Annexes to Budget Report 2011 / 2012

Our People, Our Place

Annex 1 - A Profile of the Authority

1. The Unitary Council of Cheshire East serves the area previously served by Cheshire County Council and the borough councils of Congleton, Crewe and Nantwich and Macclesfield. In addition to 'Cheshire West and Chester' on the west, Cheshire East is bounded by the Manchester conurbation to the north and east, 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 north east of the authority. The 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 facilities such as Tegg's Nose Country Park, The Cloud and the Gritstone Trail as well as splendid historic towns and major national visitor attractions such as Tatton Park, castles built of the distinctive local sandstone, the Lyceum Theatre and the Heritage Trail.

4. The main rivers of Cheshire East are the Bollin and the Dane which flow into the Mersey. The River Weaver flows from its source in Peckforton to the union with Manchester Ship Canal. A number of canal systems (The Trent and Mersey, Shropshire Union and Macclesfield canals) form significant features of Cheshire East.

5. The Weaver Valley Regional Park builds on these assets, particularly the market towns, rivers, canals and the salt industry heritage of mid-Cheshire. It runs through central Cheshire, from Runcorn (the mouth of the River Weaver) in the north to Audlem in the south. The Sandstone Trail runs from Frodsham to Whitchurch.

6. There are excellent rail links both with Manchester and other parts of the country 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. Other main trunk roads running through Cheshire East are the A556 from Knutsford to Bowden which connects people to Manchester and the A500 linking Nantwich and Crewe to Derby.

Cheshire East and its Citizens

7. Cheshire East has an area of 116,638 hectares. The population is 362,700 (2009), making it the 3rd largest in the North West and 12th largest Authority in England. Principal concentrations of population are in the towns of Macclesfield (50,040), Crewe (50,320), Wilmslow (30,870) and Congleton (26,520). Other main towns within Cheshire East are Sandbach (17,820), Poynton (14,200), Nantwich (14,440), Middlewich (13,800), Knutsford (12,580) and Alsager (12,230).

8. Cheshire East has a diverse rural / urban profile. The area is classed as significantly rural, with more than half the population living in rural or rural market town areas. The other eight towns, although urban, have outskirts which contain areas classified as more rural than urban.

9. The population in Cheshire East has steadily increased over the past seventeen years, from 340,500 in 1991 to 362,700 in 2009. This increase in the total population is mainly due to migration into the area. The age structure of Cheshire East is slightly older than that of England & Wales. In 2008, 6% of Cheshire East's residents were aged under 5, 12% were aged 5 to 14 and 18% were aged 65 or more. The age structure of the population in Cheshire East has changed since 1991. The number of older people (aged 65+) has increased by 20% from around 54,200 in 1991 to 66,500 in 2008. The increase is greater in Congleton (34%) than Crewe & Nantwich (22%) or Macclesfield (17%).

10. The number of children (aged 0-15) in 2008 has fallen slightly (by 900) compared to 1991 to 61,900; however, whilst numbers have increased by 7% in Crewe & Nantwich they have decreased by 4% in Congleton and 6% in Macclesfield. It is forecast that by 2027 there will be around 5% fewer children living in Cheshire East than there were in 2007 whilst the number of people aged 85 or above will have doubled within the same period.

11. Cheshire East has a strong local economy which contributes 5% of the North West region's total population and 7% to regional output. Average household income is above the national average. However it is not immune from the national economic recession and unemployment has been rising rapidly. The population aged 16-64 is expected to fall by 4% between 2007 and 2027, so limiting the capacity to expand the labour supply.

12. Residents also enjoy better health than elsewhere in the region and nationally. For example, life expectancy is above the national average and incidence of smoking cigarettes is lower.

13. Educational attainment among school pupils in terms of achieving 5 or more GCSE (General Certificate of Secondary Education) grades at A*-C grade is above the national average. 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, but the proportion of secondary schools and school sixth forms that are judged to be good or better is below that found in similar areas and the national figure. Attainment levels at Key Stage 2 in primary schools places the Borough in the top 5 Local Authorities in the country for educational performance at this level. Children's Services in Cheshire East continue to 'perform well' as rated by OFSTED in its annual performance rating.

14. The crime rate in Cheshire East is one of the lowest in the country and residents are less concerned about anti-social behaviour than elsewhere. However, there is significant anxiety about victimisation.

15. The South Cheshire housing market contains the two towns of Crewe and Nantwich and a number of rural villages. Crewe is identified as being a key regional town and a gateway to the North West. It has both housing and employment ties crossing regional boundaries into the North Staffordshire and Potteries areas, and it is to this area more than Manchester that this housing area looks.

16. 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 14 Lower Super Output Areas among the 20% most deprived in England, according to the national measure 'Index of Multiple Deprivation'. These contain 6% of the population of the borough.

Annex 2 – Grant Funding Position 2011/2012

1. The structure of grant funding to local authorities is changing and is still under review. This annex provides information on the Specific Grants highlighted by the Secretary of State for Communities, the Rt Hon Eric Pickles MP, as well as a comprehensive list of grants for Cheshire East Council extracted from the Grants Register.

2. The table below provides further information on Specific Grants contained within a letter to all councils, in October 2010, from the Secretary of State for Communities.

