upper quartile compared to other unitary councils.
4	Focus on local area working attracted £0.65m in external funding and £0.3m in kind contributions from Partners in a year
5	95% of all library users are satisfied with their library service
6	The Council receives 500,000 telephone calls and face to face enquiries in its Customer Service Centres and our website receives more than 4,000,000 visits in a year
7	120,000 new claims and changes of circumstances for housing and council tax benefits are received and processed in a year
8	Community Grants awarded £73,053 towards £833,007 of project costs for 74 voluntary and community organisations during the first three-quarters of 2013/2014

The service focuses on the role that the Council will play in leading our communities, shaping local areas and bringing public services together with communities to create strong communities with a sense of independence, and ability to influence what services we commission in the future. It brings together a diverse range of services that impact on individual localities such as customer services, communities and partnerships, libraries, revenue and benefits, transport and community safety, and enforcement.

Achievements of the service will be measured by: an increase in volunteers in our communities; increasing use of the Council's website; developing community hubs based around the Council's current library services; accessible and relevant transport services; reductions in crime, particularly for young offenders.

*Budget proposals are focused on these significant areas:*

- Continuing to develop a sustainable library service (-£0.6m) and developing integrated community hubs
  - Expectations of libraries have evolved beyond the traditional role of promoting literature, reading and culture to also encompass information, literacy, learning, digital inclusion and job-seeking support
  - Improving the efficiency of the traditional function of lending and focusing resources to support customers with greatest need
  - No plans to close any facilities
- Efficient operation in Customer Services and Revenue and Benefits (-£0.2m)
  - Focusing on internal efficiencies for staff and systems to give a better customer experience
- Maintain investment in our regulatory services to protect the public and business and achieve our ambition to be an enforcing authority
- Improve the delivery of our concessionary fares service (-£0.3m)
- Working with Partners to create strong local communities (potential growth)
  - Building relationships with our communities to encourage community activity and reduce dependence on Council services.



# Economic Growth and Prosperity

Net Budget	
2013/2014	£6.5m
2014/2015	£7.3m
Variance	+£0.8m

Some facts about Economic Growth and Prosperity	
1	Cheshire East, as part of the Cheshire and Warrington Local Enterprise Partnership (LEP), is well established as a top-performing economy; in a national context, out-performing many of the leading economies in the Greater South East
2	Cheshire East's economic output (Gross Value Added) per head is 7% above the UK average and 26% above the regional average
3	Cheshire East's unemployment rate is at a five year low, at 1.9%, and is significantly lower than the rate for the region
4	Cheshire East is home to nearly 18,000 businesses including 21 of Insider's Top 250 Companies, in fact there are more businesses in Cheshire East than any other area in the Northwest - even more than in Manchester
5	37% of the Northwest region's Research and Development jobs are based in Cheshire East
6	40% of Cheshire East's workforce are qualified to degree level, significantly higher than the regional and UK average
7	Cheshire East has one of the largest highways investment programmes outside of any metropolitan centre
8	Cheshire East's tourism industry employs 10,000 Full Time Equivalents, attracts over 13 million visitors, and is now worth £689 million to the local economy

The Council has set out a clear vision and strategy for economic growth, which articulates the rationale and plans for increasing productivity and creating new jobs. This is based on the strong competitive advantage and track record that the borough has in terms of its skilled workforce, existing business base, entrepreneurial spirit, quality of life and its national, regional and local infrastructure.

- Cheshire East has all the right ingredients to see a step change in economic productivity and become a growth engine of the North. As such the directorate is being reconfigured to:
  - Utilise our strategic assets to drive economic growth
  - Increase our focus on securing new investment from both current and new inward investors

- Strengthen our approach to major development projects and programmes that build upon our key commercial, institutional and sectoral assets
  - Drive stronger and faster regeneration in our town centres, as a vital component in the well-being of our economy and communities
  - Ensure that the Council and its commercial stakeholders are well positioned to secure new funding for projects, coming through Cheshire & Warrington Local Enterprise Partnership and others
- As well as an excellent place to do business, Cheshire East is also a fantastic place to live and visit, and therefore focus is being placed on boosting the visitor economy and ensuring our housing offer is right. Major investment is also being made in our transport infrastructure to unlock the potential of our towns and villages, while at the same time protecting outstanding natural assets.
  - Key growth areas will be the development of a Science Corridor across North Cheshire linked with Greater Manchester – harnessing and increasing the value to UK plc of a number of world-leading science-based employment areas from Astra Zeneca in Macclesfield, through Jodrell Bank, Alderley Park, Booths Park and the international technology centre for Barclays Bank at Radbrook Hall. The new head quarters for the Waters Corporation due to open this year in Wilmslow demonstrates the growing confidence of investors in Cheshire and the valuable science industries located here.
  - Major economic growth plans for Crewe (Crewe High Growth City) and wider links through Mid Cheshire and along the M6 Corridor will be delivered through the All Change for Crewe Economic Plan. Building on recent successes in inward investment such as £800m in Bentley and major investment in infrastructure, the Council will work with its private and public sector Partners to deliver further jobs and investment.
  - Key to delivery of economic growth is a local planning framework which enables plan-led growth and stops unsustainable speculative development – this year will deliver the adoption of our new planning framework for the Borough to support communities and businesses.
  - Investment in strategic and local infrastructure will continue both delivering against existing infrastructure schemes but leveraging in more investment from Government and the private sector to deliver a large programme of new roads and highway improvements. Ensuring that the best deal for Cheshire East from national infrastructure proposals such as HS2 are a major focus, and ambitious growth plans linked to a new Crewe Hub station, as well as major mitigation proposals for the North of the Borough, form the basis of our response to the current consultation.

