



# **Budget Report 2013 / 2016**

**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.*

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| <b>Three Year Summary<br/>Position</b>                                       | <b>Current<br/>Net Budget<br/>2012/2013<br/>£m</b> | <b>Estimated<br/>Net Budget<br/>2013/2014<br/>£m</b> | <b>Estimated<br/>Net Budget<br/>2014/2015<br/>£m</b> | <b>Estimated<br/>Net Budget<br/>2015/2016<br/>£m</b> |
|--|--|--|--|--|
| 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  |
| <b>TOTAL: Directorates</b>   | <b>262.0</b>                                       | <b>264.0</b>   | <b>252.6</b>   | <b>234.8</b>   |
| <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  |
| <b>TOTAL: Central Budgets</b>  | <b>-262.0</b>                                      | <b>-264.0</b>  | <b>-252.6</b>  | <b>-234.8</b>  |
| <b>Deficit / (Surplus)</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   |
| <b>General Reserves Position</b>   |  |  |  |  |
| Opening Balance  | 11.4   | 13.2   | 13.2   | 13.2   |
| Change   | 1.8  | -  | -  | -  |
| <b>Closing Balance</b>   | <b>13.2</b>  | <b>13.2</b>  | <b>13.2</b>  | <b>13.2</b>  |

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.   |

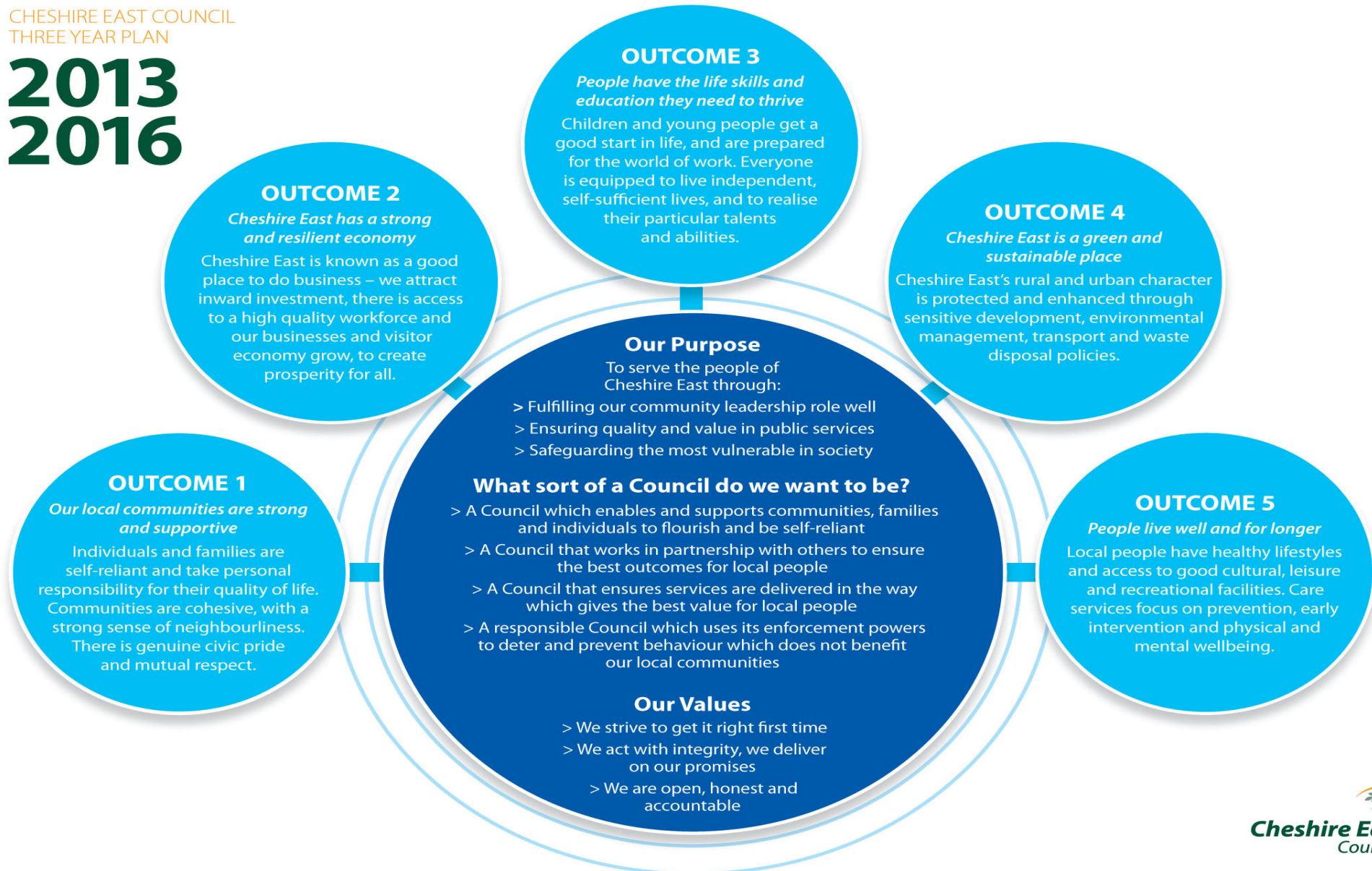
# 1. Meeting the Council's Priorities

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 15<sup>th</sup> 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**



# 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

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

## Change Programmes

**Table 1 – The stages of the Business Planning Process 2013/2016**

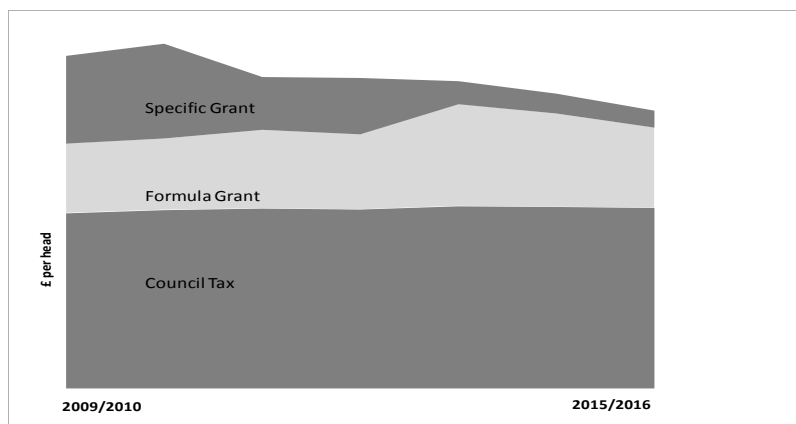
| Phase | Date                | Events  |
|-------|---------------------|---|
| 1     | May to July         | High level funding estimates prepared. Outline Business Planning Process 2013/2016 is agreed at Cabinet on 23 <sup>rd</sup> July 2012.  |
| 2     | August to September | <p>The Government releases 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 25<sup>th</sup> 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 10<sup>th</sup> December 2012</p> <p>The Provisional Funding Settlement is announced on the 19<sup>th</sup> 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<br>Restated<br>as at TQR<br>£m | 2013/2014<br>£m | Change<br>£m | Change<br>% |
|---|--|-----------------|--------------|-------------|
| 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**.

| <b>Table 3 - Grant Funding is reducing by 10% in 2013/2014</b> | <b>2012/2013<br/>Restated<br/>as at TQR</b> | <b>2013/2014</b> | <b>Change</b> | <b>Change</b> |
|--|---|------------------|---------------|---------------|
|  | £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             |               |               |
| <b>Funding Available to Services</b>                           | <b>-126.5</b>                               | <b>-114.0</b>    | <b>-12.5</b>  | <b>-9.9%</b>  |

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**.

| <b>Table 4 - Separate specific grants have reduced substantially</b> | <b>2012/2013<br/>Restated<br/>as at TQR<br/>£m</b> | <b>2013/2014<br/>£m</b> | <b>Change<br/>£m</b> | <b>Change<br/>%</b> |
|--|--|-------------------------|----------------------|---------------------|
| 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                    |                      |                     |
|  | <b>-41.5</b>                                       | <b>-21.0</b>            | <b>-20.5</b>         | <b>-49.4%</b>       |

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).

| <b>Table 5 - Dedicated Schools Grant will be allocated in 3 notional blocks from 2013/2014</b> |  | <b>Actual 2012/2013</b> | <b>Estimated 2013/2014</b> | <b>Change</b> | <b>Change</b> |
|--|--|-------------------------|----------------------------|---------------|---------------|
|  |  | £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**.

| <b>Table 6 - The calculation of the 2013/2014 Cheshire East Council Band D Council Tax</b> |      | <b>£m</b>  | <b>£m</b>        |
|--|------|------------|------------------|
| 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              |
| <b>Amount to be Raised from Council Tax</b>  |      |            | <b>166.8</b>     |
| No. of Band D Equivalent Properties (note 1)   |      | 137,122.19 |                  |
| <b>Band D Council Tax</b>  |      |            | <b>£1,216.34</b> |

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**

| <b>Band</b>     | <b>A</b> | <b>B</b> | <b>C</b> | <b>D</b> |
|-----------------|----------|----------|----------|----------|
| Council Tax £   | 810.89   | 946.04   | 1,081.19 | 1,216.34 |
| No of Dwellings | 29,440   | 34,521   | 32,762   | 24,407   |
| <b>Band</b>     | <b>E</b> | <b>F</b> | <b>G</b> | <b>H</b> |
| 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 10<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 13<sup>th</sup> 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 31<sup>st</sup> March 2013. This represents no change from the position forecast at 31<sup>st</sup> 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.

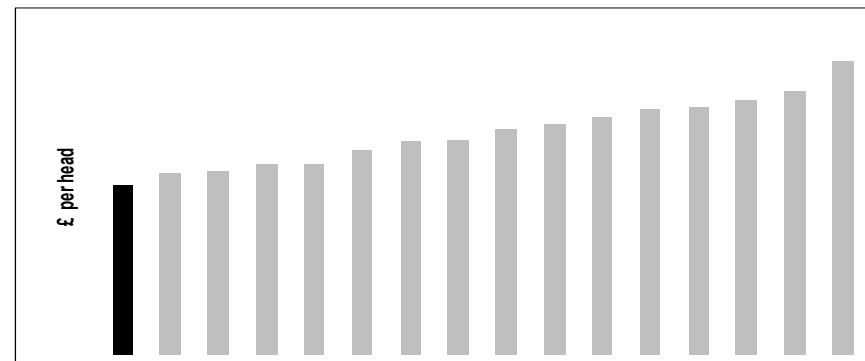
56. The final figures cannot be calculated until each authority has set its 2013/2014 Council Tax. Contributions under the Second Homes agreement to the CDRP from the Police and Crime Commissioner and Cheshire Fire and Rescue Authority will be made during 2013/2014 by adjusting the precept payments to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

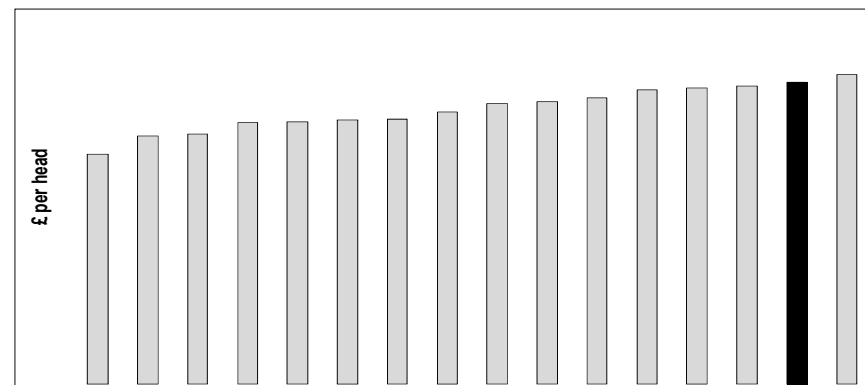
### Funding Comparisons to Elsewhere

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

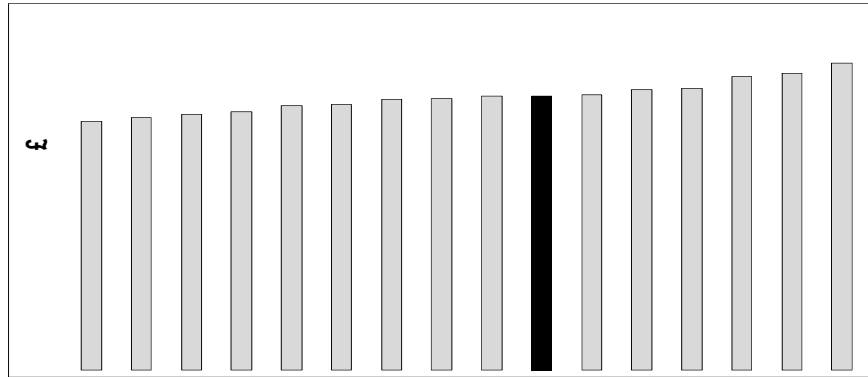
59. **Chart 2** – BRRS income (including RSG) per head is the lowest of the Council's 15 near statistical neighbours



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



### 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 17<sup>th</sup> July 2012. This was a complex document and the Council responded within the deadline of 24<sup>th</sup> 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

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

##### 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 2<sup>nd</sup> August 2011 which closed on 14<sup>th</sup> 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 21<sup>st</sup> 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**

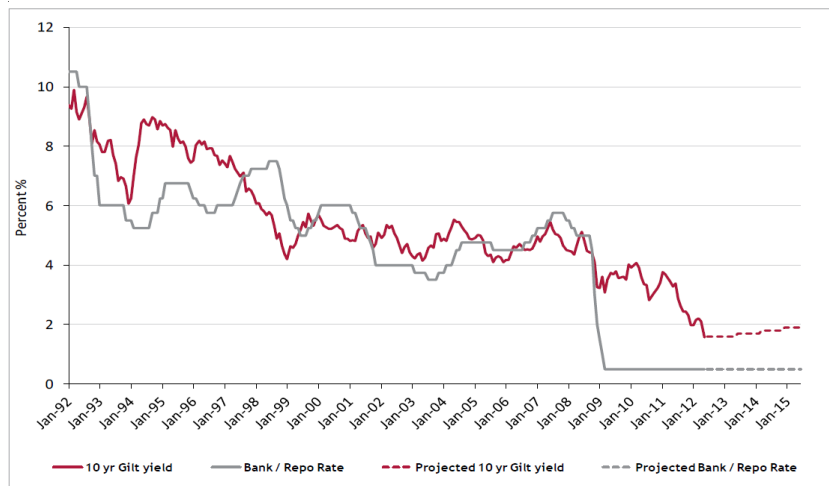
- 63.In some key service areas the Council makes a charge directly to the service user. The prices charged will sometimes be set nationally, but should always be related to recovering some or preferably all of the Council's costs in delivering discretionary services.
- 64.Approximately 12.3% of the Council's 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