Grant	Information
Dedicated Schools Grant	*Existing grant.* Ringfenced grant to support expenditure on education. Grant is received by the Council who allocate funding to schools in accordance with local agreements. For 2011/2012 several grants are being transferred into DSG, however reductions will also be made to reflect schools converting to Academy status.
Early Intervention Grant	*Pooling of existing money*. For early intervention and preventative services. This is a new streamlined grant to provide greater flexibility to target grants on local needs; to take a whole-family approach; and to use the money to encourage diversity of provision and establish payment by results.
Learning Disabilities and Health Reform	*Pooling of existing money and new grant.* The Learning Disabilities and Health Reform grant reflects the transfer of responsibility for funding and commissioning of services for adults with learning disabilities from the NHS to local authorities. The grant includes social care revenue, reported and agreed between PCTs and councils, which supported adults with learning disabilities, who previously lived in the long stay hospitals. It also includes former campus residents who have moved to community accommodation.
New Homes Bonus	*New Grant for 2011/2012.* To reward council's for increasing supply in domestic properties. Consultation is in progress for this grant so no estimate is included in this Pre-Budget Report.
Council Tax Freeze Grant	*New Grant for 2011/2012.* Payable to Councils that agree to freeze Council Tax at 2010/2011 levels (see section below for Cheshire East proposals in this area).
Housing & Council Tax Benefit Administration Grant	*Existing Grant.* Provided to Council's that administer local Housing & Council Tax benefits on behalf of the Department for Work & Pensions. Cheshire East, as a Unitary Authority deliver this function and grant payment is based on caseload.
Private Finance Initiative Grant	Annual grant to be received on an annuity basis from the Homes and Communities Agency for a period of 25 years

	from 2009, towards the cost of our Round 3 Extra Care Housing scheme. This is a joint scheme with Cheshire West and Chester, with 3 sites in Cheshire East being part of the scheme, namely, Crewe, Handforth and Middlewich.
Preventing Homelessness Grant	*Existing Grant:* used to prevent homelessness.
Public Health Grant	*New Grant:* To start in 2013. Will be ringfenced for health spending only.

3. The table overleaf is extracted from the Cheshire East Council Grants Register, confirming the latest estimates on Government Grant Funding.

Table 17: This information is extracted from the Council Grants Register

	See Note	Adjusted 2010/2011 £m	2011/2012 £m	Actual Change £m	%
Formula					
Revenue Support Grant		8.1	16.6	8.5	
National Non Domestic Rates		55.4	53.7	-1.7	
Total Formula Grant		**63.5**	**70.3**	**6.8**	
Value of Specific Grants Rolled in to Formula Grant from April 2011	1	18.6	0.0	-18.6	
Gross Impact of Restructuring Local Authority Formula Grant		**82.1**	**70.3**	**-11.8**	**-14.4%**
Specific					
Ringfenced					
Dedicated Schools Grant	**1, 7**	**231.3**	**229.6**	**-1.7**	
Non Ringfenced					
Area Based Grant	2	0.0	0.0	0.0	
Early Intervention Grant	1	13.3	11.8	-1.5	
Learning Disabilities & Health Reform	1	1.6	4.0	2.4	
New Homes Bonus				0.0	
Council Tax Freeze Grant			4.4	4.4	
Housing & Council Tax Benefit Administration Grant		2.5	2.2	-0.3	
Council Tax Benefit		20.4	20.4	0.0	
Housing Benefit		75.1	75.1	0.0	
NNDR Admin Grant		0.6	0.6	0.0	
Private Finance Initiative Grant		0.0	0.0	0.0	
Preventing Homelessness Grant		0.1	0.3	0.2	
NHS Funding	3	0	3.9	3.9	
Sixth Form funding not yet announced		18.4	18.4	0.0	
Other Funding not yet announced	4	2.4	2.2	-0.2	
Awaiting further information	4	0.7	0.3	-0.4	
Grants claimed retrospectively	4	0.4	0.4	0.0	
Lead Local Flood Authorities		0.0	0.1	0.1	
Cheshire & Warrington Improvement and Efficiency Commission	5	0.2	0.0	-0.2	
Grants ending in 2010-11	4	3.5	0.0	-3.5	
Total Non Ringfenced		139.2	144.2	5.0	**3.6%**
Total Specific Grants		**370.5**	**373.8**	**3.3**	**0.9%**
Total Government Grant Funding		**452.6**	**444.1**	**-8.5**	**-1.9%**

Notes

1 The Appendix shows the breakdown of grants rolling into Formula Grant, DSG, Early Intervention grant and Learning Disabilities & Health Reform grant.

2 Grants forming part of Area Based Grant in 2010/2011 have been rolled into Formula Grant, Early Intervention Grant, Learning Disability and Health Reform Grant or have been abolished. A table tracking ABG is shown in the Appendix.

3 Spending against NHS Funding grant is to be negotiated with NHS.

4 Detailed breakdowns of these grants is available .

5 Grant in 2011/12 of £30,000.

6 The above grants information is being constantly updated, as further details are received on the 2011/12 grant settlement.

7 The DSG figure includes £17.1m of funding which will go to Academies. The full figure is shown here for comparison with the previous year.

Source: CLG

4. The following grants have been mainstreamed, so that they are now payable as part of the Dedicated Schools Grant:

    - School Standards Grant
    - Schools Standards Grant (Personalisation)
    - School Development Grant (includes School Development Grant (SDG) Main, Post-Leadership Incentive Grant (LIG) Deprivation and Transition, City Learning Centers, Specialist Schools and High Performing Specialist Schools). It does not include the amount previously paid through Area Based Grant (ABG)
    - School Lunch Grant
    - Ethnic Minority Achievement (EMAG)
    - 1-2-1 Tuition
    - Extended Schools – Sustainability
    - Extended Schools - Subsidy
    - Targeted Support for the Primary National Strategy allocated to schools (consisting of Universal and Targeted elements, Leading Teachers, Every Child elements, Early Years Foundation Stage, and Modern Foreign Languages)
    - Targeted Support for the Secondary National Strategy allocated to schools (consisting of Universal and Targeted elements and Leading Teachers)
    - Diploma Formula Grant
    - London Pay Addition Grant

Annex 3 - Balancing the Three Year Budget Position

Introduction

1. A comprehensive Business Planning Process was followed for the 2010/2011 Budget Setting process which resulted in a balanced position for the medium term (2010-2013). The 2011/2012 position was balanced after savings of £9.6m were programmed to be included in the budget.