Achievements within Economic Growth and Prosperity will be measured by the number of new jobs created; levels of employment/unemployment; economic productivity; business survival rates; inward investment; high-speed broadband coverage; strategic highways investment; skilled and productive workforce; timescales for processing of major planning applications and an increasing supply of affordable housing.

*Budget proposals are focused on these significant areas:*

- Realising the full value of the Cheshire East economy (current Gross Value Added £9m) by job creation and business growth
  - New Investment Team to secure new investment and jobs
  - Engine of the North Development Company realising development potential of assets to deliver new homes, jobs and capital receipts
  - Delivering the pipeline of major strategic infrastructure (largest programme in UK outside of major conurbations)
- Adoption of a new Core Strategy as the key element of a Local Plan for Cheshire East which is jobs-led with strong focus on quality of the environment
- Developing new sustainable alternative energy sources, including geothermal energy, to ensure a lower cost and resilient supply of energy and heat for local communities and businesses
- Work with major investors on key sites such as Alderley Park and Radbrook Hall to create additional high value jobs and ensure growth is maintained
- Accelerating the release of surplus assets to reduce revenue costs (initial forecast is -£0.4m)
- Maintaining efficiency drive – Tatton Park subsidy reduction/reform of planning and property services
- Through integrated commissioning, ensure our housing policies and delivery of housing supply meet the current and future needs of our residents
- Commemorating the First World War Centenary for the benefit of local communities (+£0.1m)

# Corporate Services

Net Budget	
2013/2014	£49.4m
2014/2015	£47.8m
Variance	-£1.6m

## Some facts about Corporate Services

- 1 Spending on Central Services in Cheshire East is forecast to be 20% lower than in the average English Unitary Authority
- 2 The Service manages the Council's property portfolio of approximately 600 major property assets, with an asset value of £440m, which will assist in the delivery of a wide range of services to over 370,000 people in Cheshire East
- 3 Over 10,000 births, deaths or marriages are registered by the Council each year
- 4 Over 290,000 people are registered to vote in the Borough, the third largest electoral role in the Northwest
- 5 The service maintains and supports front-line services with nearly four thousand computers and laptops and nearly 350 different applications

Corporate Services focus on providing professional advice, such as legal and accountancy issues, across all Council services as well as providing the significant facilities and technology that can enable front line services to operate effectively. In addition to those roles Corporate Services have a vital role in maintaining registers, providing procurement advice and project management skills, supporting elected members and managing the governance and stewardship arrangements that promote transparency and accountability.

Achievements within Corporate Services will be measured by such things as promoting local democracy; 'true and fair' opinions from the external auditors on the financial statements; the added value the advice and expertise brings to delivery of front line services; the level of income collection rates; how the costs of support benchmark favourably with national comparisons; and achieving the best rate of returns on investment and the Council's estate.

*Budget proposals are focused on these significant areas:*

- An effective treasury management strategy is planned for 2014/2015 with no intention to increase borrowing from external lenders. Capital financing costs are forecast to reduce to £12.5m compared to the £13.5m forecast in February 2013