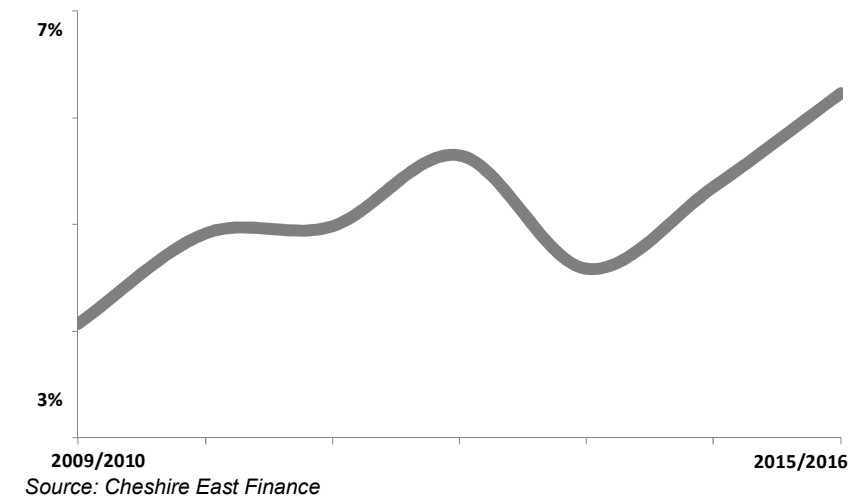
## Capital Financing Costs

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 10<sup>th</sup> 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**





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.

| <b>Table 8 - Capital Financing Budget</b>  | <b>2013/14</b> |
|--|----------------|
|  | <b>£m</b>      |
| 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            |
| <b>Total Debt Repayment</b>                | <b>12.1</b>    |
| Less: Interest Receivable on Cash Balances | -0.2           |
| <b>Net Capital Financing Budget</b>        | <b>11.9</b>    |
| <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 23<sup>rd</sup> 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 13<sup>th</sup> 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.

| <b>Table 9 - Capital Programme Summary</b> | <b>2013/2014<br/>£m</b> | <b>2014/2015<br/>£m</b> | <b>2015/2016<br/>£m</b> |
|--|-------------------------|-------------------------|-------------------------|
| Proposed New Starts                        | 26.3                    | 33.7                    | 22.4                    |
| Ongoing Schemes                            | 85.7                    | 49.4                    | 6.5                     |
| <b>Total Capital Programme</b>             | <b>112.0</b>            | <b>83.1</b>             | <b>28.9</b>             |
| <b>Financing</b>                           |                         |                         |                         |
| 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                     |                         |                         |
| <b>Total Sources of Funding</b>            | <b>112.0</b>            | <b>83.1</b>             | <b>28.9</b>             |

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.

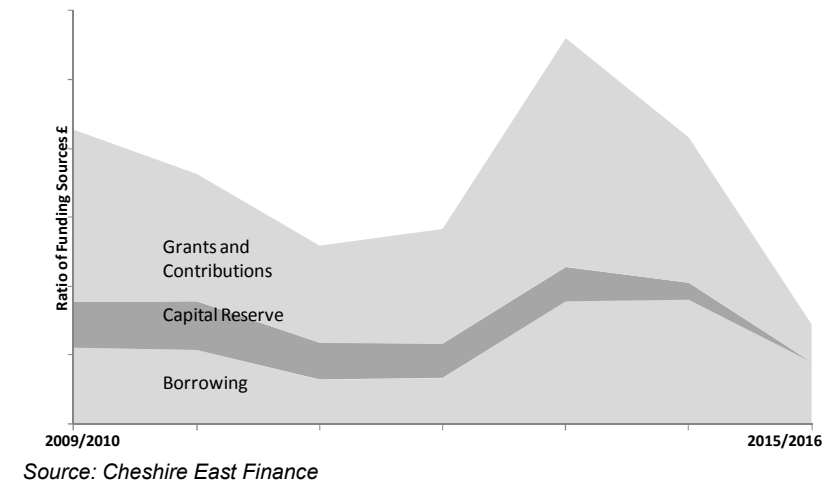
### Revenue

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**



### 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 15<sup>th</sup> October and 10<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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**.

| <b>Table 10 - Reserves levels will be maintained in the medium term</b> | <b>2012/2013</b> | <b>2013/2014</b> | <b>2014/2015</b> | <b>2015/2016</b> |
|---|------------------|------------------|------------------|------------------|
|   | £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.

| <b>Table 11 - Three Year Summary Position</b> | <b>2012/2013</b> | <b>2013/2014</b> | <b>2014/2015</b> | <b>2015/2016</b> |
|---|------------------|------------------|------------------|------------------|
|   | £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              |
| <b>TOTAL: Directorates</b>                    | <b>262.0</b>     | <b>264.0</b>     | <b>252.6</b>     | <b>234.8</b>     |
| 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             |
| <b>TOTAL: Central Budgets</b>                 | <b>-262.0</b>    | <b>-264.0</b>    | <b>-252.6</b>    | <b>-234.8</b>    |
| <b>Deficit / (Surplus)</b>                    | <b>0.0</b>       | <b>0.0</b>       | <b>0.0</b>       | <b>0.0</b>       |

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  |
|---|--|
| <b>Measure One ~ Challenge Financial Assumptions</b>              | Estimates related to government funding and inflation in particular will be checked against up to date indices and policies.     |
| <b>Measure Two ~ Review Local Taxation</b>                        | Flexibility in Council Tax & Business Rates is explored in relation to emerging Government policy and local ambition.            |
| <b>Measure Three ~ Manage Reserves</b>                            | The impact of the Council's Reserves Strategy is analysed, particularly in relation to risk and investment.                      |
| <b>Measure Four &amp; Five ~ Manage Cost Drivers &amp; Income</b> | 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<br>Challenge<br>Financial<br>Assumptions | <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- Pay Inflation is being assumed in the medium term and will be reviewed in light of available funding and economic circumstances.</li> </ul> |



| Measure  | Table 12 – Balancing the Medium Term Budget   |
|--|---|
| <b>Measure Two</b><br><b>Review Local</b><br><b>Taxation</b> | <p><i>The Council retains the opportunity to review current funding assumptions:</i></p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- There is potential to work with local businesses to introduce business improvement districts for specific purposes.</li> </ul> |
| <b>Measure Three</b><br><b>Manage</b><br><b>Reserves</b>     | <ul style="list-style-type: none"> <li>-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.</li> <li>-The robustness of the proposals in the budget will improve budget management, significantly reducing the risks of unforeseen budget pressure.</li> <li>-The Reserves Strategy for 2013/2016 aims to maintain reserve levels over the medium term, reinvesting one-off funding in service change.</li> </ul>  |

| Measure  | Table 12 – Balancing the Medium Term Budget  |
|--|--|
| <b>Measures Four &amp; Five<br/>Manage Cost Drivers &amp; Income</b> | <p>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: <a href="http://www.cheshireeast.gov.uk/budget">www.cheshireeast.gov.uk/budget</a></p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>-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.</li> <li>-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.</li> <li>-Reshaping Corporate Services, which account for c.10% of the Council's net budget, to reflect a smaller organisation.</li> <li>-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.</li> <li>-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.</li> <li>-Introducing a robust and effective Community Infrastructure Levy that can engage developers and other stakeholders in delivering appropriate funding in key areas.</li> <li>-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.</li> </ul> |

- 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.

**Measure****Table 12 – Balancing the Medium Term Budget**

-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 4<sup>th</sup> February 2013).

| <b>Table 13 - Directorate spend position compared to adjusted Three Quarter Review position</b> | <b>2012/2013 Restated Budget as at TQR</b> | <b>2012/2013 Forecast Outturn as at TQR</b> | <b>2013/2014 Proposed</b> |
|---|--|---|---------------------------|
|   | <b>£m</b>                                  | <b>£m</b>                                   | <b>£m</b>                 |
| 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                       |
| <b>Total Directorate Expenditure</b>  | <b>262.0</b>                               | <b>268.8</b>                                | <b>264.0</b>              |

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](http://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

## 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  |
| <b>1.0 Local economic development</b>  |                     |        |             |                    |               | 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      |
| <b>2.0 Developing affordable, and sustainable local models of care for vulnerable children and adults</b>                            | 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 |
| <b>3.0 Focusing services on early intervention and prevention</b>  | -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 |
| <b>4.0 Responding to the changing education and learning environment</b>   | -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  |
| <b>5.0 Securing housing that is locally-led, community-based and that meets local needs</b>   |                     |        |             |                    |               | 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    |
| <b>6.0 Redefining the Council's role in core place-based services</b>   |                     |        |             |                    |               | 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 |
| <b>7.0 Reshaping the Organisation</b>   |                     |        |             |                    |               | 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<br>£000s | Adults<br>£000s | Places & OC<br>£000s | Corporate Services<br>£000s | Cross Cutting<br>£000s | Total<br>£000s |
| <b>8.0 Workforce planning</b>   |                              |                 |                      |                             |                        | <b>0</b>       |
| 8.1 - Further develop employment and working practices to enable flexible and agile working   |                              |                 |                      |                             |                        | <b>0</b>       |
| 8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills                             |                              |                 |                      | 145                         |                        | <b>145</b>     |
| 8.3 - Manage workforce turnover so that vacant posts are used to provide efficiency savings, whilst retaining staff with essential skills |                              |                 | -181                 |                             |                        | <b>-181</b>    |
|   | <b>0</b>                     | <b>0</b>        | <b>-181</b>          | <b>145</b>                  | <b>0</b>               | <b>-36</b>     |
| <b>9.0 Other</b>  |                              |                 |                      |                             |                        |                |
| 9.1 - One year funding allocation to assist delivery of major change programme  | 370                          | 580             | 470                  | 160                         |                        | <b>1,580</b>   |
| 9.2 - Provision for contractual increments currently under review   |                              |                 |                      |                             | 210                    | <b>210</b>     |
| 9.3 - Management restructure - Unidentified   |                              |                 |                      |                             | -2,173                 | <b>-2,173</b>  |
| 9.4 - Vacancy Management Provision  |                              |                 |                      |                             | -2,500                 | <b>-2,500</b>  |
|   | <b>-90</b>                   | <b>9,698</b>    | <b>2,681</b>         | <b>872</b>                  | <b>-4,463</b>          | <b>8,698</b>   |



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

**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        |
| <b>5.0 Securing housing that is locally-led, community-based and that meets local needs</b>   |                     |        | 4,195       |                    |               | <b>4,195</b> |
| 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        |
| <b>6.0 Redefining the Council's role in core place-based services</b>   |                     |        |             |                    |               | 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          |
| <b>7.0 Reshaping the Organisation</b>   |                     |        |             |                    |               | 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**

| Table 15 - CAPITAL  |  | 2013/2014           |        |             |                    |               |         |
|---|--|---------------------|--------|-------------|--------------------|---------------|---------|
| Summary of Priorities and Major Change Programmes   |  | 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

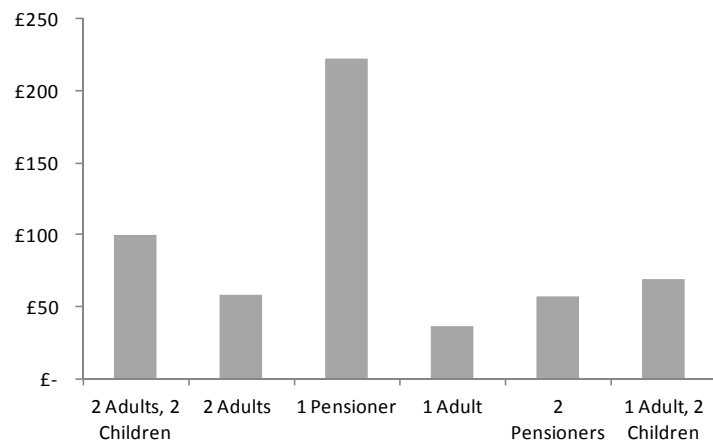
### Household Calculator

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**

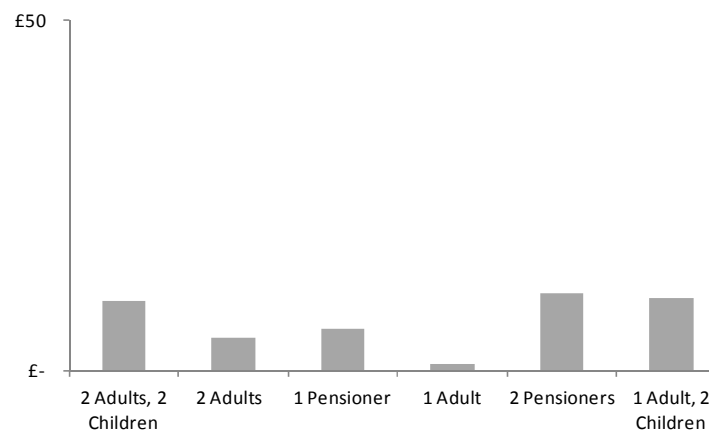


140. Every service with the authority is in the process of refining a Charging and Trading Strategy which sets out the rationale for setting / changing fees and charges within that area.