Development of the Revenue Budget

2. There were several key stages in the development of the three year budget position 2011 - 2014.

Initial Estimates and July Cabinet Report

3. During the early part of 2010/2011 work began to assess the revised financial scenario facing Cheshire East Council. The high level steer at that time was to anticipate reductions of 25% over a four year period. Applying this reduction to the funding received from Central Government resulted in the need to make additional savings of £11.4m in 2011/2012 and £32.5m over the three year period. These targets were included in the Business Planning Report taken to Cabinet in July 2010 which marked the start of the Business Planning Process.

Challenge

4. In August an 'Efficiency Group' comprising members of the Corporate Management Team and Cabinet was formed to manage the process. Their initial task was to review and comment on the emerging options within each Directorate and cross directorate initiatives.

5. Initial responses were produced in early September and challenged by the Efficiency Group.

The Comprehensive Spending Review

6. The Comprehensive Spending Review (CSR) was announced on 20th October 2010. This set out more details of the savings the public sector needed to make. The announcements were interpreted and the following changes were made to the planning assumptions for 2011/2012:
   - Formula Grant: 11.6% reduction.
   - Specific and Area Based Grants: 7.25% reduction.

7. These changes increased the funding gap by £5.8m from £11.4m to £17.2m in 2011/2012.

8. Given the significant level of uncertainty over the level of funding available to the Council and concerns about the impact of underlying growth pressures being experienced in the current year that were not reflected in service budgets, Cabinet decided to adopt targets of **£30m** in 2011/2012 and £50m over the three year period.

Provisional Finance Settlement

9. The provisional local government finance settlement was released on 13th December 2010. The announcements included the removal of the majority of ringfencing in terms of use of grants.

10. The impact of the settlement and current year pressures demonstrated the Council's planning assumptions and process to generate saving options were fully justified to arrive at a balanced position.

The Pre Budget Report

11. The steps identified in the Pre Budget Report balanced the scenario for 2011/2012.

Final Settlement and the Budget Report

12. The final local government finance settlement report was released on 31 January 2011. It will be debated in the House of Commons on 9th February. Any change to the figures will be reported to Cabinet and Council.

13. The announcements made a small increase in the formula grant figures of £40,000 due to the upper limit on reduction of grant being reduced by 0.1%.

14. This change together with some refinement of service budgets and policy options have led to the Budget Report position.

15. The changes to policy options were:
    - Additional Corporate Improvement savings of £74,000.
    - Costs of contributing to the Macclesfield 750th Anniversary of £30,000.

16. In addition two significant adjustments have been processed :
    - The budget figures and grants for Council Tax Benefit and Housing Benefit have been increased by £9.5m to reflect current activity levels.
    - The Grounds Maintenance Service has been transferred from Health and Wellbeing to Places resulting in a budget transfer of £2.8m between the two areas.

Summary of Changes to Balance the Financial Scenario

17. This section will identify how the Council moved from the initial scenario position reported in July to the balanced Budget Report stage using the five measures of:

    - Measure 1 – Challenge Funding Assumptions,
    - Measure 2 – Increase Council Tax,
    - Measure 3 – Use General Reserves,
    - Measure 4 – Reduce Expenditure and
    - Measure 5 – Increase Income

18. In broad terms the amount available for services improved by £16.2m and that enabled the required level of savings to be reduced by £16.2m.

Measure 1 – Challenge Funding Assumptions

19. The July Cabinet report set out a number of key planning assumptions including: the repayment of reserves, inflation levels, and Capital Financing estimates. These assumptions were severely challenged to maximise resources available to the front line services.

- **Inflation** ~ the central contingency has been reduced from £3.8m to £1.9m. Where inflation is known services have adjusted for this pressure. A change of **-£1.9m.**
- **Capital Financing** ~ this provides for the necessary payment of Capital and interest. Following Capital Programme Challenge the figure was reduced from £15m to £13.9m. An improvement of **-£1.1m.**
- **Grants** ~ the original estimate of reductions was refined to reflect the figures actually released as part of the final settlement announcements. New grants for Council Tax freeze and NHS funding transfers reduced this impact to **-£8.5m**.
- **Severance costs** ~ the provision for severance costs was reduced to reflect a realistic profile of the costs. A change of **-£2.9m.**
- **Corporate Budget** ~ the base budget was reviewed and the Corporate budget of **£0.2m** was removed.

Overall the funding available to services was increased by £14.6m following the challenge and updating of funding assumptions.

Measure 2 – Increase Council Tax

20. **Council Tax** – several amendments were made.

- **Council Tax Increase ~** The Coalition Government offered funding over four years in return for a freeze in Council Tax in 2011/2012. Therefore Council Tax will remain the same and the Authority will benefit from this time limited 'freeze' funding of £4.4m. This has been included in measure 1 above.

- **Council Tax Base ~** the original assumption was an increase of 0.3% (£0.5m). This has been revised due to the impact of:
    - the review of single person discount,
    - the decision to reduce the discount on second homes to 10%
    - the decision to completely remove the discount on long term empty properties

Overall the result of these changes increased the tax base by 1.19% equating to a £1.6m reduction in the funding gap.

Measure 3 – Use General Reserves

21. The Council's Reserves Strategy uses risk assessment to inform the prudent level of reserves. This complies with the requirement to maintain adequate reserves (see the Borough Treasurer's comments on page 3).