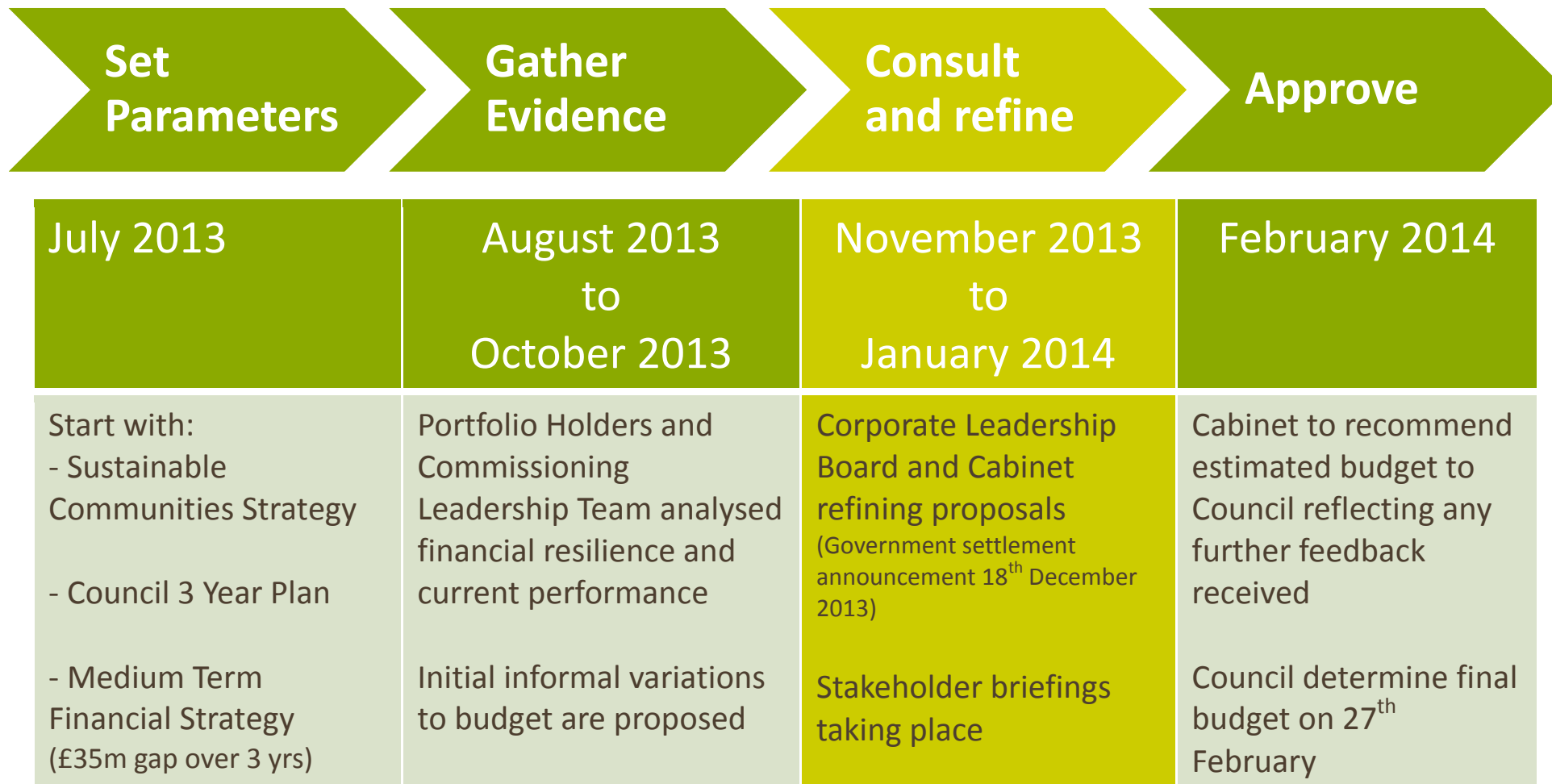


- Carbon Reduction Costs and utility costs are estimated to increase by over £0.9m in 2014/2015. Work on reducing emissions and effective disposal of surplus assets will continue to counter this issue. A cap on business rate increases at 2% may provide up to £50,000 of savings compared to current forecasts
- Applying the most cost effective approach to funding ICT projects by capitalising up to £1m of chargeable work on the Public Sector Network and Next Generation Desktop projects
- Challenging spending on procuring supplies and services, looking at volumes and pricing structures which will realise savings of over £0.5m
- Maintaining progress in financial management, further reducing risks which will be reflected in lower audit fees of up to £0.1m
- Corporate services will also continue supporting all departments to deliver required savings from employee structures, and improve productivity and effectiveness of service arrangements. This will include attention to incremental progression of salaries and reductions to car mileage rates
- Connecting Cheshire, capital investment of £23m planned for 2014/2015.



## 2 Developing the Strategy

### Process stages



## 2014/2015 – Key Budget Developments

Event	Comments
i) Council 28 <sup>th</sup> February 2013	Identified <a href="#">net budget deficit</a> for 2014/2015 of £8.3m
ii) Corporate Leadership Board (CLB) meetings in May 2013	Confirm net Budget deficit and outline process following policy development approach
iii) Cabinet 24 <sup>th</sup> June 2013	Receive 2012/2013 <a href="#">Final Outturn Review of Performance</a> Report
iv) Strategic Commissioning Leadership Team 5 <sup>th</sup> July 2013	Briefed on process and targets
v) Cabinet 22 <sup>nd</sup> July 2013	Agree <a href="#">financial planning assumptions</a> , net Budget deficit of £8.3m and process to close the gap
vi) Cabinet 19 <sup>th</sup> August 2013	Receive <a href="#">First Quarter Review of Performance</a> Report
vii) Progress meetings	Meetings with Executive Director of Strategic Commissioning and individual Commissioning Managers to discuss emerging responses and High Level Business Cases
viii) Financial Resilience of the Council	<a href="#">Guidance and Data on the Financial Resilience of the Council (PDF,962KB)</a> : Key information document launched on 16th October 2013 to demonstrate the Council's financial resilience
ix) Initial responses produced by 25 <sup>th</sup> October 2013	Commissioning Managers submit proposals for review
x) Cabinet 12 <sup>th</sup> November 2013	Receive <a href="#">Mid Year Review of Performance</a> Report
xi) Cabinet/Corporate Leadership Board meeting 19 <sup>th</sup> November 2013	Growth and savings proposals were submitted for analysis. Detailed challenge reduced the deficit considerably with further analysis being requested

