

CHESHIRE EAST COUNCIL

REPORT TO: CORPORATE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting:	9 th July 2015
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	Business Planning Process 2016/19
Portfolio Holder:	Cllr. Peter Groves

1 Summary

- 1.1 This report updates Corporate Overview and Scrutiny Committee on the Council's Business Planning Process for 2016/17 to 2018/19. A robust Business Planning Process forms part of the continued improvement in financial planning, control and transparency. This enables the Council to deliver a balanced budget through a process that considers priorities, performance, risks and HR issues.
- 1.2 The Council will continue to demonstrate strong financial health by considering the medium term budget position at an early stage in the year and through successive outturn reports:
 - The 2013/14 outturn position was signed off by the Council's external auditors, without qualification, and demonstrated that the overall financial health, performance, resilience and value for money at Cheshire East Council is strong
 - The Council is due to report its 2014/15 outturn position to Cabinet on 14th July 2015. At Third Quarter a small underspend was forecast signalling that improved budget management has been maintained. In addition, the 2014/15 Draft Statement of Accounts has been issued for public inspection and is currently being audited.
- 1.3 In February 2015 the Council approved the Medium Term Financial Strategy (MTFS) Report incorporating:
 - An Executive Summary from the Leader of the Council setting out the key actions to address the Council's priorities.
 - The Council's MTFS Report 2015/18 setting out how the priorities and actions will be funded.
- 1.4 The Report is subject to annual update as further information over funding levels becomes available and the Council develops more detailed plans for later years.
- 1.5 The outcome of the update process will be the production of a revised MTFS Report in February 2016 to set the Budget, Capital Programme and Council Tax.
- 1.6 A comprehensive process is required to achieve that outcome and this report sets out the framework for Members and officers.

2 Recommendations

- 2.1 To note the Business Planning Process for 2016/19 and the availability of officers throughout the process.

3 Reasons for Recommendations

- 3.1 The Council requires an agreed process to set a budget for 2016/19. However, the Council needs to consider the approach to delivering the Sustainable Community Strategy and the Council's Priorities and link those ambitions with resource allocation in a managed way.

4 Wards Affected

- 4.1 Not applicable.

5.0 Local Ward Members

- 5.1 Not applicable.

6.0 Policy Implications

- 6.1 The report outlines the need to generate policy proposals which will impact on service delivery.

7.0 Implications for Rural Communities

- 7.1 Not applicable.

8.0 Financial Implications

- 8.1 The report includes details of a process to generate policy proposals which will affect service budgets from 2016/19 onwards.
- 8.2 The baseline for 2016/19 business planning is the 2015/16 budget.

9.0 Legal Implications

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

10.0 Risk Management

- 10.1 The steps outlined in this report will significantly mitigate the four main legal and financial risks to the Council's financial management:
- The Council must set a balanced Budget.
 - The Council must set a legal Council Tax for 2016/17.
 - The Council should provide high quality evidence to support submissions for external assessment.
 - Council borrowing will comply with the Treasury Management Strategy which is underpinned by the Prudential Code.

- 10.2 The Business Planning Process itself has been reviewed in terms of equality impact. The conclusion is that the process does not disadvantage any of the groups with protected characteristics. Setting and approving the Budget is a democratic process which involves all elected Members (representing all communities within Cheshire East). The Council also places information on its website to inform and engage with all service users.
- 10.3 The Government has announced a Summer Budget will be released on 8th July 2015. This may alter the baseline assumptions.

11 Background

11.1 Each year the Council operates a rolling Business Planning Process to match resources with service needs by consideration of the Council's residents first outcomes, risks and targeted service changes. The process addresses these requirements through four stages: (see **Annex 1** for further details)

- **Set parameters** ~ assess funding levels through reviewing corporate funding assumptions in relation to Council Tax etc and agree the Council's priorities going forward.
- **Gather Evidence and Develop Proposals** ~ to manage the reduction in resources and additional growth pressures through changes to services, efficiency savings, increasing income etc.
- **Consult and Refine** ~ share the proposals with Corporate Overview and Scrutiny Committee, Members and interested parties for comment and an invitation for further suggestions for making savings or changes. Further internal challenge will develop the detail behind the proposals including consideration of detailed Business Cases in accordance with the principles of the Council's corporate project gateway model (as overseen by the Executive Monitoring Board)
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- **Approve** ~ Finalise the funding position and proposals. Report to Cabinet and Council to set the Budget.

11.2 Key dates to note:

Set parameters	May to June
Gather Evidence and Develop Proposals	July to September
Consult and Refine	October to January
Approve	February

11.3 The Corporate Overview and Scrutiny Committee will be provided with updates on the process through regular Finance Briefing sessions and specific reports at key stages including in-year performance and the proposals being used for engagement.

11.4 The Committee and all elected Members will be asked to comment on the draft proposals and put forward any ideas they have for spending in different areas or opportunities to make savings. Responses can be made by via the Chief Operating Officer.

12 Access to Information

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

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Annex 1: Business Planning Process 2016/19