22. The current financial position includes a contribution to reserves to ensure the Authority maintains a risk assessed minimum level following re-payment of transitional costs from the re-organisation process. The Reserves Strategy including a revised Risk Assessment will be included in the full Budget Report.

Overall there has been no change to the planned contribution to reserves.

23. Following the action taken in respect of measures 1 to 3 the level of savings the Council needed to make has reduced from the original savings target of £21m (being £9.6m roll forward plus £11.4m new savings) to £4.8m. This was mitigated by actions taken under measures four and five.

Measure 4 – Reduce Expenditure & Measure 5 – Increase Income

24. Service proposals were received from each directorate and challenged to deliver the following final estimates.

- **People - Children and Families Services:**
    - Growth of £5.7m offset by savings of £5.6m to give a net position of £0.1m growth.

- **People - Adults, Community, Health and Wellbeing:**
    - Growth of £20.8m offset by savings of £10.7m to give a net position of £10.1m.

- **Places:**
    - Savings of £3.9m.

- **Performance and Capacity:**
    - Savings of £4.7m.

- **Cross Directorate Issues**
    - Savings of £6.4m.

- **Cheshire East Total**
    - Growth of £26.5m offset by savings of £31.3m to give a net position of **£4.8m savings.**

Development of the 2011/2012 Capital Programme

25. The Capital Strategy was approved by Cabinet on 20th September 2010. The strategy sets out the process for the development of the Capital Programme and the main criteria for the evaluation of proposed new schemes.

26. In September 2010 services were required to submit headline business cases to identify the scale of the 2011/2012 draft capital programme. Only those schemes meeting the criteria of essential maintenance, replacement or invest to save progressed to the next stage given the level of available funding.

27. The capital schemes have been considered by the Efficiency Group and discussed in the Challenge Group sessions to ensure the links with the revenue budget setting process.

28. Initial forecasts were used for available capital grant funding based on previous years allocations but with expected reductions. The announcement of specific capital grants in December 2010 revealed a significant reduction in available funding for the 2011/2012 capital programme; this has particularly affected schools, highways and housing strategy. As well as a reduction in capital grants the government is no longer providing any new Supported Borrowing allocations in 2011/2012 and 2012/2013.

29. The forecast for future capital receipts has remained at a prudent level for 2011/2012 due to the property market remaining stagnant. The Council has implemented a Disposals Policy as part of the Asset Management Plan, where property assets which are not meeting the Council's objectives will be subject to asset challenge and a process of rationalisation and disposal for surplus / under-performing property will be adopted. The Council's Capital Receipts Policy will ensure that receipts are used in the most beneficial way to support corporate priorities and strategic objectives of the Council and all receipts will be pooled centrally.

30. Given the reductions in available funding detailed above the Council has undertaken prudential borrowing to fund £16m of new starts in 2011/2012. The Council is conscious of the impact of repayment costs on the revenue budget and has only considered schemes where capital investment is required to secure longer term revenue savings and repayment costs are affordable.

Annex 4 – Minimum Revenue Provision Statement 2011/2012

Introduction

1. Under 2003 Regulations[1], 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[2], 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[3] on the duty to make a prudent provision and local authorities are legally obliged to "have regard" to this guidance.

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 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*

[1] Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 2003/3146, as amended]
[2] Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414]
[3] Guidance on Minimum Revenue Provision, issued by the Secretary of State for Communities and Local Government, under Section 21(1A) of the Local Government Act 2003, 28 February 2008

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 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 2009/10.

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

The Council adopts the following policies in respect of calculating its annual Minimum Revenue Provision (MRP) for 2011/2012 and subsequent years.

12. 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.

13. 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

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. It should be noted that CIPFA undertook a review of the Code in early 2008, and issued a revised Code in November 2009.

Net Borrowing and the Capital Financing Requirement:

2. This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing 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. The Borough Treasurer & Head of Assets reports that the authority had no difficulty meeting this requirement in 2010/2011, 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:

4. 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.

No. 1	Capital Expenditure	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Total	**103**	**90**	**77**	**27**	**22**

5. Capital expenditure will be financed as follows:

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital receipts	24	21	16	3	1
Government Grants	52	40	35	15	15
External Contributions	1	5	1	0	0
Revenue contributions	4	2	1	0	0
Supported borrowing	16	17	4	1	0
Unsupported borrowing	6	5	20	8	6
Total	**103**	**90**	**77**	**27**	**22**

Note: the element to be financed from borrowing impacts on the movement in the Capital Financing Requirement.

Ratio of Financing Costs to Net Revenue Stream:

6. 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 borrowing costs. The definition of financing costs is set out at paragraph 37 of the Prudential Code.

7. The ratio is based on costs net of investment income.

No.	Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
2	**Total**	**5.64**	**4.91**	**5.59**	**6.11**	**6.28**

Capital Financing Requirement:

8. The Capital Financing Requirement (CFR) measures the Council'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 its financing. It is an aggregation of the amounts shown for Fixed and Intangible assets, the Revaluation Reserve, the Capital Adjustment Account, Government Grants Deferred and any other balances treated as capital expenditure**.

No.	Capital Financing Requirement	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
3	**Total CFR**	**184**	**206**	**221**	**217**	**212**

*** in line with CIPFA's guidance, any investments or other items not falling within the classification of fixed or intangible assets, but financed from capital resources must be included within the CFR for the purposes of this calculation.*

Actual External Debt:

9. 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.

No.	Actual External Debt as at 31/03/2010	£m
4	Borrowing	135
	Other Long-term Liabilities	23
	Total	**157**

Incremental Impact of Capital Investment Decisions:

10. This is an indicator of affordability that shows the impact of capital investment decisions on the Council. 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.