Event	Comments
xii) 19th November to 4 <sup>th</sup> December 2013	Draft High Level Business Cases were completed, and passed to the Technical Enabler Group  Proposals were updated and amended following detailed review
xiii) Cabinet/Corporate Leadership Board meeting 4 <sup>th</sup> December 2013	Net proposals, to balance the 2014/2015 Budget, broadly agreed
xiv) Council 12 <sup>th</sup> December 2013	Agree <a href="#">Council Tax Base</a> for 2014/2015
xv) Member Briefings: 23 <sup>rd</sup> July, 7 <sup>th</sup> November and 17 <sup>th</sup> December 2013	Update on budget setting progress from Commissioning Managers
xvi) Technical Enabler Group and Executive Monitoring Board – November 2013 – January 2014	Challenge process for High Level Business Cases
xvii) Release Pre-Budget Report 11 <sup>th</sup> January 2014	Report release to various stakeholder groups for consultation
xviii) Corporate Scrutiny 13th January 2014	Consultation and engagement on the Pre-Budget Report
xix) Cabinet 4th February 2014	Endorse the 2014/2017 Budget package
xx) Council 27th February 2014	Approval of Medium Term Financial Strategy and setting of Council Tax

# 3 Financial Stability

## Autumn Statement

The Chancellor's Autumn Statement for 2013 took place on 5<sup>th</sup> December at 11:15am. The statement provides an update on the Government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility. These forecasts were published alongside the Autumn Statement on 5<sup>th</sup> December.

[Read more about Autumn Statement 2013 \(link to HM Treasury website\).](#)

## Impact of the Autumn Statement on Cheshire East Council

Following the Autumn Statement the Department for Communities and Local Government opened consultation on the provisional local government settlement on 18<sup>th</sup> December 2013.

Brief relevant details are summarised below, but for full details of the settlement please visit the [Department for Communities and Local Government](#) website.

## Government Grants

- General grant is predicted to reduce by just less than 15%
- New Homes Bonus will exceed expectations, other specific grants such as health and education are largely in line with forecasts.

## Local Taxation

Collection rates for Council Tax and Business Rates in Cheshire East exceed 99% of the amount billed and these local taxes provide the majority of funding for local services in Cheshire East. Income from business rates has increased from growth in the tax base and year on year inflationary increases from government, but inflation will be set at 2% in 2014 and not linked to Retail Price Index. In contrast the Council proposes to continue freezing Council Tax payments at 1<sup>st</sup> April 2011 levels.

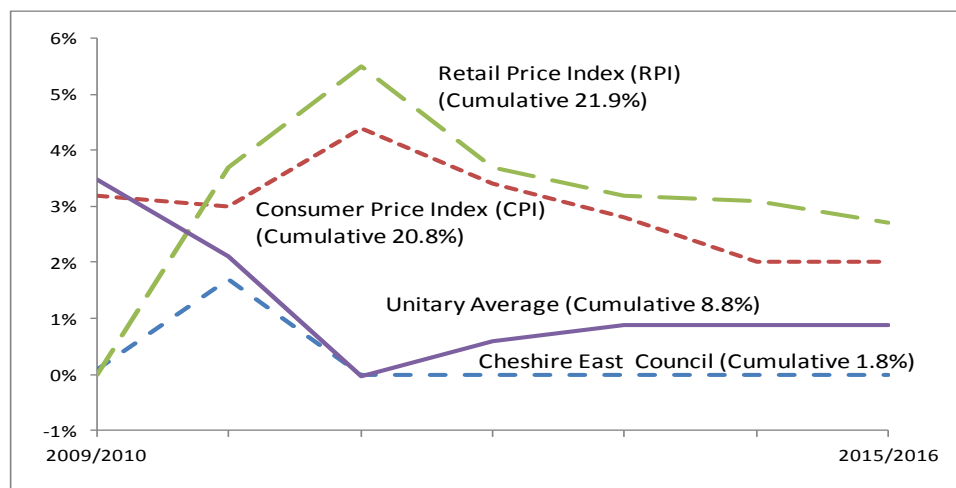
## Business Rates

- Announcements in the autumn statement – expectation that this will be managed by local government
- No growth above inflation is forecast for Cheshire East due to typically large values of appeals
- Options to pool with neighbouring authorities are still being explored
- Impact of reliefs and multiplier cap also uncertain.