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><b>2 Adults</b><br/><b>2 Dependent Children</b></p>  <p><b>Typical Household Facts:</b></p> <p>Adults both working (full or part time) with combined <b>net income of £43,000pa</b></p> <p>Children attending <b>local schools</b></p> <p>Living in a <b>Band E</b> Property</p> | <p><b>Council Tax</b></p> <p><b>Fees &amp; Charges</b></p> <p><b>Total charges in 2012/2013</b></p> <p><b>Total increase in annual payments if inflation of 3.1% for the year were added on (Retail Prices Index)</b></p> <p><b>Actual proposed increase in charges for 2013/2014</b></p> | <p>£1,487</p> <p>£1,736</p> <p><b>£3,223</b></p> <p><b>£100</b></p> <p><b>£10</b></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"> <li>-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.</li> <li>-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.</li> <li>-Local initiatives ~ the Council in investing in initiatives such as: <ul style="list-style-type: none"> <li>-Local regeneration schemes.</li> <li>-Affordable Housing Initiatives.</li> <li>-Housing Grants.</li> <li>-Assisted Purchase Schemes.</li> <li>-Council Tax Support Scheme.</li> </ul> </li> <li>-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.</li> </ul> |

|  |   |  |  |
|--|---|--|--|
| <p><b>Pensioner Couple</b></p>  <p><b>Typical Household Facts:</b></p> <p>Private pension with combined <b>net income of £23,000pa</b></p> <p>Living in a <b>Band D</b> property</p> | <p><b>Council Tax</b></p> <p><b>Fees &amp; Charges</b></p> <p><b>Total charges in 2012/2013</b></p> <p><b>Total increase in annual payments if inflation of 3.1% for the year were added on (Retail Prices Index)</b></p> <p><b>Actual proposed increase in charges for 2013/2014</b></p> | <p>£1,216</p> <p>£631</p> <p><b>£1,847</b></p> <p><b>£57</b></p> <p><b>£11</b></p> | <p>The Council is working hard to protect older people through:</p> <ul style="list-style-type: none"> <li>-Identifying the group as a priority area ~ as evidenced under Outcome 5 – People Live Well and For Longer.</li> <li>-Council Tax ~ levels have been frozen as above and pensioners protected under the Council Tax Support Scheme.</li> <li>-Capital Funding ~ maintaining provision for home repairs and Disabled Facilities Grants, helping people to live in their own homes.</li> <li>-Fees and Charges ~ providing concessions for pensioners where appropriate.</li> <li>-Leisure Facilities ~ maintaining parks and open spaces and other leisure facilities to ensure a range of activities is available to older people.</li> </ul> |
|--|---|--|--|

## 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 1<sup>st</sup> 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.

|   |  |
|---|--|
| <p><b>Council Partners &amp; Stakeholders</b></p>  <p>For Example:<br/>Town &amp; Parish Councils, Health, Fire, Police, schools, community &amp; voluntary organisations, Local Area Partnerships.</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>   |
| <p><b>The Local Environment</b></p>   | <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> <li>·reducing carbon emissions from its own vehicles by undertaking a whole fleet review, installing technology and educating staff to reduce fuel consumption</li> <li>·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</li> <li>·a borough wide replacement of traffic signal lamps with LED's, which will cut energy and carbon</li> <li>·completion of our £2 million capital investment in street lighting combining a number of measures to reduce energy use</li> <li>·supporting schools to reduce their energy use through the Low Carbon Schools Programme &amp; Junior Energy Monitor Programme supporting an Invest to Save approach in our own Council buildings to continue to reduce our carbon footprint.</li> </ul> <p>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.</p> |



## 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 “21<sup>st</sup> 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 estimate<sup>1</sup>), 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.<sup>2</sup>
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.<sup>3</sup>
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

<sup>1</sup> ONS mid-year population estimates 2011. ONS Crown Copyright 2013.

<sup>2</sup> 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.

<sup>3</sup> [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).<sup>4</sup> 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.<sup>5</sup>

10. Cheshire East has a strong local economy. It contributes 5% of the North West region's total population,<sup>6</sup> but 7% of the region's output<sup>7</sup>. Average household income is above the Great Britain average.<sup>8</sup> 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.<sup>9</sup> 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.<sup>10</sup>

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

<sup>5</sup> 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.

<sup>6</sup> ONS mid-year population estimates 2011. ONS Crown Copyright 2013.

<sup>7</sup> 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.

<sup>8</sup> Paycheck 2010 data, CACI Ltd.

<sup>9</sup> Same source as for footnote 2.

<sup>10</sup> [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. 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.<sup>11</sup>

12. Residents enjoy better health than elsewhere in the region and nationally.<sup>12</sup> Life expectancy in the borough as a whole is above the national average and incidence of smoking cigarettes is lower<sup>13</sup>.

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.<sup>14</sup> 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.

<sup>11</sup> [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.

<sup>12</sup> Life Expectancy at Birth: Dept of Health

<sup>13</sup> Smoking prevalence: Office for National Statistics (ONS)

<sup>14</sup> "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 country<sup>15</sup> 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.<sup>16</sup>

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

<sup>16</sup> [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 <sup>th</sup> 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 15<sup>th</sup> October 2012, 10<sup>th</sup> December 2012 and in the Budget Report itself.

| Table 1 - Steps to Balance the Cheshire East Council Funding Shortfall | 2013/2014     |  |               |  |               |  |               |
|--|---------------|--|---------------|--|---------------|--|---------------|
|  | Feb-12<br>£m  | Step 1<br>Changes to Oct 12<br>Cabinet<br>£m | Oct-12<br>£m  | Step 2<br>Changes to Dec 12<br>Cabinet<br>£m | Dec-12<br>£m  | Step 3<br>Changes to Feb 13<br>Balance<br>£m | Feb-13<br>£m  |
| Directorate Spend  | 253.8         | 0.6  | 254.4         | 12.9   | 267.3         | -3.3   | 264.0         |
| <b>Funding</b>   |               |  |               |  |               |  |               |
| 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          |
| <b>Funding Available</b>   | <b>-240.7</b> | <b>10.9</b>                                  | <b>-229.8</b> | <b>-12.5</b>                                 | <b>-242.3</b> | <b>-21.7</b>                                 | <b>-264.0</b> |
| <b>Funding Gap / (Surplus)</b>   | <b>13.1</b>   | <b>11.5</b>                                  | <b>24.6</b>   | <b>0.4</b>                                   | <b>25.0</b>   | <b>-25.0</b>                                 | <b>0.0</b>    |

#### 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<br><br>- Amendments to the Feb 2012 Business Plan proposals were identified (-£4.9m)<br><br>- 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)<br><br>- CTS assumed to be cost neutral at the grant receivable level (-£15.7m) | - New Homes Bonus national contingency return included (-£3.7m)<br><br>- A number of other grant estimates are refined (+£0.6m)   | - Reflects the Provisional Settlement for grant funding (-£7.2m)<br><br>- 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)<br><br>- Additional Relocation provision (+£0.3m)  | - Capital Financing adjusted for Capital Visioning (-£2.8m) and balance sheet efficiency review (-£2.4m)<br>- 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 19<sup>th</sup> 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.

|  | <b>2013/2014<br/>Impact<br/>£m</b> |
|--|------------------------------------|
| 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                               |
| <b>Sub total</b>   | <b>8.7</b>                         |
| Less original roll forward   | -5.5                               |
| <b>Total Change</b>  | <b>3.2</b>                         |

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           |
| <b>Funding Gap - February 2012 Business Plan</b>   |   |                   | <b>13.1</b>  |                   | <b>7.4</b>   |                   | <b>2.6</b>   |
| (Year 3 calculated based on February 2012 assumptions)                                       |   |                   |              |                   |              |                   |              |
| <b>Measure 1 ~ Challenge Funding Assumptions</b>   |   |                   |              |                   |              |                   |              |
| Changes to BRRS/RSG funding (incl Council Tax Support funding)                               |   | -25.8             |              | -23.4             |              | -20.9             |              |
| Changes to specific grants   |   | 7.0               | <b>-18.8</b> | 9.2               | <b>-14.2</b> | 9.5               | <b>-11.4</b> |
| 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              | <b>-5.7</b>  | 0.0               | <b>-7.2</b>  | 0.0               | <b>-0.6</b>  |
| Pensions -   | Increased provision                           | 0.0               |              | 0.6               |              | 0.6               |              |
|  | Severance Costs                               | 0.4               | <b>0.4</b>   | -0.1              | <b>0.5</b>   | 0.0               | <b>0.6</b>   |
| Pay -  | Change to provision                           |                   | <b>-1.3</b>  |                   | <b>0.0</b>   |                   | <b>0.0</b>   |
| <b>Sub total - Measure 1</b>   |   |                   | <b>-25.4</b> |                   | <b>-20.9</b> |                   | <b>-11.4</b> |
| <b>Measure 2 ~ Review Local Taxation</b>   |   |                   |              |                   |              |                   |              |
| 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              |              |
| <b>Sub total - Measure 2</b>   |   |                   | <b>12.3</b>  |                   | <b>12.9</b>  |                   | <b>13.4</b>  |
| <b>Measure 3 ~ Managing Reserves</b>   |   |                   |              |                   |              |                   |              |
| 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              |              |
| <b>Sub total - Measure 3</b>   |   |                   | <b>-9.5</b>  |                   | <b>-6.1</b>  |                   | <b>-1.6</b>  |
| <b>Measures 4 &amp; 5 ~ Manage Cost Drivers and Income</b>                                   |   |                   |              |                   |              |                   |              |
| 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             |              |
| <b>Sub total - Measures 4 &amp; 5</b>  |   |                   | <b>9.5</b>   |                   | <b>6.7</b>   |                   | <b>-3.0</b>  |
| <b>Remaining Funding Gap</b>   |   |                   | <b>0.0</b>   |                   | <b>0.0</b>   |                   | <b>0.0</b>   |

Source: Cheshire East Finance

## Annex 3 – Grant Funding Details

|  | Notes | 2012/2013<br>£000 | 2013/2014<br>£000 | 2014/2015<br>£000 | 2015/2016<br>£000 |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| <b>Formula Grant</b>   |       |                   |                   |                   |                   |
| 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            |
| <b>Total Formula Grant</b>   |       | <b>67,677</b>     | <b>93,016</b>     | <b>85,556</b>     | <b>73,973</b>     |
| <b>Specific Grants</b>   |       |                   |                   |                   |                   |
| <b>Ringfenced Grants</b>   |       |                   |                   |                   |                   |
| 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                | -                 | -                 | -                 |
| <b>Total Ringfenced Grants</b>   |       | <b>206,764</b>    | <b>194,351</b>    | <b>165,681</b>    | <b>165,681</b>    |
| <b>Non Ringfenced Grants - within services</b>                                   |       |                   |                   |                   |                   |
| Council Tax Benefit Subsidy  |       | 20,408            | -                 | -                 | -                 |
| Housing Benefit Subsidy  |       | 75,128            | 84,518            | 84,518            | 84,518            |
| <b>Total Ringfenced Grants - within services</b>                                 |       | <b>95,536</b>     | <b>84,518</b>     | <b>84,518</b>     | <b>84,518</b>     |
| <b>Non Ringfenced Grants - corporate</b>   |       |                   |                   |                   |                   |
| <u>Children &amp; 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<br>£000 | 2013/2014<br>£000 | 2014/2015<br>£000 | 2015/2016<br>£000 |
|--|-------|-------------------|-------------------|-------------------|-------------------|
| <u>Places &amp; Organisational Capacity</u>    |       |                   |                   |                   |                   |
| <u>Local Service Support -</u>                 |       |                   |                   |                   |                   |
| 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                | -                 | -                 | -                 |
| <b>Total Non Ringfenced Grants - corporate</b> |       | <b>41,754</b>     | <b>20,974</b>     | <b>18,275</b>     | <b>15,779</b>     |
| <b>Total Specific Grants</b>                   |       | <b>344,054</b>    | <b>299,843</b>    | <b>268,474</b>    | <b>265,978</b>    |
| <b>Total Government Grant Funding</b>          |       | <b>411,731</b>    | <b>392,859</b>    | <b>354,030</b>    | <b>339,951</b>    |

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 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   |       |   |       |
| Baseline Funding Level                           | 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 1<sup>st</sup> 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**.

| <b>Table 2 - A number of previously separate grants have been rolled into RSG</b> | <b>2012/2013<br/>Restated<br/>as per<br/>CLG<br/>£m</b> | <b>2013/2014<br/>£m</b> | <b>Change<br/>£m</b> | <b>Change<br/>%</b> |
|---|---|-------------------------|----------------------|---------------------|
| 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                     |                      |                     |
|   | <b>-34.6</b>  | <b>-34.1</b>            |                      |                     |
| <b>Total BRRS funding</b>   | <b>-99.3</b>  | <b>-93.0</b>            | <b>-6.3</b>          | <b>-6.3%</b>        |

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 Regulations<sup>1</sup>, 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 Regulations<sup>2</sup>, 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 guidance<sup>3</sup> on the duty to make a prudent provision and local authorities are legally obliged to “have regard” to this guidance.

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

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

<sup>3</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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<br>£m | 2012/2013 Revised<br>£m | 2013/2014 Estimate<br>£m | 2014/2015 Estimate<br>£m | 2015/2016 Estimate<br>£m |
|---------------------|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total</b>        | <b>83.9</b>              | <b>57.0</b>             | <b>112.0</b>             | <b>83.1</b>              | <b>28.9</b>              |

Source: Cheshire East Finance

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

| Capital Financing                  | 2012/2013 Approved<br>£m | 2012/2013 Revised<br>£m | 2013/2014 Estimate<br>£m | 2014/2015 Estimate<br>£m | 2015/2016 Estimate<br>£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                      |
| <b>Total Financing</b>             | <b>51.2</b>              | <b>43.7</b>             | <b>74.1</b>              | <b>47.8</b>              | <b>11.0</b>              |
| Supported Borrowing                | 1.8                      | 1.6                     | 0.0                      | 0.0                      | 0.0                      |
| Prudential Borrowing               | 30.9                     | 11.7                    | 37.9                     | 35.3                     | 17.9                     |
| <b>Total Funding</b>               | <b>32.7</b>              | <b>13.3</b>             | <b>37.9</b>              | <b>35.3</b>              | <b>17.9</b>              |
| <b>Total Financing and Funding</b> | <b>83.9</b>              | <b>57.0</b>             | <b>112.0</b>             | <b>83.1</b>              | <b>28.9</b>              |

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 |
|--|--------------------|-------------------|--------------------|--------------------|--------------------|
|  | %                  | %                 | %                  | %                  | %                  |
| <b>Total</b>                                   | <b>6.01</b>        | <b>5.64</b>       | <b>4.58</b>        | <b>5.35</b>        | <b>6.23</b>        |

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                 |
| <b>Total</b>                  | <b>233</b>         | <b>196</b>        | <b>227</b>         | <b>253</b>         | <b>260</b>         |

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         |
| <b>Total</b>                          | <b>159</b> |

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 |
|--|--------------------|--------------------|--------------------|--------------------|
|  | £                  | £                  | £                  | £                  |
| <b>Increase in Band D Council Tax</b>              | <b>6.02</b>        | <b>0.00</b>        | <b>11.92</b>       | <b>10.77</b>       |

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

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<br>total principal<br>sums invested<br>over 364 days | 2012/2013<br>Approved | 2012/2013<br>Revised | 2013/2014<br>Estimate | 2014/2015<br>Estimate | 2015/2016<br>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

|                                  | Current<br>Net Budget<br>2012/2013 at<br>Three Quarter<br>Review | Less<br>Cost of<br>Investment<br>budget | Less temporary<br>specific grant<br>allocations | Less<br>other<br>temporary in-<br>year budget<br>adjustments | Permanent<br>Base Budget<br>carried<br>forward to<br>2013/2014 |
|----------------------------------|--|---|---|--|--|
| DIRECTORATES                     | £m   | £m                                      | £m  | £m   | £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   |
| <b>TOTAL: All Directorates</b>   | <b>262.0</b>   | <b>-4.0</b>                             | <b>-8.2</b>                                     | <b>-0.8</b>  | <b>249.0</b>   |