No. 5	Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
	Increase in Band D Council Tax	3.27	2.33	8.77	2.83

Authorised Limit and Operational Boundary for External Debt:

11. The Council 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 Council and not just those arising from capital spending reflected in the CFR.

12. The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing 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 Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

13. The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

14. 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).

No. 6	Authorised Limit for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Borrowing	195	197	213	208	204
	Other Long-term Liabilities		23	22	22	21
	Total	**195**	**220**	**235**	**230**	**225**

15. The **Operational Boundary** links directly to the Council'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.

16. The Borough Treasurer & head of Assets has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council.

No. 7	Operational Boundary for External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	Borrowing	185	187	203	198	194
	Other Long-term Liabilities		23	22	22	21
	Total	**185**	**210**	**225**	**220**	**215**

Adoption of the CIPFA Treasury Management Code:

17. This indicator demonstrates that the Council has adopted the principles of best practice.

No. 8 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 25 February 2010

The Council 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:

18. These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments).

19. The upper limit for variable rate exposure has been set to ensure that the Council 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.

		2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
No. 9	**Upper Limit for Fixed Interest Rate Exposure**	100	100	100	100	100
No. 10	**Upper Limit for Variable Interest Rate Exposure**	100	100	100	100	100

20. 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 Council's treasury management strategy.

Maturity Structure of Fixed Rate borrowing:

21. 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.

22. 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.

No. 11	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
	under 12 months	0	25%
	12 months and within 24 months	0	25%
	24 months and within 5 years	0	35%
	5 years and within 10 years	0	50%
	10 years and within 20 years	0	100%
	20 years and within 30 years	0	100%
	30 years and within 40 years	0	100%
	40 years and within 50 years	0	100%
	50 years and above	0	100%

Upper Limit for total principal sums invested over 364 days:

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

No. 12	Upper Limit for total principal sums invested over 364 days	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
		40	**40**	**40**	**40**	**40**

Note: Original approved limit expressed as a % of total investments. Revised and future estimates stated as maximum value.

Annex 6 - Service Budget and Capital Details

Cheshire East Council

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rchgs £000	Gross Income £000	Net Budget £000
Our People	240,544	249,010	489,554	(25,601)	(60,658)	(86,259)	403,295
Our Place	36,178	65,308	101,486	(20,958)	(24,388)	(45,346)	56,140
Supporting Service Delivery	34,778	123,065	157,843	(9,549)	(5,916)	(15,465)	142,378
Total Budget	**311,500**	**437,383**	**748,883**	**(56,108)**	**(90,962)**	**(147,070)**	**601,813**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Our People	10,180	
Our Place	(3,872)	
Supporting Service Delivery	(4,664)	
Cross Directorate Proposals		
Borough Treasurer & Head of Assets	(2,880)	
Human Resources & Organisational Development	(3,594)	
Provisional Financial Impact of 2011/2012 Policy Proposals		**(4,830)**
Total Proposed Budget 2011/2012		**596,983**
Funded by :		
Formula Grant	-70,335	
Specific Grants	-373,754	
Sub total Government Grant Funding		-444,089
Local Taxation		-178,679
Less		
Investment & Borrowing	13,916	
Management of Reserves	5,114	
Other Economic Factors	6,755	
		25,785
Funding Available		**(596,983)**

Cheshire East Council - Three Year Position

Services Provided :	2011/2012 Net Budget £000	2012/2013 Net Budget £000	2013/2014 Net Budget £000
Our People	403,295	410,871	404,221
Our Place	56,140	51,908	48,910
Supporting Service Delivery	142,378	136,792	137,033
Total Budget	**601,813**	**599,571**	**590,164**

Key Policy Proposals for 2011/2012 Budget

	£000	£000	£000	£000	£000	£000
Our People	10,180		(7,334)		(2,081)	
Our Place	(3,872)		(3,085)		(1,445)	
Supporting Service Delivery	(4,664)		(1,498)		(1,425)	
Additional Savings to be found through Directorate Challenge			(500)		(3,983)	
Cross Directorate Proposals						
Borough Treasurer & Head of Assets	(2,880)		(600)		(600)	
Human Resources & Organisational Development	(3,594)		(1,658)		-	
Provisional Financial Impact of 2011/2012 Policy Proposals		**(4,830)**		**(14,675)**		**(9,534)**
Total Proposed Budget 2011/2012		**596,983**		**584,896**		**580,630**
Funded by :						
Formula Grant	(70,335)		(63,197)		(62,692)	
Specific Grants	(373,754)		(372,533)		(370,176)	
Sub total Government Grant Funding		(444,089)		(435,730)		(432,868)
Local Taxation		(178,679)		(179,215)		(179,753)
Less						
Investment & Borrowing	13,916		15,217		15,641	
Management of Reserves	5,114		6,063		7,874	
Other Economic Factors	6,755		8,769		8,476	
		25,785		30,049		31,991
Funding Available		**(596,983)**		**(584,896)**		**(580,630)**
Gap/(surplus)		**-**		**-**		**-**