## Council Tax

- Band D Council Tax proposed freeze for a fourth consecutive year
- New homes in the area less changes to discounts means overall tax base has slightly increased.

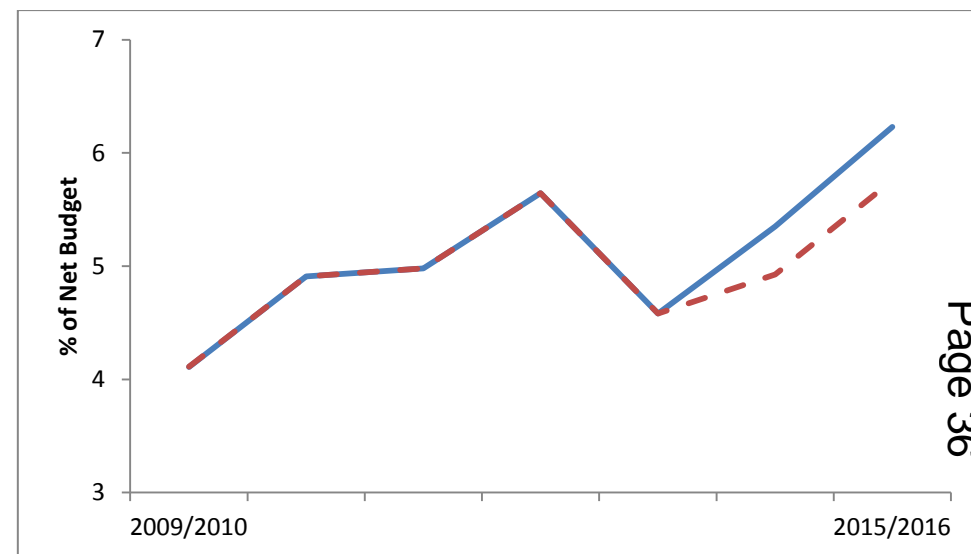
**Chart 1: Despite inflation Cheshire East Council Tax bills are still not rising**



Source: *Guidance and Data on the Financial Resilience of the Council Version 1 ~ October 2013*

## Capital Financing

**Chart 2: The impact of capital financing on the revenue budget is being reduced compared to forecasts in February 2013**



Source: *Guidance and Data on the Financial Resilience of the Council Version 1 ~ October 2013 (updated)*

- The Treasury Management Strategy aims to hold down capital financing requirements at c.£14m per year in the medium term. The net revenue budget will decrease over time so the percentage required to fund capital is therefore likely to increase, this is not unexpected though as the Council targets investment in infrastructure that can support the local economy.

- Properly managing resources ensures that cash balances remain stable and the forecast capital financing budget will reduce compared to the Medium Term Financial Strategy
- No additional external borrowing is planned in 2014/2015.

### **Pay & Pensions**

- A staff pay award of 1% is anticipated for 2014/2015 although this is not expected to apply to senior officers
- Pension contributions from staff are increasing from 1<sup>st</sup> April
- Pension contributions by the Council are also expected to increase in line with the Medium Term Financial Strategy forecasts
- Legacy costs of redundancy from LGR will be cleared in 2014/2015 as planned.

### **Better Care Fund**

- Nationally transferring £3.8bn from the National Health Service to move resources from acute care setting to primary, community and social care
- Nationally £1.6bn will be paid based on performance against six nationally set measures and a seventh locally decided measure
- The transfer is phased over two years.

# Capital Investment 2014/2015

- The 2013/2016 capital programme of £223.9m was approved by Council on 28<sup>th</sup> February 2013. Updates have been provided via quarterly reports to Council during 2013/2014, but the overall value of the three year programme remained virtually unchanged. However, reductions in the region of £15m are being considered following a review in November.
- The Council is now developing a strategic 3 Year Capital Programme of £306.5m for the period 2014/2017 with an emphasis on infrastructure which will generate local economic growth; investment in new service delivery models and improvements in the Council's asset base. The 2014/2017 capital programme is intentionally aspirational, reflecting the Council's ambition, to pursue additional external funding, private sector investment and capital receipts. It is designed to allow flexibility, so that schemes can be phased, reviewed and if necessary put on hold until the resources required are identified and secured, or alternatively, brought on stream to take advantage of funding and market opportunities as and when they arise.
- Capital schemes follow the Gateway Evaluation Process and will not proceed unless they contribute to the Council's Outcomes; deliver measurable benefits and meet the affordability criteria. The programme provides estimated spending profiles for 2014/2015 and future years, and will be monitored through the Council's strict governance arrangements.
- Actual expenditure on projects several years off completion, especially high value contracts, may vary compared to the estimates in the three year programme, any such variations will be reported to Members at least quarterly. For example, the programme is expected to be funded by c.£80m of capital receipts, depending on the timing of these receipts the start times of some projects may be brought forward or delayed. The current status of the land and property market will be kept under review by the Asset Management Service and East Cheshire Engine of the North Ltd. The programme will be reviewed if the resource position changes.
- Projects that are not included in the current programme may still be considered if there are alternative funding options and there is opportunity to meet the capacity requirements of the project.