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](http://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<br>£000 | Income<br>£000  | Net<br>£000    | Expenditure<br>£000 | Income<br>£000  | Net<br>£000    | Expenditure<br>£000 | Income<br>£000  | Net<br>£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         |
| <b>Base Budget</b>                 | <b>672,053</b>      | <b>-423,040</b> | <b>249,013</b> | <b>672,228</b>      | <b>-414,519</b> | <b>257,710</b> | <b>641,734</b>      | <b>-387,035</b> | <b>254,700</b> |

| 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              |
| <b>Financial Impact of Policy Proposals</b> | <b>176</b>              | <b>8,521</b>    | <b>8,697</b>   | <b>-30,494</b>          | <b>27,484</b>   | <b>-3,010</b>  | <b>-4,239</b>           | <b>6,852</b>    | <b>2,613</b>   |
|   | <b>2013/2014 Budget</b> |                 |                | <b>2014/2015 Budget</b> |                 |                | <b>2015/2016 Budget</b> |                 |                |
| <b>Budget Carried Forward</b>               | <b>672,229</b>          | <b>-414,519</b> | <b>257,710</b> | <b>641,734</b>          | <b>-387,035</b> | <b>254,700</b> | <b>637,495</b>          | <b>-380,183</b> | <b>257,313</b> |

| Cost of Investment Items              |                |                 |                |                |                 |                |                |                 |                |
|---------------------------------------|----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|----------------|
| 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              |
| <b>Total Cost of Investment Items</b> | <b>6,300</b>   | <b>0</b>        | <b>6,300</b>   | <b>6,300</b>   | <b>0</b>        | <b>6,300</b>   | <b>723</b>     | <b>0</b>        | <b>723</b>     |
| <b>Total Budget for the Year</b>      | <b>678,529</b> | <b>-414,519</b> | <b>264,010</b> | <b>648,034</b> | <b>-387,035</b> | <b>261,000</b> | <b>638,218</b> | <b>-380,183</b> | <b>258,036</b> |

# 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             |
| <b>Base Budget</b>   | <b>273,901</b>   | <b>-216,046</b> | <b>57,855</b> | <b>259,683</b>   | <b>-201,918</b> | <b>57,765</b> | <b>228,953</b>   | <b>-173,248</b> | <b>55,705</b> |

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 |
|  |                  |          |        |                  |          |        |                  |          |        |
|  | 2013/2014 Budget |          |        | 2014/2015 Budget |          |        | 2015/2016 Budget |          |        |
|  |                  |          |        |                  |          |        |                  |          |        |
| 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.

## Children and Families Directorate

## REVENUE

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<br>£000 | Income<br>£000 | Net<br>£000 | Expenditure<br>£000 | Income<br>£000 | Net<br>£000 | Expenditure<br>£000 | Income<br>£000 | Net<br>£000 |
| Management   | 579                 |                | 579         | 579                 |                | 579         | 579                 |                | 579         |
| Business Review  |                     |                | 0           | -220                |                | -220        | -440                |                | -440        |
| <b>Base Budget</b>   | <b>579</b>          | <b>0</b>       | <b>579</b>  | <b>359</b>          | <b>0</b>       | <b>359</b>  | <b>139</b>          | <b>0</b>       | <b>139</b>  |
| <b>Changes to Budget Requirement</b>   |                     |                |             |                     |                |             |                     |                |             |
|  | 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        |
| <b>Financial Impact of Policy Proposals</b>  | <b>-220</b>         | <b>0</b>       | <b>-220</b> | <b>-220</b>         | <b>0</b>       | <b>-220</b> | <b>-340</b>         | <b>0</b>       | <b>-340</b> |
|  | 2013/2014 Budget    |                |             | 2014/2015 Budget    |                |             | 2015/2016 Budget    |                |             |
| <b>Budget Carried Forward</b>  | <b>359</b>          | <b>0</b>       | <b>359</b>  | <b>139</b>          | <b>0</b>       | <b>139</b>  | <b>-201</b>         | <b>0</b>       | <b>-201</b> |
| <b>Cost of Investment Items</b>  |                     |                |             |                     |                |             |                     |                |             |
| VR Costs   | 80                  |                | 80          | 70                  |                | 70          | 140                 |                | 140         |
| <b>Total Cost of Investment Items</b>  | <b>80</b>           | <b>0</b>       | <b>80</b>   | <b>70</b>           | <b>0</b>       | <b>70</b>   | <b>140</b>          | <b>0</b>       | <b>140</b>  |
| <b>Total Budget for the Year</b>   | <b>439</b>          | <b>0</b>       | <b>439</b>  | <b>209</b>          | <b>0</b>       | <b>209</b>  | <b>-61</b>          | <b>0</b>       | <b>-61</b>  |

# 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<br>£000 | Income<br>£000 | Net<br>£000    | Expenditure<br>£000 | Income<br>£000 | Net<br>£000    | Expenditure<br>£000 | Income<br>£000 | Net<br>£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         |
| <b>Base Budget</b>                          | <b>204,315</b>      | <b>-10,493</b> | <b>193,822</b> | <b>189,123</b>      | <b>-6,722</b>  | <b>182,401</b> | <b>160,484</b>      | <b>-4,699</b>  | <b>155,785</b> |
| <b>Changes to Budget Requirement</b>        |                     |                |                |                     |                |                |                     |                |                |
|   | 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              |
| <b>Financial Impact of Policy Proposals</b> | <b>-15,192</b>      | <b>3,771</b>   | <b>-11,421</b> | <b>-28,639</b>      | <b>2,023</b>   | <b>-26,616</b> | <b>0</b>            | <b>0</b>       | <b>0</b>       |
|   | 2013/2014 Budget    |                |                | 2014/2015 Budget    |                |                | 2015/2016 Budget    |                |                |
| <b>Budget Carried Forward</b>               | <b>189,123</b>      | <b>-6,722</b>  | <b>182,401</b> | <b>160,484</b>      | <b>-4,699</b>  | <b>155,785</b> | <b>160,484</b>      | <b>-4,699</b>  | <b>155,785</b> |

## Safeguarding and Specialist Support

## REVENUE

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         |
| <b>Base Budget</b>                    | <b>26,422</b>    | <b>-266</b> | <b>26,156</b> | <b>28,622</b>    | <b>-266</b> | <b>28,356</b> | <b>27,722</b>    | <b>-266</b> | <b>27,456</b> |

### 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             |
| <b>Financial Impact of Policy Proposals</b>  | <b>2,200</b>            | <b>0</b>    | <b>2,200</b>  | <b>-900</b>             | <b>0</b>    | <b>-900</b>   | <b>-800</b>             | <b>0</b>    | <b>0</b>      |
|  | <b>2013/2014 Budget</b> |             |               | <b>2014/2015 Budget</b> |             |               | <b>2015/2016 Budget</b> |             |               |
| <b>Budget Carried Forward</b>                | <b>28,622</b>           | <b>-266</b> | <b>28,356</b> | <b>27,722</b>           | <b>-266</b> | <b>27,456</b> | <b>26,922</b>           | <b>-266</b> | <b>27,456</b> |
| <b>Cost of Investment Items</b>              |                         |             |               |                         |             |               |                         |             |               |
| <b>Total Cost of Investment Items</b>        | <b>0</b>                | <b>0</b>    | <b>0</b>      | <b>0</b>                | <b>0</b>    | <b>0</b>      | <b>0</b>                | <b>0</b>    | <b>0</b>      |
| <b>Total Budget for the Year</b>             | <b>28,622</b>           | <b>-266</b> | <b>28,356</b> | <b>27,722</b>           | <b>-266</b> | <b>27,456</b> | <b>26,922</b>           | <b>-266</b> | <b>27,456</b> |

## 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         |
| <b>Base Budget</b>                        | <b>12,435</b>    | <b>-255</b> | <b>12,180</b> | <b>11,920</b>    | <b>-255</b> | <b>11,665</b> | <b>11,870</b>    | <b>-255</b> | <b>11,615</b> |

| Changes to Budget Requirement               |                         |             |               |                         |             |               |                         |             |               |
|---|-------------------------|-------------|---------------|-------------------------|-------------|---------------|-------------------------|-------------|---------------|
|   | 2013/2014               |             |               | 2014/2015               |             |               | 2015/2016               |             |               |
|   | Expenditure             | Income      | Net           | Expenditure             | Income      | Net           | Expenditure             | Income      | Net           |
| 3.0 Focus on prevention and intervention    | -515                    |             | -515          | -50                     |             | -50           |                         |             | 0             |
| <b>Financial Impact of Policy Proposals</b> | <b>-515</b>             | <b>0</b>    | <b>-515</b>   | <b>-50</b>              | <b>0</b>    | <b>-50</b>    | <b>0</b>                | <b>0</b>    | <b>0</b>      |
|   | <b>2013/2014 Budget</b> |             |               | <b>2014/2015 Budget</b> |             |               | <b>2015/2016 Budget</b> |             |               |
| <b>Budget Carried Forward</b>               | <b>11,920</b>           | <b>-255</b> | <b>11,665</b> | <b>11,870</b>           | <b>-255</b> | <b>11,615</b> | <b>11,870</b>           | <b>-255</b> | <b>11,615</b> |

|                                       |               |             |               |               |             |               |               |             |               |
|---------------------------------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|
| <b>Cost of Investment Items</b>       |               |             |               |               |             |               |               |             |               |
| <b>Total Cost of Investment Items</b> | <b>0</b>      | <b>0</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>    | <b>0</b>      |
| <b>Total Budget for the Year</b>      | <b>11,920</b> | <b>-255</b> | <b>11,665</b> | <b>11,870</b> | <b>-255</b> | <b>11,615</b> | <b>11,870</b> | <b>-255</b> | <b>11,615</b> |

## Strategy, Planning & Performance

## REVENUE

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<br>£000     | Income<br>£000 | Net<br>£000   | Expenditure<br>£000     | Income<br>£000 | Net<br>£000   | Expenditure<br>£000     | Income<br>£000 | Net<br>£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           |
| <b>Base Budget</b>                          | <b>37,708</b>           | <b>-20,383</b> | <b>17,325</b> | <b>38,217</b>           | <b>-22,817</b> | <b>15,400</b> | <b>37,697</b>           | <b>-22,817</b> | <b>14,880</b> |
| <b>Changes to Budget Requirement</b>        |                         |                |               |                         |                |               |                         |                |               |
|   | 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             |
| <b>Financial Impact of Policy Proposals</b> | <b>509</b>              | <b>-2,434</b>  | <b>-1,925</b> | <b>-520</b>             | <b>0</b>       | <b>-520</b>   | <b>-270</b>             | <b>0</b>       | <b>-270</b>   |
|   | <b>2013/2014 Budget</b> |                |               | <b>2014/2015 Budget</b> |                |               | <b>2015/2016 Budget</b> |                |               |
| <b>Budget Carried Forward</b>               | <b>38,217</b>           | <b>-22,817</b> | <b>15,400</b> | <b>37,697</b>           | <b>-22,817</b> | <b>14,880</b> | <b>37,427</b>           | <b>-22,817</b> | <b>14,610</b> |
| <b>Cost of Investment Items</b>             |                         |                |               |                         |                |               |                         |                |               |
| VR Costs                                    | 300                     |                | 300           | 150                     |                | 150           | 75                      |                | 75            |
| <b>Total Cost of Investment Items</b>       | <b>300</b>              | <b>0</b>       | <b>300</b>    | <b>150</b>              | <b>0</b>       | <b>150</b>    | <b>75</b>               | <b>0</b>       | <b>75</b>     |
| <b>Total Budget for the Year</b>            | <b>38,517</b>           | <b>-22,817</b> | <b>15,700</b> | <b>37,847</b>           | <b>-22,817</b> | <b>15,030</b> | <b>37,502</b>           | <b>-22,817</b> | <b>14,685</b> |



## Children's Safeguarding

## REVENUE

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        |
| <b>Base Budget</b>                          | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> |
| <b>Changes to Budget Requirement</b>        |                  |             |              |                  |             |              |                  |             |              |
|   | 2013/2014        |             |              | 2014/2015        |             |              | 2015/2016        |             |              |
| No Proposals                                |                  |             | 0            |                  |             | 0            |                  |             | 0            |
| <b>Financial Impact of Policy Proposals</b> | <b>0</b>         | <b>0</b>    | <b>0</b>     | <b>0</b>         | <b>0</b>    | <b>0</b>     | <b>0</b>         | <b>0</b>    | <b>0</b>     |
|   | 2013/2014 Budget |             |              | 2014/2015 Budget |             |              | 2015/2016 Budget |             |              |
| <b>Budget Carried Forward</b>               | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> |
| <b>Cost of Investment Items</b>             |                  |             |              |                  |             |              |                  |             |              |
| <b>Total Cost of Investment Items</b>       | <b>0</b>         | <b>0</b>    | <b>0</b>     | <b>0</b>         | <b>0</b>    | <b>0</b>     | <b>0</b>         | <b>0</b>    | <b>0</b>     |
| <b>Total Budget for the Year</b>            | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> | <b>1,874</b>     | <b>-259</b> | <b>1,615</b> |

# 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              |
| <b>Base Budget</b>   | <b>142,816</b>   | <b>-51,062</b> | <b>91,754</b> | <b>146,386</b>   | <b>-44,934</b> | <b>101,452</b> | <b>147,529</b>   | <b>-44,934</b> | <b>102,595</b> |

## 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              |
| <b>Financial Impact of Policy Proposals</b>                              | <b>3,570</b>   | <b>6,128</b>   | <b>9,698</b>   | <b>1,143</b>   | <b>0</b>       | <b>1,143</b>   | <b>5,740</b>   | <b>0</b>       | <b>5,740</b>   |
|  |                |                |                |                |                |                |                |                |                |
|  |                |                |                |                |                |                |                |                |                |
|  |                |                |                |                |                |                |                |                |                |
| <b>Budget Carried Forward</b>  | <b>146,386</b> | <b>-44,934</b> | <b>101,452</b> | <b>147,529</b> | <b>-44,934</b> | <b>102,595</b> | <b>153,269</b> | <b>-44,934</b> | <b>108,335</b> |
| <b>Cost of Investment Items</b>  | <b>1,510</b>   |                | <b>1,510</b>   |                |                | <b>0</b>       |                |                | <b>0</b>       |
| <b>Total Cost of Investment Items</b>                                    | <b>1,510</b>   | <b>0</b>       | <b>1,510</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Total Budget for the Year</b>   | <b>147,896</b> | <b>-44,934</b> | <b>102,962</b> | <b>147,529</b> | <b>-44,934</b> | <b>102,595</b> | <b>153,269</b> | <b>-44,934</b> | <b>108,335</b> |