Capital Programme 2011/12 - 2013/14

	2011-12 £000	2012-13 £000	2013-14 £000	Total £000
Adults, Health & Wellbeing				
Committed schemes				
Adult Services	1,910	0	0	1,910
Health and Wellbeing	2,490	750	0	3,240
	4,400	**750**	**0**	**5,150**
New Starts				
Adult Services	200	0	0	200
Health and Wellbeing	735	0	0	735
	935	**0**	**0**	**935**
Total Capital Programme - Adults, Health & Wellbeing	**5,335**	**750**	**0**	**6,085**
Children & Families				
Committed schemes	14,299	2,414	0	16,713
New Starts	11,459	950	950	13,359
Total Capital Programme - Children & Families	**25,758**	**3,364**	**950**	**30,072**
Places				
Committed schemes				
Environmental Services	3,162	2,336	4,201	9,699
Safer & Stronger Communities	645	160	0	805
Planning & Policy	1,340	0	0	1,340
Regeneration	3,281	2,488	295	6,064
	8,428	**4,984**	**4,496**	**17,908**
New Starts				
Environmental Services	1,950	0	0	1,950
Safer & Stronger Communities	0	150	150	300
Planning & Policy	1,840	600	600	3,040
Regeneration	17,360	11,520	10,728	39,608
	21,150	**12,270**	**11,478**	**44,898**
Total Capital Programme - Places	**29,578**	**17,254**	**15,974**	**62,806**
Performance & Capacity				
Committed schemes				
Borough Treasurer & Head of Assets	7,240	1,095	1,094	9,429
Policy & Performance	1,005	0	0	1,005
	8,245	**1,095**	**1,094**	**10,434**
New Starts				
Borough Treasurer & Head of Assets	8,029	4,693	4,100	16,822
Policy & Performance	35	0	0	35
	8,064	**4,693**	**4,100**	**16,857**
Total Capital Programme - P & C	**16,309**	**5,788**	**5,194**	**27,291**
Total Committed schemes	35,372	9,243	5,590	50,205
Total New Starts	41,608	17,913	16,528	76,049
Total Capital Expenditure	**76,980**	**27,156**	**22,118**	**126,254**

Our People

Objective Analysis of Services provided in 2010/2011

Services	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Children and Families	186,047	132,488	318,534	(11,867)	0	(11,867)	**306,668**
Adults, Community, Health and Wellbeing	54,498	116,522	171,020	(28,414)	(45,978)	(74,392)	**96,628**
Total Budget	**240,544**	**249,010**	**489,555**	**(40,281)**	**(45,978)**	**(86,259)**	**403,296**

Key Policy Proposals for 2011/2012 Budget

	£000
Children and Families	123
Adults, Community, Health and Wellbeing	10,057
Provisional Financial Impact of 2011/2012 Policy Proposals	**10,180**
Total Proposed Budget 2011/2012	**413,476**

Children and Families
Director of Service - Lorraine Butcher

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income £000	Net Budget £000
Schools (ISB)	150,908	31,760	182,668		182,668
Integrated Delivery	19,079	27,993	47,072	(1,890)	45,182
Improvement and Achievement	11,786	69,069	80,855	(2,206)	78,649
School Catering	4,274	3,666	7,939	(7,771)	168
	186,047	**132,488**	**318,534**	**(11,867)**	**306,668**

Note: the above includes £200.642m DSG, shown overleaf

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Increased numbers of looked after children	4,000	
Investment in residential provision	780	
Realignment of transport budgets	989	
Sub total		5,769
Decreases in Net Budget		
Reductions to services in line with changes to grant funding levels	(2,500)	
Further efficiencies from commissioned services	(1,235)	
Reduce Children in Care Placements	(1,325)	
Review of Family Centres / Family Support	(430)	
Review Short Break Provision	(156)	
Sub total		(5,646)
Provisional Financial Impact of 2011/2012 Policy Proposals		**123**
Total Proposed Budget 2011/2012		**306,791**

Children and Families - Dedicated Schools Grant

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000
Schools ISB			
Primary	71,231	14,850	86,081
Secondary	60,829	13,099	73,928
Special	4,539	730	5,269
Total Schools ISB	**136,599**	**28,679**	**165,278**
Other Provision			
Sandbach School	3,370	739	4,109
Private Voluntary and Independent Nurseries	5,644	1,239	6,883
Total Other Schools	**9,014**	**1,978**	**10,992**
Total Central Spend	**10,236**	**14,136**	**24,372**
Final 2010/2011 DSG	**155,849**	**44,793**	**200,642**

Key Policy Proposals for 2011/2012 Budget

Increases in Net Budget		
Increased allocation of DSG	350	
Main streamed grants	28,627	
Increased costs associated with Pupil Premium	2,003	
Inflation Requirements	2,309	
Additional Special Educational Needs Requirements	1,500	
Withdrawal of Financial Management Standards in Schools	(99)	
Special Schools - phasing out of protection	72	
Special Schools - Shortfall in 2010/11 Funding	17	
Special Schools - Increase in Complex Needs Places	100	
Early Years additional entitlement	540	
Academies Schools Budget element of LA Central Spend Equivalent	180	
Grant Reductions in grant funding due to Academy conversions	17,067	
Sub total		52,666
Decreases in Net Budget		
New Pupil Premium Funding	(2,003)	
Contribution from centrally retained DSG budget	(2,000)	
Proposals to be determined by schools	(2,619)	
Reduction in allocations required due to Academy conversions	(17,067)	
Sub total		(23,689)
Total Proposed DSG		**229,619**

Note 1: the above figures are subject to review in the light of the latest pupil number figures which will impact on the anticipated DSG receivable.
Note 2: Three schools have converted to Academies during 2010/2011. For 2011/2012, the funding paid to the Council will be reduced by £17m, to reflect allocations which will be paid directly to Academies.