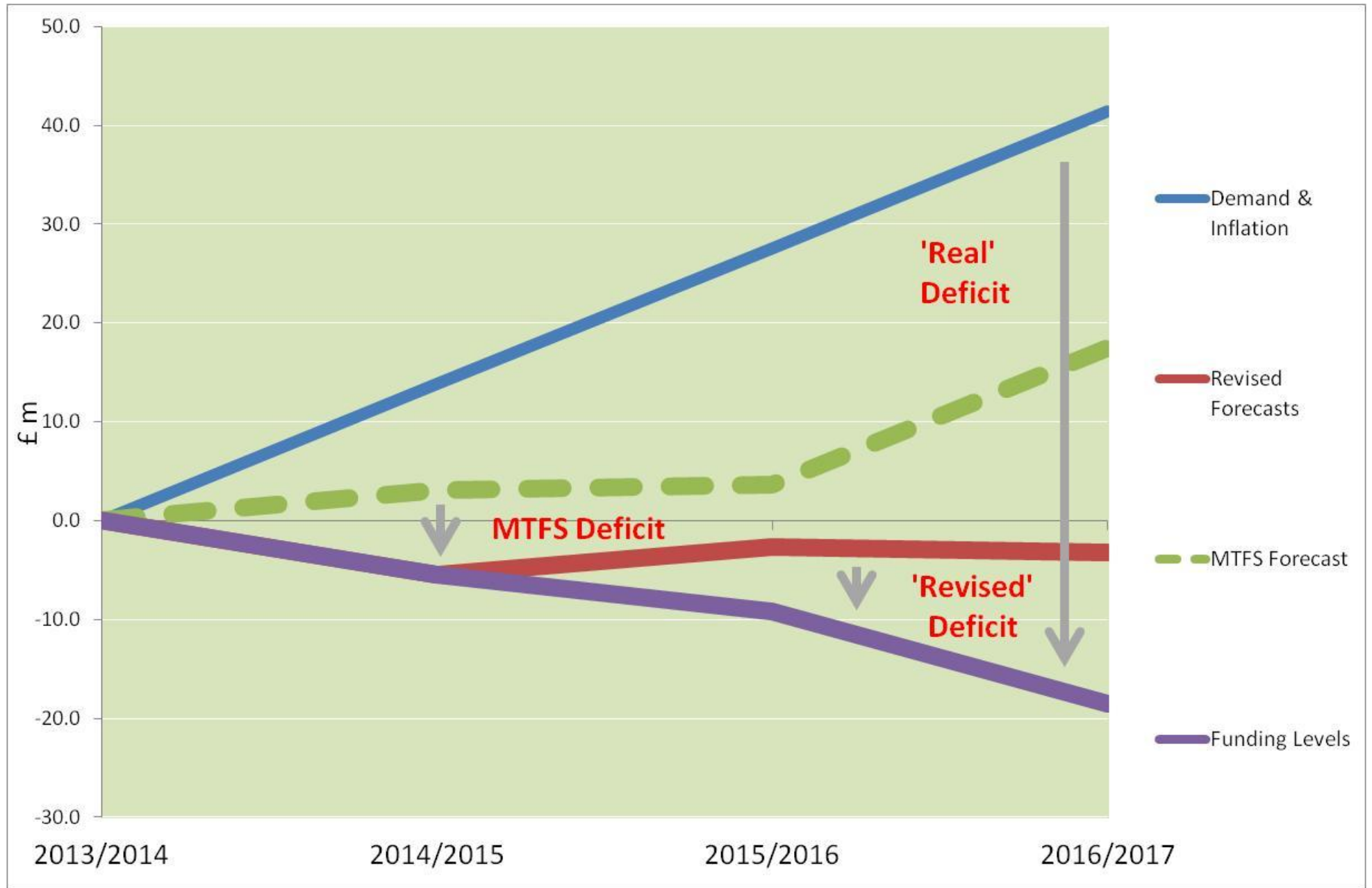


# Protecting Against Risk and Supporting Investment

- Supporting the Council's budget with adequate reserves is a key element to creating financial resilience, and the publication: [Guidance and Data on the Financial Resilience of the Council \(PDF,962KB\)](#) provides clear evidence of an improving trend of robust forecasting of performance and improvements in the level of general reserves.
- The decision, by the Chancellor in his Autumn Statement (December 2013), to include Council Tax freeze funding as part of the Council's basic grant allocation reduces the threat of that income source being removed at some later date. The 2014/2017 budgets will therefore rely on much less one-off funding than was estimated in February 2013. As a consequence of this the Council will be much more flexible in its approach to holding or transferring money from general and earmarked reserves.
- Since Local Government Reorganisation in Cheshire in 2009 the Council has invested one-off income sources such as Council Tax freeze grants to pay for items such as redundancy costs or alternatively short term staffing needs that support transformation in service delivery. The Council also establishes a level of reserves that are adequate to protect the Council against financial risks, such as emergencies, which are not specifically budgeted for in individual years.
- The Council will continue to be flexible about investing revenue funding in maintaining sustainable services and reflecting changes to the risks facing the Council. The full Budget Report will include a revised reserves strategy for 2014/2017 to provide further detail on estimated balances and the application of reserves in the medium term.

# The Medium Term

- If the Council had taken no action to mitigate the impact of inflation then a real deficit could have emerged of approximately £60m. Inflation can materialise in Council services from increasing demand or from inflation in prices. If we do not innovate, the real deficit only gets bigger – Cheshire East Council will maintain an approach to minimise cost, and invest in prevention activity and reducing demand for direct Council services.