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      | Income         | Net           | Expenditure      | Income         | Net           | Expenditure      | Income         | Net           |
|  | £000             | £000           | £000          | £000             | £000           | £000          | £000             | £000           | £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           |
| <b>Base Budget</b>                                       | <b>19,904</b>    | <b>-19,904</b> | <b>0</b>      | <b>18,704</b>    | <b>-19,904</b> | <b>-1,200</b> | <b>18,029</b>    | <b>-19,904</b> | <b>-1,875</b> |
| <b>Changes to Budget Requirement</b>                     |                  |                |               |                  |                |               |                  |                |               |
|  | 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             |
| <b>Financial Impact of Policy Proposals</b>              | <b>-1,200</b>    | <b>0</b>       | <b>-1,200</b> | <b>-675</b>      | <b>0</b>       | <b>-675</b>   | <b>0</b>         | <b>0</b>       | <b>0</b>      |
|  | 2013/2014 Budget |                |               | 2014/2015 Budget |                |               | 2015/2016 Budget |                |               |
| <b>Budget Carried Forward</b>                            | <b>18,704</b>    | <b>-19,904</b> | <b>-1,200</b> | <b>18,029</b>    | <b>-19,904</b> | <b>-1,875</b> | <b>18,029</b>    | <b>-19,904</b> | <b>-1,875</b> |
| <b>Cost of Investment Items</b>                          |                  |                |               |                  |                |               |                  |                |               |
| Fund VR's  | 450              |                | 450           | 400              |                | 400           |                  |                | 0             |
| 2.0 - Affordable models of care - Redevelop Hollins View | 100              |                | 100           |                  |                | 0             |                  |                | 0             |
| <b>Total Cost of Investment Items</b>                    | <b>550</b>       | <b>0</b>       | <b>550</b>    | <b>400</b>       | <b>0</b>       | <b>400</b>    | <b>0</b>         | <b>0</b>       | <b>0</b>      |
| <b>Total Budget for the Year</b>                         | <b>19,254</b>    | <b>-19,904</b> | <b>-650</b>   | <b>18,429</b>    | <b>-19,904</b> | <b>-1,475</b> | <b>18,029</b>    | <b>-19,904</b> | <b>-1,875</b> |

## Strategic Commissioning

## REVENUE

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<br>£000 | Income<br>£000 | Net<br>£000   | Expenditure<br>£000 | Income<br>£000 | Net<br>£000   | Expenditure<br>£000 | Income<br>£000 | Net<br>£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           |
| <b>Base Budget</b>   | <b>43,911</b>       | <b>-14,766</b> | <b>29,145</b> | <b>47,048</b>       | <b>-8,638</b>  | <b>38,410</b> | <b>47,226</b>       | <b>-8,638</b>  | <b>38,588</b> |

| Changes to Budget Requirement                   |                  |               |               |                  |               |               |                  |               |               |
|---|------------------|---------------|---------------|------------------|---------------|---------------|------------------|---------------|---------------|
|   | 2013/2014        |               |               | 2014/2015        |               |               | 2015/2016        |               |               |
|   |                  |               |               |                  |               |               |                  |               |               |
| Adults Valuing People Now                       |                  | 6,128         | 6,128         |                  | 0             | 0             |                  | 0             | 0             |
| Unachieved redesign reductions                  | 800              |               | 800           | -70              | -70           |               |                  |               | 0             |
| 2.0 Affordable models of care                   | 2,030            |               | 2,030         |                  | 0             | 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             |                  |               | 0             |
| <b>Financial Impact of Policy Proposals</b>     | <b>3,137</b>     | <b>6,128</b>  | <b>9,265</b>  | <b>178</b>       | <b>0</b>      | <b>178</b>    | <b>1,500</b>     | <b>0</b>      | <b>1,500</b>  |
|   |                  |               |               |                  |               |               |                  |               |               |
|   | 2013/2014 Budget |               |               | 2014/2015 Budget |               |               | 2015/2016 Budget |               |               |
|   |                  |               |               |                  |               |               |                  |               |               |
| <b>Budget Carried Forward</b>                   | <b>47,048</b>    | <b>-8,638</b> | <b>38,410</b> | <b>47,226</b>    | <b>-8,638</b> | <b>38,588</b> | <b>48,726</b>    | <b>-8,638</b> | <b>40,088</b> |
|   |                  |               |               |                  |               |               |                  |               |               |
| <b>Cost of Investment Items</b>                 |                  |               |               |                  |               |               |                  |               |               |
| Establish market sufficiency and sustainability | 100              |               | 100           |                  | 0             | 0             |                  | 0             | 0             |
| Review of housing accommodation                 | 150              |               | 150           |                  | 0             | 0             |                  | 0             | 0             |
| Fund VR's                                       | 320              |               | 320           |                  | 0             | 0             |                  | 0             | 0             |
| <b>Total Cost of Investment Items</b>           | <b>570</b>       | <b>0</b>      | <b>570</b>    | <b>0</b>         | <b>0</b>      | <b>0</b>      | <b>0</b>         | <b>0</b>      | <b>0</b>      |
|   |                  |               |               |                  |               |               |                  |               |               |
| <b>Total Budget for the Year</b>                | <b>47,618</b>    | <b>-8,638</b> | <b>38,980</b> | <b>47,226</b>    | <b>-8,638</b> | <b>38,588</b> | <b>48,726</b>    | <b>-8,638</b> | <b>40,088</b> |

## Business Management and Challenge

## REVENUE

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<br>£000 | Income<br>£000 | Net<br>£000  | Expenditure<br>£000 | Income<br>£000 | Net<br>£000  | Expenditure<br>£000 | Income<br>£000 | Net<br>£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          |
| <b>Base Budget</b>                    | <b>3,241</b>        | <b>0</b>       | <b>3,241</b> | <b>3,011</b>        | <b>0</b>       | <b>3,011</b> | <b>2,881</b>        | <b>0</b>       | <b>2,881</b> |

### 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         |
| <b>Financial Impact of Policy Proposals</b>  | <b>-230</b>             | <b>0</b> | <b>-230</b>             | <b>-130</b>  | <b>0</b>                | <b>-160</b>  |
|  |                         |          |                         |              |                         |              |
|  | <b>2013/2014 Budget</b> |          | <b>2014/2015 Budget</b> |              | <b>2015/2016 Budget</b> |              |
|  |                         |          |                         |              |                         |              |
| <b>Budget Carried Forward</b>  | <b>3,011</b>            | <b>0</b> | <b>3,011</b>            | <b>2,881</b> | <b>0</b>                | <b>2,721</b> |

|                                       |              |          |              |              |          |              |
|---------------------------------------|--------------|----------|--------------|--------------|----------|--------------|
| <b>Cost of Investment Items</b>       |              |          |              |              |          |              |
| VR Costs                              | 130          | 130      |              | 0            |          | 0            |
| <b>Total Cost of Investment Items</b> | <b>130</b>   | <b>0</b> | <b>130</b>   | <b>0</b>     | <b>0</b> | <b>0</b>     |
|                                       |              |          |              |              |          |              |
| <b>Total Budget for the Year</b>      | <b>3,141</b> | <b>0</b> | <b>3,141</b> | <b>2,881</b> | <b>0</b> | <b>2,721</b> |

## 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<br>£000 | Income<br>£000 | Net<br>£000 | Expenditure<br>£000 | Income<br>£000 | Net<br>£000 | Expenditure<br>£000 | Income<br>£000 | Net<br>£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         |
| <b>Base Budget</b>                          | <b>558</b>          | <b>0</b>       | <b>558</b>  | <b>591</b>          | <b>0</b>       | <b>591</b>  | <b>591</b>          | <b>0</b>       | <b>591</b>  |
| <b>Changes to Budget Requirement</b>        |                     |                |             |                     |                |             |                     |                |             |
|   | 2013/2014           |                |             | 2014/2015           |                |             | 2015/2016           |                |             |
| 3.0 Focus on prevention and intervention    | 33                  |                | 33          |                     |                | 0           |                     |                | 0           |
| <b>Financial Impact of Policy Proposals</b> | <b>33</b>           | <b>0</b>       | <b>33</b>   | <b>0</b>            | <b>0</b>       | <b>0</b>    | <b>0</b>            | <b>0</b>       | <b>0</b>    |
|   | 2013/2014 Budget    |                |             | 2014/2015 Budget    |                |             | 2015/2016 Budget    |                |             |
| <b>Budget Carried Forward</b>               | <b>591</b>          | <b>0</b>       | <b>591</b>  | <b>591</b>          | <b>0</b>       | <b>591</b>  | <b>591</b>          | <b>0</b>       | <b>591</b>  |
| <b>Cost of Investment Items</b>             |                     |                | 0           |                     |                | 0           |                     |                | 0           |
| <b>Total Cost of Investment Items</b>       | <b>0</b>            | <b>0</b>       | <b>0</b>    | <b>0</b>            | <b>0</b>       | <b>0</b>    | <b>0</b>            | <b>0</b>       | <b>0</b>    |
| <b>Total Budget for the Year</b>            | <b>591</b>          | <b>0</b>       | <b>591</b>  | <b>591</b>          | <b>0</b>       | <b>591</b>  | <b>591</b>          | <b>0</b>       | <b>591</b>  |

## 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<br>£000 | Income<br>£000 | Net<br>£000   | Expenditure<br>£000 | Income<br>£000 | Net<br>£000   | Expenditure<br>£000 | Income<br>£000 | Net<br>£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           |
| <b>Base Budget</b>                  | <b>75,202</b>       | <b>-16,392</b> | <b>58,810</b> | <b>76,452</b>       | <b>-16,392</b> | <b>60,060</b> | <b>78,802</b>       | <b>-16,392</b> | <b>62,410</b> |

### Changes to Budget Requirement

|   | 2013/2014    |          | 2014/2015    |              | 2015/2016 |              |
|---|--------------|----------|--------------|--------------|-----------|--------------|
| Care Costs (Base Pressure)                  | 7,600        | 7,600    | 0            | 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         | 0            |
| <b>Financial Impact of Policy Proposals</b> | <b>1,250</b> | <b>0</b> | <b>1,250</b> | <b>2,350</b> | <b>0</b>  | <b>2,350</b> |
|   | <b>4,400</b> | <b>0</b> | <b>4,400</b> |              |           |              |

|                               | 2013/2014 Budget |                |               | 2014/2015 Budget |                |               | 2015/2016 Budget |                |               |
|-------------------------------|------------------|----------------|---------------|------------------|----------------|---------------|------------------|----------------|---------------|
| <b>Budget Carried Forward</b> | <b>76,452</b>    | <b>-16,392</b> | <b>60,060</b> | <b>78,802</b>    | <b>-16,392</b> | <b>62,410</b> | <b>83,202</b>    | <b>-16,392</b> | <b>66,810</b> |

|                                       |               |                |               |               |                |               |               |                |               |
|---------------------------------------|---------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|---------------|
| <b>Cost of Investment Items</b>       |               |                |               |               |                |               |               |                |               |
| Affordable models of care             | 100           |                | 100           | 0             |                | 0             | 0             |                | 0             |
| Placements                            | 100           |                | 100           | 0             |                | 0             | 0             |                | 0             |
| VR's                                  | 60            |                | 60            | 0             |                | 0             | 0             |                | 0             |
| <b>Total Cost of Investment Items</b> | <b>260</b>    | <b>0</b>       | <b>260</b>    | <b>0</b>      | <b>0</b>       | <b>0</b>      | <b>0</b>      | <b>0</b>       | <b>0</b>      |
| <b>Total Budget for the Year</b>      | <b>76,712</b> | <b>-16,392</b> | <b>60,320</b> | <b>78,802</b> | <b>-16,392</b> | <b>62,410</b> | <b>83,202</b> | <b>-16,392</b> | <b>66,810</b> |

# 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        |
| <b>Base Budget</b> | <b>0</b>         | <b>0</b> | <b>0</b> | <b>12,725</b>    | <b>0</b> | <b>12,725</b> | <b>13,998</b>    | <b>0</b> | <b>13,998</b> |

## 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             |
| <b>Financial Impact of Policy Proposals</b> | <b>12,725</b>           | <b>0</b> | <b>12,725</b> | <b>1,273</b>            | <b>0</b> | <b>1,273</b>  | <b>0</b>                | <b>0</b> | <b>0</b>      |
|   | <b>2013/2014 Budget</b> |          |               | <b>2014/2015 Budget</b> |          |               | <b>2015/2016 Budget</b> |          |               |
| <b>Budget Carried Forward</b>               | <b>12,725</b>           | <b>0</b> | <b>12,725</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> |
| <b>Cost of Investment Items</b>             | 0                       |          |               |                         |          |               |                         |          |               |
| <b>Total Cost of Investment Items</b>       | <b>0</b>                | <b>0</b> | <b>0</b>      | <b>0</b>                | <b>0</b> | <b>0</b>      | <b>0</b>                | <b>0</b> | <b>0</b>      |
| <b>Total Budget for the Year</b>            | <b>12,725</b>           | <b>0</b> | <b>12,725</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> |

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<br>£000 | Income<br>£000 | Net<br>£000 | Expenditure<br>£000 | Income<br>£000 | Net<br>£000   | Expenditure<br>£000 | Income<br>£000 | Net<br>£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           |
| <b>Base Budget</b>                       | <b>0</b>            | <b>0</b>       | <b>0</b>    | <b>12,725</b>       | <b>0</b>       | <b>12,725</b> | <b>13,998</b>       | <b>0</b>       | <b>13,998</b> |

### 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             |
| <b>Financial Impact of Policy Proposals</b> | <b>12,725</b>           | <b>0</b> | <b>12,725</b> | <b>1,273</b>            | <b>0</b> | <b>1,273</b>  | <b>0</b>                | <b>0</b> | <b>0</b>      |
|   | <b>2013/2014 Budget</b> |          |               | <b>2014/2015 Budget</b> |          |               | <b>2015/2016 Budget</b> |          |               |
| <b>Budget Carried Forward</b>               | <b>12,725</b>           | <b>0</b> | <b>12,725</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> |
| <b>Cost of Investment Items</b>             |                         |          |               |                         |          |               |                         |          |               |
| No Proposals                                |                         |          | 0             |                         |          | 0             |                         |          | 0             |
| <b>Total Cost of Investment Items</b>       | <b>0</b>                | <b>0</b> | <b>0</b>      | <b>0</b>                | <b>0</b> | <b>0</b>      | <b>0</b>                | <b>0</b> | <b>0</b>      |
| <b>Total Budget for the Year</b>            | <b>12,725</b>           | <b>0</b> | <b>12,725</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> | <b>13,998</b>           | <b>0</b> | <b>13,998</b> |

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             |
| <b>Base Budget</b>   | <b>126,637</b>   | <b>-52,902</b> | <b>73,735</b> | <b>128,070</b>   | <b>-51,654</b> | <b>76,417</b> | <b>125,002</b>   | <b>-51,567</b> | <b>73,436</b> |