CHESHIRE EAST - CAPITAL PROGRAMME 2011-12

Capital Programme - Children & Families	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Children & Families					
Ongoing Schemes					
Devolved Formula Capital 07-08	5,169	5,103	66		
Devolved Formula Cap 08-09	5,131	4,404	727		
Devolved Formula Capital 09-10	5,693	3,658	1,220	815	
Devolved Formula Capital - In Advance	2,277	1,363	914		
Extended Schools 09/10	363	195	168		
Extended Schools 10/11	132	0	132		
14-19 diploma	1,000	450	550		
Contact Point / Further Dev of Children's Hub/ e-CAF	382	102	280		
Stapely Broad Lane PS - Replacement temp accomm	922	673	249		
Offley Primary School	888	878	10		
Electronic Social Care Records (ESCR)	350	250	100		
Schools - Access Initiative	1,251	150	1,101		
Targetted Capital Funding (TCF) 14 - 19 Diploma	2,671	0	2,671		
Devolved Formula Capital 10-11	3,493	674	1,220	1,599	
Harnessing Technology	244	143	101		
Schools Modernisation Programme	3,546	50	3,496		
Schools - Basic Need	1,202	408	794		
Land Block 10-11	67	3	64		
Land Drainage 10-11	63	31	32		
Feasibility 10-11	82	25	57		
VA Contributions 10-11	13	0	13		
Alsager H S Perf Arts Cent	1,134	700	334		
Total Ongoing Schemes	**36,073**	**19,259**	**14,299**	**2,414**	**0**
New Starts 2011-12					
Basic Need	1,300		1,300		
Capital Maintenance Allocation	5,700		5,700		
Devolved Formula Capital 2011-12	1,009		1,009		
Residential Development Programme	1,150		1,150		
Short Break Re Provision	700		700		
Pupil Referral Unit	1,500		1,500		
Specialist Special Needs Provision	2,000		100	950	950
Total New Starts 2011-12	**13,359**	**0**	**11,459**	**950**	**950**
Total Children & Families Programme	**49,432**	**19,259**	**25,758**	**3,364**	**950**

Adults, Community, Health and Wellbeing
Director of Service - Phil Lloyd

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Expenditure £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Adults	41,607	107,362	148,970	(18,643)	(45,534)	(64,177)	84,793
Health and Wellbeing	12,890	9,160	22,050	(9,771)	(444)	(10,215)	11,835
Total Budget	**54,498**	**116,522**	**171,020**	**(28,414)**	**(45,978)**	**(74,392)**	**96,628**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget:		
Impact of Increasing population and complex packages of care	11,800	
Health and Wellbeing Building Based Review	849	
Care4CE Trading Company Options Appraisal (temporary)	200	
Valuing People Now - Interim Transfer into Learning Disabilities Pool	4,021	
NHS Reablement Monies - Section 256 Agreement	3,906	
		20,776
Decreases in Net Budget		
Maximise Income (increased / new charges) - subject to consultation in Adults	(990)	
Further Ongoing Care4CE Efficiencies	(1,080)	
Procurement and Expenditure Savings - Adults Services	(1,352)	
Staffing Reductions across the Directorate	(1,025)	
Review of Green Spaces	(225)	
Review Building Based Services / Provider Services	(1,150)	
Transport Reductions - subject to consultation in Adults	(800)	
Health and Wellbeing Building Based Review	(774)	
Lifestyle Concept - Reductions in Expenditure / New Income	(1,023)	
External Care Cost Reductions through Individual Social Worker Budgets	(800)	
Further Departmental Savings / Social Care Redesign Phase 2 (to be allocated)	(1,500)	
		(10,719)
Provisional Financial Impact of 2011/2012 Policy Proposals		**10,057**
Total Proposed Budget 2011/2012		**106,685**

CHESHIRE EAST - CAPITAL PROGRAMME 2011-12

Capital Programme - Adults, Health & Well-being	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Adults, Community and Health & Wellbeing					
Adults					
Ongoing Schemes					
CAF Phs 2 Demonstrator	2,235	1,235	1,000		
Social Care IT Infrastructure	95	20	75		
Modernising ICT Delivery	638	563	75		
Enabling Model of Social Care	58	10	48		
Extra Care Housing	2,907	2,358	549		
Community Services Flexible and Mobile working	650	537	113		
Adults Protect into Paris	50	0	50		
Total Ongoing Schemes	**6,633**	**4,722**	**1,910**	**0**	**0**
New Starts 2011-12					
Business Systems for Transformation	200		200		
Total New Starts 2011/12	**200**	**0**	**200**	**0**	**0**
Total Adults	**6,833**	**4,722**	**2,110**	**0**	**0**
Health & Wellbeing					
Ongoing Schemes					
Sandbach United Football complex	2,200	1,224	1,008		
Badger Relocation	115	68	47		
Nantwich Pool Enhancements (part-funding)	1,385	0	1,035	350	
Radio Frequency ID (RFID)	1,200	400	400	400	
Total Ongoing Schemes	**4,900**	**1,692**	**2,490**	**750**	**0**
New Starts 2011-12					
Re-location of Library Services	285		285		
Refurbishment of Oakley Centre	250		250		
Leisure Centre ICT Membership System	200		200		
Total New Starts 2011/12	**735**	**0**	**735**	**0**	**0**
Total Health & Well-being	**5,635**	**1,692**	**3,225**	**750**	**0**
Total Adults, Community and H&W Programme	**12,468**	**6,414**	**5,335**	**750**	**0**

Places
Strategic Director - John Nicholson

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Expenditure £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Environmental Services	16,199	36,862	**53,061**	(4,605)	(10,201)	**(14,806)**	**38,255**
Safer & Stronger Communities	5,005	3,393	**8,399**	(7,159)	(76)	**(7,235)**	**1,164**
Planning & Housing	6,532	1,655	**8,187**	(4,097)	(68)	**(4,165)**	**4,021**
Regeneration	8,442	23,398	**31,840**	(5,096)	(14,043)	**(19,140)**	**12,701**
Total Budget	**36,178**	**65,308**	**101,487**	**(20,958)**	**(24,388)**	**(45,346)**	**56,141**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Environmental Services	(733)	
Safer & Stronger Communities	(922)	
Planning & Housing	(1,022)	
Regeneration	(1,195)	
Financial Impact of 2011/2012 Policy Proposals		(3,872)
Total Proposed Budget 2011/2012		**52,269**