- For example, an ageing population may require additional social care support and an increasing number of households will require more bins being emptied. Price inflation can come from rising fuel bills and utility charges. Matching the approach taken in 2012/2013 and 2013/2014, the 2014/2015 budget will set aside dedicated funding to support costs of transition, such as costs from staffing reductions or implementing new processes or ICT.
- The chart opposite shows how funding levels are expected to decrease in the medium term and that significant work has been done to balance the 2014/2015 position. There is still a potential budget deficit in 2015/2017, but it is much lower than the demand and inflation forecasts. We are proactively and positively addressing the budget gap, and this will continue throughout 2015/2016 and 2016/2017.



# 4 Workforce Planning

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. The introduction of Performance Related Pay for senior managers will strengthen this further.

## Pensions

There are a number of changes to the Local Government Pension Scheme due to take effect in 2014/2015. Key aspects covered in the draft Regulations are:

- Career Average Re-valued Earnings (CARE) benefit structure through the setting up of “Pension Accounts” for each employment/category of member (7 in total)

- The Pension Accounts are based on a 49ths accrual rate [98ths for the 50:50 Scheme]
- Revaluation adjustment used to index each year’s pension accrual through an addition to the Pension Account
- Revised employee contribution rates (applying to the wider definition of Pensionable Pay that does not exclude non-contractual overtime)
- Creates an Assumed Pensionable Pay (APP) which protects members when pay is reduced in certain circumstances
- Ill health and survivor benefits
- Changes to Retirement Ages, and the continued link to State Pension Age
- Inclusion of various Administration aspects under Part 2 of the draft regulations

Employee Pension fund contributions for high earners will further increase from 1<sup>st</sup> April 2014, however 97% of Local Government Pension Scheme fund members will not see an increase to their contributions.

Pension contributions by the Council are also expected to increase in line with the Medium Term Financial Strategy forecasts.

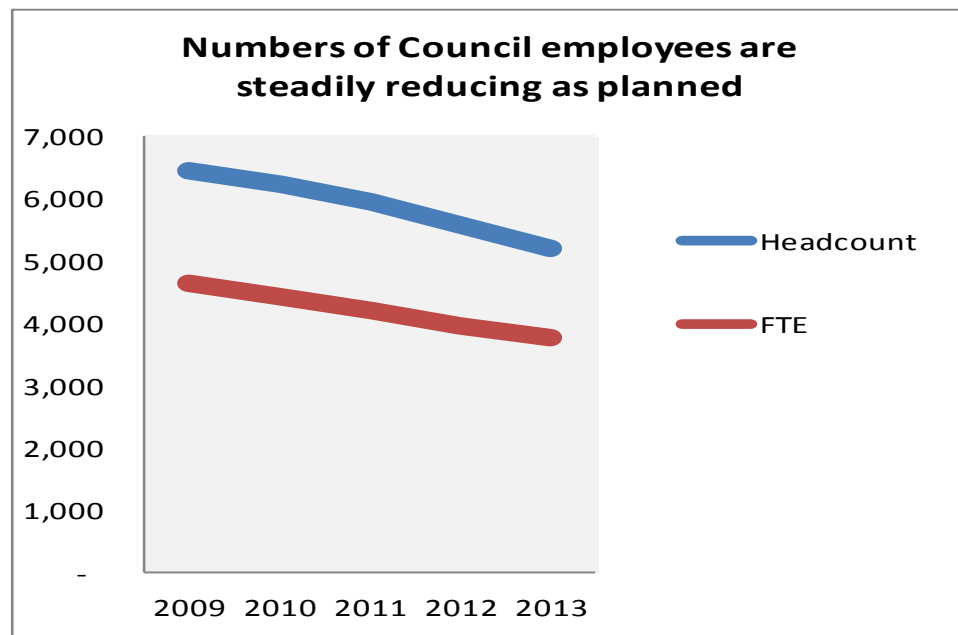
## Pay and Terms and Conditions

The Trade Unions have submitted a pay claim to the Local Government Association for a staff pay award of 1% in 2014/2015, this is being considered currently (though this is not expected to apply to senior officers).