## 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             |
| <b>Financial Impact of Policy Proposals</b>                              | <b>1,433</b>     | <b>1,248</b>   | <b>2,681</b>  | <b>-3,068</b>    | <b>87</b>      | <b>-2,981</b> | <b>-1,796</b>    | <b>742</b>     | <b>-1,054</b> |
|  |                  |                |               |                  |                |               |                  |                |               |
|  | 2013/2014 Budget |                |               | 2014/2015 Budget |                |               | 2015/2016 Budget |                |               |
|  |                  |                |               |                  |                |               |                  |                |               |
| <b>Budget Carried Forward</b>  | <b>128,070</b>   | <b>-51,654</b> | <b>76,416</b> | <b>125,002</b>   | <b>-51,567</b> | <b>73,436</b> | <b>123,206</b>   | <b>-50,825</b> | <b>72,382</b> |
|  |                  |                |               |                  |                |               |                  |                |               |
| <b>Cost of Investment Items</b>  | <b>2,403</b>     | <b>0</b>       | <b>2,403</b>  | <b>1,109</b>     | <b>0</b>       | <b>1,109</b>  | <b>458</b>       | <b>0</b>       | <b>458</b>    |
|  |                  |                |               |                  |                |               |                  |                |               |
| <b>Total Budget for the Year</b>   | <b>130,473</b>   | <b>-51,654</b> | <b>78,819</b> | <b>126,111</b>   | <b>-51,567</b> | <b>74,545</b> | <b>123,664</b>   | <b>-50,825</b> | <b>72,840</b> |

## Waste, Recycling & Streetscape

## REVENUE

This service includes Waste Collection & Recycling services, Waste Disposal, Strategy & Minimisation, Streetscape Services (Grounds Maintenance (including Verges), Street Cleansing, Bereavement Services, Public Conveniences and Markets), and Greenspaces (Parks, Open Spaces & Playing Fields).

|                    | 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  | 22,249           | -699          | 21,550        | 23,010           | -586          | 22,424        | 22,472           | -596          | 21,876        |
| Streetscape        | 8,482            | -3,958        | 4,524         | 8,042            | -3,711        | 4,331         | 7,892            | -3,711        | 4,181         |
| <b>Base Budget</b> | <b>30,731</b>    | <b>-4,657</b> | <b>26,074</b> | <b>31,052</b>    | <b>-4,297</b> | <b>26,755</b> | <b>30,364</b>    | <b>-4,307</b> | <b>26,057</b> |

### Changes to Budget Requirement

|   | 2013/2014               |               | 2014/2015               |               | 2015/2016               |               |
|---|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
| <b>6.4</b> - Determine future delivery model for waste management services                              | -113                    | -113          | -887                    | -887          | -1,500                  | -1,500        |
| <b>6.1</b> - Develop delivery models for frontline place-based services                                 | -154                    | -154          | -150                    | -150          |                         | 0             |
| <b>7.3</b> Continue targeted business improvement reviews to find efficiency savings from all services. | 588                     | 360           | 349                     | -10           | 172                     | 192           |
| <b>Financial Impact of Policy Proposals</b>   | <b>321</b>              | <b>360</b>    | <b>-688</b>             | <b>-10</b>    | <b>-1,328</b>           | <b>-1,308</b> |
|   |                         |               |                         |               |                         |               |
|   | <b>2013/2014 Budget</b> |               | <b>2014/2015 Budget</b> |               | <b>2015/2016 Budget</b> |               |
|   |                         |               |                         |               |                         |               |
| <b>Budget Carried Forward</b>   | <b>31,052</b>           | <b>-4,297</b> | <b>30,364</b>           | <b>-4,307</b> | <b>29,036</b>           | <b>24,749</b> |

|   |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Cost of Investment Items</b>   |               |               |               |               |               |               |
| <b>6.1</b> - Develop delivery models for frontline place-based services | 325           | 325           | 259           | 259           |               | 0             |
| <b>6.4</b> - Determine future delivery model for waste                  | 400           | 400           | 200           | 200           |               | 0             |
| <b>Total Cost of Investment Items</b>                                   | <b>725</b>    | <b>0</b>      | <b>459</b>    | <b>0</b>      | <b>0</b>      | <b>0</b>      |
|   |               |               |               |               |               |               |
| <b>Total Budget for the Year</b>  | <b>31,777</b> | <b>-4,297</b> | <b>30,823</b> | <b>-4,307</b> | <b>29,036</b> | <b>24,749</b> |

## 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            |
| <b>Base Budget</b> | <b>34,649</b>    | <b>-17,980</b> | <b>16,669</b> | <b>35,681</b>    | <b>-18,872</b> | <b>16,809</b> | <b>35,622</b>    | <b>-18,778</b> | <b>16,844</b> |

### 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           |
| <b>Financial Impact of Policy Proposals</b>  | <b>1,032</b>            | <b>-892</b>    | <b>140</b>    | <b>-59</b>              | <b>94</b>      | <b>35</b>     | <b>-290</b>             | <b>782</b>     | <b>492</b>    |
|  | <b>2013/2014 Budget</b> |                |               | <b>2014/2015 Budget</b> |                |               | <b>2015/2016 Budget</b> |                |               |
| <b>Budget Carried Forward</b>  | <b>35,681</b>           | <b>-18,872</b> | <b>16,809</b> | <b>35,622</b>           | <b>-18,778</b> | <b>16,844</b> | <b>35,332</b>           | <b>-17,996</b> | <b>17,336</b> |

### Cost of Investment Items

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

## 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         |
| <b>Base Budget</b>                        | <b>15,432</b>    | <b>-15,333</b> | <b>99</b> | <b>13,743</b>    | <b>-13,511</b> | <b>232</b> | <b>13,193</b>    | <b>-13,511</b> | <b>-318</b> |

### 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           |            |          |            |
| <b>Financial Impact of Policy Proposals</b>  | <b>-1,689</b> | <b>1,822</b> | <b>133</b> | <b>-550</b> | <b>0</b> | <b>-550</b> | <b>-96</b> | <b>0</b> | <b>-96</b> |

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

|                                       |               |                |            |               |                |             |               |                |             |
|---------------------------------------|---------------|----------------|------------|---------------|----------------|-------------|---------------|----------------|-------------|
| <b>Cost of Investment Items</b>       |               |                |            |               |                |             |               |                |             |
| Temporary VR costs                    | 303           |                | 303        |               |                |             |               |                |             |
| Leisure Trust set up                  | 200           |                | 200        |               |                |             |               |                |             |
| <b>Total Cost of Investment Items</b> | <b>503</b>    | <b>0</b>       | <b>503</b> | <b>0</b>      | <b>0</b>       | <b>0</b>    | <b>0</b>      | <b>0</b>       | <b>0</b>    |
| <b>Total Budget for the Year</b>      | <b>14,246</b> | <b>-13,511</b> | <b>735</b> | <b>13,193</b> | <b>-13,511</b> | <b>-318</b> | <b>13,097</b> | <b>-13,511</b> | <b>-414</b> |

## Development

## REVENUE

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           |
| <b>Base Budget</b>                        | <b>34,591</b>    | <b>-13,655</b> | <b>20,936</b> | <b>35,799</b>    | <b>-13,697</b> | <b>22,102</b> | <b>35,197</b>    | <b>-13,724</b> | <b>21,473</b> |

### 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      |
| 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    | -539   | -301             | -27     | -328   | -455             | -80     | -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              |         | 911    |
| Financial Impact of Policy Proposals   | 1,208            | -42     | 1,166  | -602             | -27     | -629   | 331              | -80     | 251    |
|  | 2013/2014 Budget |         |        | 2014/2015 Budget |         |        | 2015/2016 Budget |         |        |
| Budget Carried Forward   | 35,799           | -13,697 | 22,102 | 35,197           | -13,724 | 21,473 | 35,528           | -13,804 | 21,724 |
| Cost of Investment Items   |                  |         |        |                  |         |        |                  |         |        |
| 5.2 Housing Review   | 100              |         | 100    |                  |         | 0      |                  |         | 0      |
| 7.3 Continue targeted business improvement reviews to find efficiency savings from all services.   | 400              |         | 400    |                  |         | 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      |
| Total Cost of Investment Items   | 1,000            | 0       | 1,000  | 500              | 0       | 500    | 358              | 0       | 358    |
| Total Budget for the Year  | 36,799           | -13,697 | 23,102 | 35,697           | -13,724 | 21,973 | 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      | Income        | Net           | Expenditure      | Income        | Net           | Expenditure      | Income        | Net          |
|   | £000             | £000          | £000          | £000             | £000          | £000          | £000             | £000          | £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        |
| <b>Base Budget</b>  | <b>11,234</b>    | <b>-1,277</b> | <b>9,957</b>  | <b>11,325</b>    | <b>-1,277</b> | <b>10,048</b> | <b>10,626</b>    | <b>-1,247</b> | <b>9,379</b> |
| <b>Changes to Budget Requirement</b>                                  |                  |               |               |                  |               |               |                  |               |              |
|   | 2013/2014        |               |               | 2014/2015        |               |               | 2015/2016        |               |              |
| <b>6.3 - Development of a sustainable Library service</b>             | -100             |               | <b>-100</b>   | -630             | 30            | <b>-600</b>   | -320             | 20            | <b>-300</b>  |
| <b>7.6 - Develop resilient communities</b>                            | -259             |               | <b>-259</b>   |                  |               | <b>0</b>      |                  |               | <b>0</b>     |
| Grants to Town & Parish councils for local Council Tax Support Scheme | 450              |               | 450           | -69              |               | -69           | -93              |               | -93          |
| <b>Financial Impact of Policy Proposals</b>                           | <b>91</b>        | <b>0</b>      | <b>91</b>     | <b>-699</b>      | <b>30</b>     | <b>-669</b>   | <b>-413</b>      | <b>20</b>     | <b>-393</b>  |
|   | 2013/2014 Budget |               |               | 2014/2015 Budget |               |               | 2015/2016 Budget |               |              |
| <b>Budget Carried Forward</b>   | <b>11,325</b>    | <b>-1,277</b> | <b>10,048</b> | <b>10,626</b>    | <b>-1,247</b> | <b>9,379</b>  | <b>10,213</b>    | <b>-1,227</b> | <b>8,986</b> |
| <b>Cost of Investment Items</b>                                       |                  |               |               |                  |               |               |                  |               |              |
| 6.3 - Development of a sustainable Library service                    | 50               | 0             | 50            | 150              |               | 150           | 100              |               | 100          |
| <b>Total Cost of Investment Items</b>                                 | <b>50</b>        | <b>0</b>      | <b>50</b>     | <b>150</b>       | <b>0</b>      | <b>150</b>    | <b>100</b>       | <b>0</b>      | <b>100</b>   |
| <b>Total Budget for the Year</b>                                      | <b>11,375</b>    | <b>-1,277</b> | <b>10,098</b> | <b>10,776</b>    | <b>-1,247</b> | <b>9,529</b>  | <b>10,313</b>    | <b>-1,227</b> | <b>9,086</b> |

# 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             |
| <b>Base Budget</b>   | <b>128,698</b>   | <b>-103,030</b> | <b>25,668</b> | <b>129,827</b>   | <b>-103,288</b> | <b>26,539</b> | <b>129,624</b>   | <b>-103,288</b> | <b>26,336</b> |

## 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           |
| <b>Financial Impact of Policy Proposals</b>                              | <b>1,129</b> | <b>-258</b> | <b>871</b> | <b>-203</b> | <b>0</b> | <b>-203</b> | <b>-663</b> | <b>0</b> | <b>-663</b> |

|                               | 2013/2014 Budget |                 |               | 2014/2015 Budget |                 |               | 2015/2016 Budget |                 |               |
|-------------------------------|------------------|-----------------|---------------|------------------|-----------------|---------------|------------------|-----------------|---------------|
| <b>Budget Carried Forward</b> | <b>129,827</b>   | <b>-103,288</b> | <b>26,539</b> | <b>129,624</b>   | <b>-103,288</b> | <b>26,336</b> | <b>128,961</b>   | <b>-103,288</b> | <b>25,673</b> |

|                                  |                |                 |               |                |                 |               |                |                 |               |
|----------------------------------|----------------|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|
| <b>Cost of Investment Items</b>  | <b>661</b>     | <b>0</b>        | <b>661</b>    | <b>20</b>      | <b>0</b>        | <b>20</b>     | <b>50</b>      | <b>0</b>        | <b>50</b>     |
| <b>Total Budget for the Year</b> | <b>130,488</b> | <b>-103,288</b> | <b>27,200</b> | <b>129,644</b> | <b>-103,288</b> | <b>26,356</b> | <b>129,011</b> | <b>-103,288</b> | <b>25,723</b> |



## 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<br>£000 | Income<br>£000  | Net<br>£000   | Expenditure<br>£000 | Income<br>£000  | Net<br>£000   | Expenditure<br>£000 | Income<br>£000  | Net<br>£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             |
| <b>Base Budget</b>     | <b>117,220</b>      | <b>-100,275</b> | <b>16,945</b> | <b>118,335</b>      | <b>-100,533</b> | <b>17,802</b> | <b>118,555</b>      | <b>-100,533</b> | <b>18,022</b> |

### 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        | -50       | -50         |
| <b>Financial Impact of Policy Proposals</b>   | <b>1,115</b> | <b>-258</b> | <b>857</b> | <b>220</b> | <b>0</b>  | <b>-663</b> |

|                               | 2013/2014 Budget |                 | 2014/2015 Budget |                | 2015/2016 Budget |               |
|-------------------------------|------------------|-----------------|------------------|----------------|------------------|---------------|
| <b>Budget Carried Forward</b> | <b>118,335</b>   | <b>-100,533</b> | <b>17,802</b>    | <b>118,555</b> | <b>-100,533</b>  | <b>18,022</b> |

|   |                |                 |               |                |                 |               |
|---|----------------|-----------------|---------------|----------------|-----------------|---------------|
| <b>Cost of Investment Items</b>   |                |                 |               |                |                 |               |
| 7.3 - Continue targeted business improvement reviews to find efficiency savings from all services | 220            | 220             | 20            | 20             | 50              | 50            |
| <b>Total Cost of Investment Items</b>   | <b>220</b>     | <b>0</b>        | <b>220</b>    | <b>20</b>      | <b>0</b>        | <b>50</b>     |
| <b>Total Budget for the Year</b>  | <b>118,555</b> | <b>-100,533</b> | <b>18,022</b> | <b>118,575</b> | <b>-100,533</b> | <b>18,042</b> |

## HR & Organisational Development

## REVENUE

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      | Income        | Net          | Expenditure      | Income        | Net          | Expenditure      | Income        | Net          |
|  | £000             | £000          | £000         | £000             | £000          | £000         | £000             | £000          | £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          |
| <b>Base Budget</b>                     | <b>4,571</b>     | <b>-1,310</b> | <b>3,261</b> | <b>4,663</b>     | <b>-1,310</b> | <b>3,353</b> | <b>4,663</b>     | <b>-1,310</b> | <b>3,353</b> |

### 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            |
| 8.1 - Further develop employment and working practices to enable flexible and agile working                   |                         |               | 0            |                         |               | 0            |                         |               | 0            |
| 8.2 - Identify changing skills requirements over medium term and equipping the organisation with these skills | 145                     |               | 145          |                         |               | 0            |                         |               | 0            |
| <b>Financial Impact of Policy Proposals</b>   | <b>92</b>               | <b>0</b>      | <b>92</b>    | <b>0</b>                | <b>0</b>      | <b>0</b>     | <b>0</b>                | <b>0</b>      | <b>0</b>     |
|   | <b>2013/2014 Budget</b> |               |              | <b>2014/2015 Budget</b> |               |              | <b>2015/2016 Budget</b> |               |              |
| <b>Budget Carried Forward</b>   | <b>4,663</b>            | <b>-1,310</b> | <b>3,353</b> | <b>4,663</b>            | <b>-1,310</b> | <b>3,353</b> | <b>4,663</b>            | <b>-1,310</b> | <b>3,353</b> |

### Cost of Investment Items

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

## 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      | Income        | Net          | Expenditure      | Income        | Net          | Expenditure      | Income        | Net          |
|                           | £000             | £000          | £000         | £000             | £000          | £000         | £000             | £000          | £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        |
| <b>Base Budget</b>        | <b>6,907</b>     | <b>-1,445</b> | <b>5,462</b> | <b>6,869</b>     | <b>-1,445</b> | <b>5,424</b> | <b>6,856</b>     | <b>-1,445</b> | <b>5,411</b> |

### 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            |
| <b>Financial Impact of Policy Proposals</b>   | <b>-38</b>              | <b>0</b>      | <b>-38</b>   | <b>-13</b>              | <b>0</b>      | <b>-13</b>   | <b>0</b>                | <b>0</b>      | <b>0</b>     |
|   | <b>2013/2014 Budget</b> |               |              | <b>2014/2015 Budget</b> |               |              | <b>2015/2016 Budget</b> |               |              |
| <b>Budget Carried Forward</b>   | <b>6,869</b>            | <b>-1,445</b> | <b>5,424</b> | <b>6,856</b>            | <b>-1,445</b> | <b>5,411</b> | <b>6,856</b>            | <b>-1,445</b> | <b>5,411</b> |

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

## 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<br>£000     | Income<br>£000 | Net<br>£000   | Expenditure<br>£000     | Income<br>£000 | Net<br>£000   | Expenditure<br>£000     | Income<br>£000 | Net<br>£000   |
| Cross Directorate Savings  |                         |                | 0             | -4,463                  |                | -4,463        | -3,372                  |                | -3,372        |
| <b>Base Budget</b>   | <b>0</b>                | <b>0</b>       | <b>0</b>      | <b>-4,463</b>           | <b>0</b>       | <b>-4,463</b> | <b>-3,372</b>           | <b>0</b>       | <b>-3,372</b> |
| <b>Changes to Budget Requirement</b>   |                         |                |               |                         |                |               |                         |                |               |
|  | 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             |
| <b>Financial Impact of Policy Proposals</b>  | <b>-4,463</b>           | <b>0</b>       | <b>-4,463</b> | <b>1,091</b>            | <b>0</b>       | <b>1,091</b>  | <b>0</b>                | <b>0</b>       | <b>0</b>      |
|  | <b>2013/2014 Budget</b> |                |               | <b>2014/2015 Budget</b> |                |               | <b>2015/2016 Budget</b> |                |               |
| <b>Budget Carried Forward</b>  | <b>-4,463</b>           | <b>0</b>       | <b>-4,463</b> | <b>-3,372</b>           | <b>0</b>       | <b>-3,372</b> | <b>-3,372</b>           | <b>0</b>       | <b>-3,372</b> |
| <b>Cost of Investment Items</b>  |                         |                |               |                         |                |               |                         |                |               |
| Management Restructure / Major Change Programmes (Note 1)  | 1,346                   |                | 1,346         | 4,951                   |                | 4,951         |                         |                | 0             |
| <b>Total Cost of Investment Items</b>  | <b>1,346</b>            | <b>0</b>       | <b>1,346</b>  | <b>4,951</b>            | <b>0</b>       | <b>4,951</b>  | <b>0</b>                | <b>0</b>       | <b>0</b>      |
| <b>Total Budget for the Year</b>   | <b>-3,117</b>           | <b>0</b>       | <b>-3,117</b> | <b>1,579</b>            | <b>0</b>       | <b>1,579</b>  | <b>-3,372</b>           | <b>0</b>       | <b>-3,372</b> |

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

## Management Restructure Savings - Memorandum Page

## REVENUE

This page summarises the programme to reduce management overheads.

|  | 2012/2013 Budget        |                |               | 2013/2014 Budget        |                |               | 2014/2015 Budget        |                |               |
|--|-------------------------|----------------|---------------|-------------------------|----------------|---------------|-------------------------|----------------|---------------|
|  | Expenditure<br>£000     | Income<br>£000 | Net<br>£000   | Expenditure<br>£000     | Income<br>£000 | Net<br>£000   | Expenditure<br>£000     | Income<br>£000 | Net<br>£000   |
| Management restructure                             |                         |                | 0             | -3,500                  |                | -3,500        | -4,500                  |                | -4,500        |
| <b>Base Budget</b>                                 | <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> |
| <b>Changes to Budget Requirement</b>               |                         |                |               |                         |                |               |                         |                |               |
|  | 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           |
| <b>Financial Impact of Policy Proposals</b>        | <b>-3,500</b>           | <b>0</b>       | <b>-3,500</b> | <b>-1,000</b>           | <b>0</b>       | <b>-1,000</b> | <b>-585</b>             | <b>0</b>       | <b>-585</b>   |
|  | <b>2013/2014 Budget</b> |                |               | <b>2014/2015 Budget</b> |                |               | <b>2015/2016 Budget</b> |                |               |
| <b>Budget Carried Forward</b>                      | <b>-3,500</b>           | <b>0</b>       | <b>-3,500</b> | <b>-4,500</b>           | <b>0</b>       | <b>-4,500</b> | <b>-5,085</b>           | <b>0</b>       | <b>-5,085</b> |
| <b>Cost of Investment Items</b>                    |                         |                |               |                         |                |               |                         |                |               |
| Management Restructure                             | 60                      |                | 60            |                         |                | 0             |                         |                | 0             |
| <b>Total Cost of Investment Items</b>              | <b>60</b>               | <b>0</b>       | <b>60</b>     | <b>0</b>                | <b>0</b>       | <b>0</b>      | <b>0</b>                | <b>0</b>       | <b>0</b>      |
| <b>Total Budget for the Year</b>                   | <b>-3,440</b>           | <b>0</b>       | <b>-3,440</b> | <b>-4,500</b>           | <b>0</b>       | <b>-4,500</b> | <b>-5,085</b>           | <b>0</b>       | <b>-5,085</b> |

# CAPITAL PROGRAMME - SUMMARY

# CAPITAL

## Capital Programme 2013/2014 - 2015/2016

|                                    | Total Approved<br>Budget<br>£000 | Prior Year<br>Spend<br>£000 | Forecast<br>Spend<br>2013/2014<br>£000 | Forecast<br>Spend<br>2014/2015<br>£000 | Forecast<br>Spend<br>2015/2016<br>£000 |
|------------------------------------|----------------------------------|-----------------------------|--|--|--|
| <b>Ongoing Schemes</b>             |                                  |                             |  |  |  |
| 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                                  |
| <b>Total Ongoing Schemes</b>       | <b>240,278</b>                   | <b>98,659</b>               | <b>85,686</b>                          | <b>49,421</b>                          | <b>6,512</b>                           |
| <b>New Schemes</b>                 |                                  |                             |  |  |  |
| 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                                      |
| <b>Total New Schemes</b>           | <b>82,328</b>                    | <b>0</b>                    | <b>26,283</b>                          | <b>33,645</b>                          | <b>22,400</b>                          |
| <b>Total</b>                       | <b>322,606</b>                   | <b>98,659</b>               | <b>111,969</b>                         | <b>83,066</b>                          | <b>28,912</b>                          |
| <b>Funded By</b>                   |                                  |                             |  |  |  |
| 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                                      |
| <b>Total</b>                       |                                  | <b>98,659</b>               | <b>111,969</b>                         | <b>83,066</b>                          | <b>28,912</b>                          |

# CHILDREN AND FAMILIES - SUMMARY

# CAPITAL

## Capital Programme 2013/2014 - 2015/2016

|                                   | Total Approved<br>Budget<br>£000 | Prior Year<br>Spend<br>£000 | Forecast<br>Spend<br>2013/2014<br>£000 | Forecast<br>Spend<br>2014/2015<br>£000 | Forecast<br>Spend<br>2015/2016<br>£000 |
|-----------------------------------|----------------------------------|-----------------------------|--|--|--|
| <b>Ongoing Schemes</b>            |                                  |                             |  |  |  |
| 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                                      |
| <b>Subtotal - Ongoing Schemes</b> | <b>25,906</b>                    | <b>16,513</b>               | <b>8,769</b>                           | <b>625</b>                             | <b>0</b>                               |
| <b>New Schemes</b>                |                                  |                             |  |  |  |
| Strategy, Planning & Performance  | 7,962                            | 0                           | 7,962                                  | 0                                      | 0                                      |
| <b>Subtotal - New Schemes</b>     | <b>7,962</b>                     | <b>0</b>                    | <b>7,962</b>                           | <b>0</b>                               | <b>0</b>                               |
| <b>Total</b>                      | <b>33,868</b>                    | <b>16,513</b>               | <b>16,731</b>                          | <b>625</b>                             | <b>0</b>                               |
| <b>Funded By</b>                  |                                  |                             |  |  |  |
| 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                                      |
| <b>Total</b>                      |                                  | <b>16,513</b>               | <b>16,731</b>                          | <b>625</b>                             | <b>0</b>                               |

**CHILDREN AND FAMILIES  
SAFEGUARDING & SPECIALIST SUPPORT**

**CAPITAL**

**Capital Programme 2013/2014 - 2015/2016**

|  | <b>Total Approved<br/>Budget</b> | <b>Prior Year<br/>Spend</b> | <b>Forecast<br/>Spend<br/>2013/2014</b> | <b>Forecast<br/>Spend<br/>2014/2015</b> | <b>Forecast<br/>Spend<br/>2015/2016</b> | <b>Forecast<br/>Spend<br/>Funded by<br/>Borrowing<br/>%</b> |
|--|----------------------------------|-----------------------------|---|---|---|---|
|  | <b>£000</b>                      | <b>£000</b>                 | <b>£000</b>                             | <b>£000</b>                             | <b>£000</b>                             |   |
| <b>Ongoing Schemes</b>   |                                  |                             |   |   |   |   |
| 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   |
| <b>Total</b>   | <b>2,081</b>                     | <b>1,196</b>                | <b>885</b>                              | <b>0</b>                                | <b>0</b>                                |   |



**CHILDREN AND FAMILIES  
EARLY INTERVENTION AND PROTECTION**

**CAPITAL**

**Capital Programme 2013/2014 - 2015/2016**

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

**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                     | %                                    |
| <b>Ongoing Schemes</b>                                    |                       |                  |                          |                          |                          |                                      |
| 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                                    |
| <b>Subtotal - Ongoing Schemes</b>                         | <b>22,960</b>         | <b>15,315</b>    | <b>7,021</b>             | <b>625</b>               | <b>0</b>                 |                                      |
| <b>New Schemes</b>  |                       |                  |                          |                          |                          |                                      |
| 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                                    |
| <b>New Schemes</b>  | <b>7,962</b>          | <b>0</b>         | <b>7,962</b>             | <b>0</b>                 | <b>0</b>                 | <b>0</b>                             |
| <b>Total</b>  | <b>30,922</b>         | <b>15,315</b>    | <b>14,983</b>            | <b>625</b>               | <b>0</b>                 |                                      |

**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.

# ADULTS

# 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                     | %                                    |
| <b>Ongoing Schemes</b>  |                       |                  |                          |                          |                          |                                      |
| 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                                    |
| <b>Subtotal - Ongoing Schemes</b>   | <b>1,796</b>          | <b>847</b>       | <b>949</b>               | <b>0</b>                 | <b>0</b>                 |                                      |
| <b>New Schemes</b>  |                       |                  |                          |                          |                          |                                      |
| <b><u>7.4 Implement a modern business architecture, including ICT Systems</u></b>           |                       |                  |                          |                          |                          |                                      |
| 1. Supporting the Front Line - Standardising of the Adults, Children & Families ICT Systems | 3,000                 | 0                | 500                      | 1,500                    | 1,000                    | 77                                   |
| <b><u>2. Developing affordable and sustainable local models of care</u></b>                 |                       |                  |                          |                          |                          |                                      |
| 2. Hollins View   | 6,000                 | 0                | 0                        | 1,000                    | 5,000                    | 50                                   |
| <b>Subtotal - New Schemes</b>   | <b>9,000</b>          | <b>0</b>         | <b>500</b>               | <b>2,500</b>             | <b>6,000</b>             |                                      |
| <b>Total</b>  | <b>10,796</b>         | <b>847</b>       | <b>1,449</b>             | <b>2,500</b>             | <b>6,000</b>             |                                      |
| <b>Funded By</b>  |                       |                  |                          |                          |                          |                                      |
| Prudential Borrowing  |                       |                  |                          | 1,800                    | 3,500                    |                                      |
| Grants  |                       | 847              | 1,449                    | 200                      |                          |                                      |
| Capital Receipts  |                       |                  |                          | 500                      | 2,500                    |                                      |
| Developer / Other Contributions   |                       |                  |                          |                          |                          |                                      |
| Revenue Contributions   |                       |                  |                          |                          |                          |                                      |
| <b>Total</b>  |                       | <b>847</b>       | <b>1,449</b>             | <b>2,500</b>             | <b>6,000</b>             |                                      |