Whilst the Council does not intend to change employee Terms and Conditions in 2014/2015, there is a commitment to move away from Zero Hours Contracts and move towards flexible contracts announced, along with a move towards the living wage.

In addition, the Council will seek to introduce a 45p mileage rate for officers and Members, subject to staff and Trade Union consultation.

### Headcount analysis and trend:



## New management structure and overall Full Time Equivalents (FTEs) impact

- Phases 1 and 2 of the Senior Management Review are now complete and the new operating model is becoming embedded. Savings of £5m over three years were committed, however the full £5m will be achieved in the second year, 2014/2015

### Estimated headcount April 2014

Reductions anticipated from the completion of the Senior Management review and additional proposals related to staffing reviews in 2014/2015 will see a further headcount reduction of approximately 100 staff. The Council is developing a strategic client function to support the commissioning model. Additionally, as the Council continues on its commissioning journey and Alternative Service Delivery Vehicles are set up, it is inevitable that the core workforce of the Council will reduce. As part of this 844 staff are due to transfer out to Alternative Service Delivery Vehicles in early 2014/2015.

# **Annexes to Pre-Budget Report**

## **2014 / 2017**

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**January 2014**

# Annex 1 Detailed table to show impact of proposals on each Strategic Commissioning Leadership Team area

Revenue Budget	2013/2014 £m	2014/2015 £m	2015/2016 £m	2016/2017 £m	Three Year Change £m	Three Year Change %
<b>Commissioning</b>						
Children's Services	57.0	53.9	52.8	53.4		
Adults, Social Care and Independent Living	92.8	93.6	95.5	94.9		
Public Health	0.3	0.3	0.3	0.3		
Environmental Protection and Enhancement	37.8	36.9	36.0	35.2		
Public Protection and Enforcement	-0.3	-0.6	-0.3	0.0		
Communities	18.6	17.5	16.3	16.1		
Economic Growth and Prosperity	6.5	7.3	6.1	5.7		
Chief Operating Officer	49.4	47.8	47.8	48.9		
Central budgets	14.6	13.6	14.6	14.0		
<i>Additional Reductions to closing Funding Deficit Yr 2</i>				-6.6		
<b>Estimated Service Budgets</b>	<b>276.7</b>	<b>270.3</b>	<b>269.1</b>	<b>261.9</b>	<b>-14.8</b>	<b>-5.3%</b>
<i>Funded by</i>						
Council Tax	-166.8	-167.3	-167.3	-167.3	-0.5	0.3%
Government Grants	-109.9	-103.0	-95.2	-79.2	30.7	-27.9%
<b>Total</b>	<b>-276.7</b>	<b>-270.3</b>	<b>-262.5</b>	<b>-246.5</b>	<b>30.2</b>	<b>-10.9%</b>
<b>Potential Funding (Surplus) / Deficit</b>	<b>0.0</b>	<b>0.0</b>	<b>6.6</b>	<b>15.4</b>		

Source: Cheshire East Finance

## Annex 2 Balancing the Medium Term Strategy

Set Parameters

Gather Evidence

Consult and refine

Approve

July 2013	August 2013 to October 2013	November 2013 to January 2014	Pre-Budget Report January 2014																																																												
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## Annex 3 Timetable to Approval

11 January	Pre-Budget Report released	Report to be available on the website	
13 January	Corporate Scrutiny Committee	Consider Pre-Budget Report	
TBC	Budget/Cheshire East Council support meeting with Business Representatives	Engagement meeting	
15 January	Corporate Leadership Board	Three Quarter Review, December Monthly Monitoring Report Draft Budget Report	
16 January	Staffing Committee	Engagement meeting	
21 January	Cabinet Briefing	Three Quarter Review/Budget Report	
Late January	Final Settlement		
30 January	Schools Forum	Engagement meeting	
3 February	Corporate Scrutiny Committee	Receive Quarter 3 Performance Reports	
4 February	<b>CABINET MEETING</b>	Receive Quarter 3 Performance Report and <b>recommend 2014/2015 Budget Report</b> to 27 <sup>th</sup> February Council	<b>Approval Stage</b>
Post 4 February	Informing Cheshire East (ICE) survey	Issue survey to citizen's panel inviting feedback on budget proposals and how the impact on residents can be managed	
10 February	Corporate Trade Unions	Engagement meeting	
27 February	<b>COUNCIL MEETING</b>	<b>Agree 2014/2015 Budget Report</b>	<b>Approval Stage</b>

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