### Details of New Schemes

#### 1. 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<br>Budget<br>£000 | Prior Year<br>Spend<br>£000 | Forecast<br>Spend<br>2013/2014<br>£000 | Forecast<br>Spend<br>2014/2015<br>£000 | Forecast<br>Spend<br>2015/2016<br>£000 |
|---|----------------------------------|-----------------------------|--|--|--|
| <b>Ongoing Schemes</b>                      |                                  |                             |  |  |  |
| 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                                      |
| <b>Subtotal - Ongoing Schemes</b>           | <b>144,063</b>                   | <b>75,371</b>               | <b>45,550</b>                          | <b>21,629</b>                          | <b>1,512</b>                           |
| <b>New Schemes</b>                          |                                  |                             |  |  |  |
| 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                                    |
| <b>Subtotal - New Schemes</b>               | <b>65,366</b>                    | <b>0</b>                    | <b>17,821</b>                          | <b>31,145</b>                          | <b>16,400</b>                          |
| <b>Total</b>                                | <b>209,429</b>                   | <b>75,371</b>               | <b>63,371</b>                          | <b>52,774</b>                          | <b>17,912</b>                          |
| <b>Funded By</b>                            |                                  |                             |  |  |  |
| 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                                    |  |  |
| <b>Total</b>                                |                                  | <b>75,371</b>               | <b>63,371</b>                          | <b>52,774</b>                          | <b>17,912</b>                          |

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

**CAPITAL**

**Capital Programme 2013/2014 - 2015/2016**

|  | <b>Total Approved<br/>Budget</b> | <b>Prior Year<br/>Spend</b> | <b>Forecast<br/>Spend<br/>2013/2014</b> | <b>Forecast<br/>Spend<br/>2014/2015</b> | <b>Forecast<br/>Spend<br/>2015/2016</b> | <b>Forecast<br/>Spend<br/>Funded by<br/>Borrowing<br/>%</b> |
|--|----------------------------------|-----------------------------|---|---|---|---|
|  | <b>£000</b>                      | <b>£000</b>                 | <b>£000</b>                             | <b>£000</b>                             | <b>£000</b>                             |   |
| <b>Ongoing Schemes</b>                                 |                                  |                             |   |   |   |   |
| 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                                       |   |
| <b>Total</b>   | <b>272</b>                       | <b>89</b>                   | <b>183</b>                              | <b>0</b>                                | <b>0</b>                                |   |

**Capital Programme 2013/2014 - 2015/2016**

|  | <b>Total Approved Budget</b> | <b>Prior Year Spend</b> | <b>Forecast Spend 2013/2014</b> | <b>Forecast Spend 2014/2015</b> | <b>Forecast Spend 2015/2016</b> | <b>Forecast Spend Funded by Borrowing</b> |
|--|------------------------------|-------------------------|---------------------------------|---------------------------------|---------------------------------|---|
|  | <b>£000</b>                  | <b>£000</b>             | <b>£000</b>                     | <b>£000</b>                     | <b>£000</b>                     | <b>%</b>                                  |
| <b>Ongoing Schemes</b>   |                              |                         |                                 |                                 |                                 |   |
| 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   |
| <b>Subtotal - Ongoing Schemes</b>                                    | <b>87,318</b>                | <b>51,784</b>           | <b>23,470</b>                   | <b>12,063</b>                   | <b>0</b>                        |   |
| <b>New Schemes</b>   |                              |                         |                                 |                                 |                                 |   |
| <b><u>1.1 Investment in existing and new road infrastructure</u></b> |                              |                         |                                 |                                 |                                 |   |
| 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                                       |
| <b>Subtotal - New Schemes</b>  | <b>46,380</b>                | <b>0</b>                | <b>14,835</b>                   | <b>21,645</b>                   | <b>9,900</b>                    |   |
| <b>Total</b>   | <b>133,698</b>               | <b>51,784</b>           | <b>38,305</b>                   | <b>33,708</b>                   | <b>9,900</b>                    |   |

Capital Programme 2013/2014 - 2015/2016

**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.



**PLACES AND ORGANISATIONAL CAPACITY  
COMMUNITY SERVICES**

**CAPITAL**

**Capital Programme 2013/2014 - 2015/2016**

|  | Total Approved<br>Budget | Prior Year<br>Spend | Forecast<br>Spend<br>2013/2014 | Forecast<br>Spend<br>2014/2015 | Forecast<br>Spend<br>2015/2016 | Forecast<br>Spend<br>Funded by<br>Borrowing<br>% |
|--|--------------------------|---------------------|--------------------------------|--------------------------------|--------------------------------|--|
|  | £000                     | £000                | £000                           | £000                           | £000                           |  |
| <b>Ongoing Schemes</b>   |                          |                     |                                |                                |                                |  |
| 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  |
| <b>Subtotal - Ongoing Schemes</b>                                  | <b>2,486</b>             | <b>1,139</b>        | <b>1,297</b>                   | <b>50</b>                      | <b>0</b>                       |  |
| <b>New Schemes</b>   |                          |                     |                                |                                |                                |  |
| <b><u>6.1 Develop new delivery model for leisure provision</u></b> |                          |                     |                                |                                |                                |  |
| 1. Development of a Lifestyle Centre at Crewe Cumberland Arena     | 12,700                   | 0                   | 400                            | 9,000                          | 3,300                          | 100  |
| <b>Subtotal - New Schemes</b>                                      | <b>12,700</b>            | <b>0</b>            | <b>400</b>                     | <b>9,000</b>                   | <b>3,300</b>                   |  |
| <b>Total</b>   | <b>15,186</b>            | <b>1,139</b>        | <b>1,697</b>                   | <b>9,050</b>                   | <b>3,300</b>                   |  |

**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**

|   | <b>Total<br/>Approved<br/>Budget</b> | <b>Prior Year<br/>Spend</b> | <b>Forecast<br/>Spend<br/>2013/2014</b> | <b>Forecast<br/>Spend<br/>2014/2015</b> | <b>Forecast<br/>Spend<br/>2015/2016</b> | <b>Forecast<br/>Spend<br/>Funded by<br/>Borrowing</b> |
|---|--------------------------------------|-----------------------------|---|---|---|---|
|   | <b>£000</b>                          | <b>£000</b>                 | <b>£000</b>                             | <b>£000</b>                             | <b>£000</b>                             | <b>%</b>  |
| <b>Ongoing Schemes</b>  |                                      |                             |   |   |   |   |
| 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  |
| <b>Rolling Programme</b>                                      |                                      |                             |   |   |   |   |
| 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   |
| <b>Subtotal - Ongoing Schemes</b>                             | <b>52,518</b>                        | <b>21,100</b>               | <b>20,390</b>                           | <b>9,516</b>                            | <b>1,512</b>                            |   |

**Capital Programme 2013/2014 - 2015/2016**

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

**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                     | %                                  |
| <b>Ongoing Schemes</b>  |                       |                  |                          |                          |                          |                                    |
| Customer Access - Improvements  | 403                   | 273              | 130                      | 0                        | 0                        | 94                                 |
| Radio Frequency ID (RFID) - Library self service machines                                 | 1,066                 | 986              | 80                       | 0                        | 0                        | 100                                |
| <b>Subtotal - Ongoing Schemes</b>   | <b>1,469</b>          | <b>1,259</b>     | <b>210</b>               | <b>0</b>                 | <b>0</b>                 |                                    |
| <b>New Schemes</b>  |                       |                  |                          |                          |                          |                                    |
| <b><u>6.3 Develop a new model for sustainable library services and community hubs</u></b> |                       |                  |                          |                          |                          |                                    |
| 1. Development of a new Library Model   | 700                   | 0                | 0                        | 500                      | 200                      | 100                                |
| <b>Subtotal - New Schemes</b>   | <b>700</b>            | <b>0</b>         | <b>0</b>                 | <b>500</b>               | <b>200</b>               |                                    |
| <b>Total</b>  | <b>2,169</b>          | <b>1,259</b>     | <b>210</b>               | <b>500</b>               | <b>200</b>               |                                    |

**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**

|  | <b>Total<br/>Approved<br/>Budget<br/>£000</b> | <b>Prior Year<br/>Spend<br/>£000</b> | <b>Forecast<br/>Spend<br/>2013/2014<br/>£000</b> | <b>Forecast<br/>Spend<br/>2014/2015<br/>£000</b> | <b>Forecast<br/>Spend<br/>2015/2016<br/>£000</b> | <b>Forecast Spend<br/>Funded by<br/>Borrowing<br/>%</b> |
|--|---|--------------------------------------|--|--|--|---|
| <b>Ongoing Schemes</b>                                     |   |                                      |  |  |  |   |
| 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   |
| <b>Subtotal - Ongoing Schemes</b>                          | <b>68,513</b>                                 | <b>5,928</b>                         | <b>30,418</b>                                    | <b>27,167</b>                                    | <b>5,000</b>                                     |   |
| <b>Total</b>   | <b>68,513</b>                                 | <b>5,928</b>                         | <b>30,418</b>                                    | <b>27,167</b>                                    | <b>5,000</b>                                     |   |
| <b>Funded By</b>   |   |                                      |  |  |  |   |
| 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  |   |
| <b>Total</b>   |   | <b>5,928</b>                         | <b>30,418</b>                                    | <b>27,167</b>                                    | <b>5,000</b>                                     |   |



# **Reserves Strategy**

2013/2016

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## 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 1<sup>st</sup> 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.

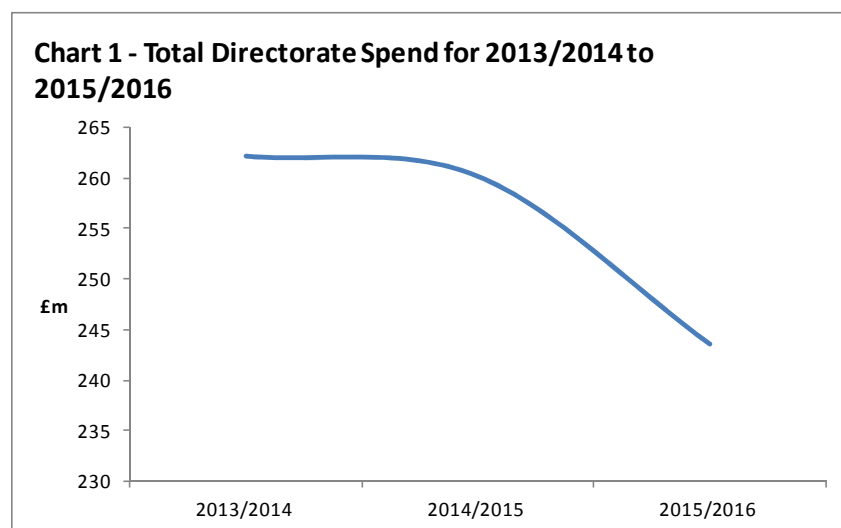
### Estimated Movement in Reserves (2012/2013 onwards)

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).

| <b>Table 2 - Reserves levels will be maintained in the medium term</b> | <b>2012/2013</b> | <b>2013/2014</b> | <b>2014/2015</b> | <b>2015/2016</b> |
|--|------------------|------------------|------------------|------------------|
|  | £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

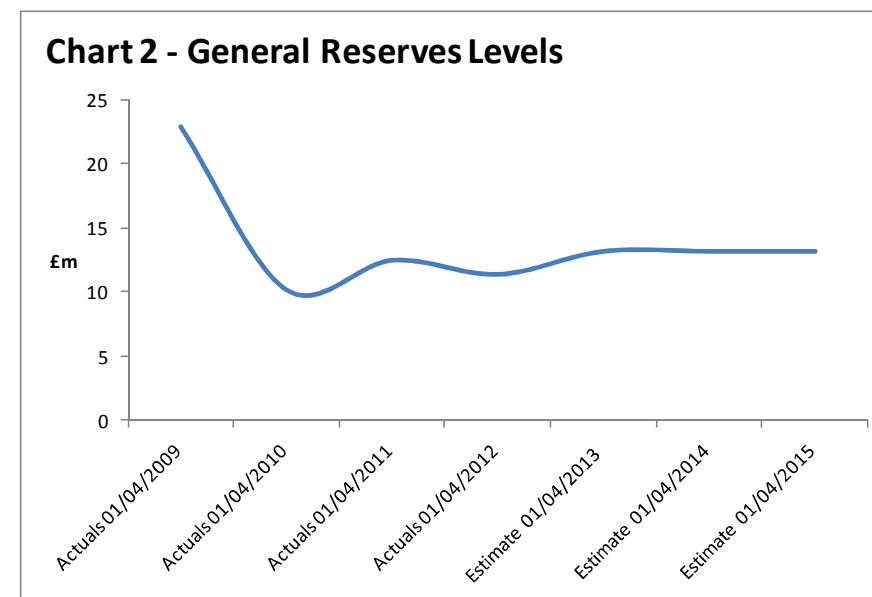
17. **Chart 1** shows how the medium term financial outlook reflects a reduction in real terms expenditure on Council Services.



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**

| <b>Class of Risk</b>            | <b>Knock on Effects</b>   | <b>Effect on Budget / Mitigating Action</b>  | <b>Risk Assessment</b> |
|---------------------------------|---|--|------------------------|
| <b>Health &amp; Safety</b>      | Major loss of service   | Increased cost to reduce further risk of breach / Robust risk assessments  | <b>£300,000</b>        |
|                                 | 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  |                        |
| <b>Fire / Structural damage</b> | Major loss of service   | Premises not operational / Robust disaster recovery plan   | <b>£800,000</b>        |
|                                 | 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   |                        |

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

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 1<sup>st</sup> 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<br>1 April<br>2012<br>£000 | Estimated movement<br>to 31<br>March<br>2013<br>£000 | Estimated Available<br>Balances<br>for<br>2013/14<br>£000 | Reason / Use  |
|---|--|--|---|---|
| <b>CHILDREN &amp; FAMILIES</b>              |  |  |   |   |
| 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             |
| <b>ADULTS</b>                               |  |  |   |   |
| Extra Care Housing (PFI)                    | 892  | 100  | 992   | Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009. |
| <b>PLACES &amp; ORGANISATIONAL CAPACITY</b> |  |  |   |   |
| 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<br>1 April<br>2012<br>£000 | Estimated movement<br>to 31<br>March<br>2013<br>£000 | Estimated Available<br>Balances<br>for<br>2013/14<br>£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. |
| <b>CORPORATE SERVICES</b>      |  |  |   |  |
| 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.  |
| <b>CROSS SERVICE</b>           |  |  |   |  |
| Service Manager carry forwards | 813  | -813   | 0   | Specific funding for expenditure slipped against previous year's budget e.g Pay Harmonisation.                         |
| <b>Totals</b>                  | <b>7,242</b>                               | <b>-2,100</b>  | <b>5,142</b>  |  |

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 31<sup>st</sup> 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 1<sup>st</sup> 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.

| <b>Table 6 - Revenue funds set aside to fund capital expenditure</b> | <b>Opening Balance<br/>01-Apr-12<br/>£000</b> | <b>Estimated movement<br/>2012/2013<br/>£000</b> | <b>Closing Balance<br/>31-Mar-13<br/>£000</b> |
|--|---|--|---|
| 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   |
| <b>Total</b>   | <b>782</b>                                    | <b>180</b>                                       | <b>602</b>                                    |



## 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 <sup>st</sup> 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.   |