Environmental Services
Head of Service - Phil Sherratt

Objective Analysis of Services provided in 2010/2011

	Employees	Other Expenditure	Gross Expenditure	Income Fees&Chgs	Income Rechgs	Gross Income	Net Budget
	£000	£000	£000	£000	£000	£000	£000
Services Provided :							
Waste & Recycling	7,117	23,006	**30,123**	(983)	(5,610)	**(6,593)**	**23,530**
Highways Operations	3,527	8,776	**12,303**	(230)	(2,606)	**(2,836)**	**9,467**
Streetscape & Bereavement	5,555	5,080	**10,635**	(3,392)	(1,985)	**(5,377)**	**5,258**
	16,199	**36,862**	**53,061**	**(4,605)**	**(10,201)**	**(14,806)**	**38,255**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Waste & Recycling:		
Waste disposal - increased running costs	214	
Transport - Total Transport Project - fleet review	55	
Underlying running cost pressures - pay budget & external income	206	
Highways Operations:		
Structure review	80	
Highways Maintenance - exceptional inflation	302	
Underlying running cost pressures - pay budget & recharge to capital	300	
Streetscape & Bereavement:		
Review/impact of former highways works team	135	
Underlying running cost pressures - pay budget & external income	220	
Sub-total		1,512
Decreases in Net Budget:		
Waste & Recycling:		
Waste Collection & Recycling - new waste collection and recycling service	(726)	
Waste Collection & Recycling - Review of charges	(59)	
Highways Operations:		
Street Lighting former districts - reduction of 2010/2011 one off growth	(100)	
Highways Re-procurement - review of term contract arrangements	(500)	
Streetscape & Bereavement:		
Bereavement services - new prices to improve overall recovery of costs	(390)	
Markets - review of charges	(200)	
Grounds Maintenance - structure & running costs review	(260)	
Review of Britain in Bloom grants	(10)	
Sub-total		(2,245)
Financial Impact of 2011/2012 Policy Proposals		**(733)**
Total Proposed Budget 2011/2012		**37,522**

Safer & Stronger Communities
Head of Service - Peter Hartwell

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Expenditure £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Community Safety	1,160	1,032	**2,192**	(124)	(76)	**(200)**	**1,991**
Regulatory Services	2,903	605	**3,509**	(1,134)	-	**(1,134)**	**2,375**
Parking	942	1,756	**2,698**	(5,901)	-	**(5,901)**	**(3,202)**
Total Budget	**5,005**	**3,393**	**8,399**	**(7,159)**	**(76)**	**(7,235)**	**1,164**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Regulatory Services:		
Reduction in pest control & CCTV income	55	
Sub-total		55
Decreases in Net Budget:		
Service:		
Community Safety:		
Review of structure	(150)	
Emergency Planning - extend joint working	(25)	
Review Community Safety Development (thematic work)	(62)	
Regulatory Services:		
Review of structures	(300)	
Review of charges	(34)	
Review Animal Health	(20)	
Car Parking:		
Revisions to Car Parking Income estimates	(289)	
Additional car park income - enforcement teams	(52)	
Residents car parking schemes	(35)	
Retender of cash collection contract	(10)	
Sub-total		(977)
Financial Impact of 2011/2012 Policy Proposals		**(922)**
Total Proposed Budget 2011/2012		**242**

Planning & Housing
Head of Service - Adrian Fisher

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Spatial Planning	786	202	**988**	-	-	**-**	**988**
Building Control	996	138	**1,134**	(1,413)	-	**(1,413)**	**(280)**
Development Management	3,246	813	**4,059**	(2,432)	(42)	**(2,474)**	**1,585**
Housing Strategy	1,504	502	**2,006**	(252)	(26)	**(278)**	**1,728**
Total Budget	**6,532**	**1,655**	**8,187**	**(4,097)**	**(68)**	**(4,165)**	**4,021**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Building Control:		
Impact of new Government regulations	75	
Sub-total		75
Decreases in Net Budget:		
Spatial Planning:		
Review of structure and reduction in running costs	(215)	
Development Management:		
Planning & Land Charges increased income	(225)	
Transformation project	(335)	
Review of contribution to Regional Flood Committee	(102)	
Housing Strategy:		
Reduction in running costs & additional income	(220)	
Sub-total		(1,097)
Financial Impact of 2011/2012 Policy Proposals		**(1,022)**
Total Proposed Budget 2011/2012		**2,999**

Regeneration
Head of Service - Caroline Simpson

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Gross Income £000	Net Budget £000
Strategic Highways & Transportation	4,640	19,389	**24,029**	(1,607)	(13,860)	**(15,467)**	**8,562**
Visitor Economy	2,309	1,838	**4,148**	(2,974)	-	**(2,974)**	**1,174**
Economic Development	1,233	1,471	**2,704**	(515)	-	**(515)**	**2,189**
Performance Improvement Unit	259	700	**960**	(0)	(184)	**(184)**	**776**
Total Budget	**8,442**	**23,398**	**31,840**	**(5,096)**	**(14,043)**	**(19,140)**	**12,701**

Key Policy Proposals for 2011/2012 Budget

	£'000	£'000
Increases in Net Budget:		
Strategic Highways & Transportation:		
Local Bus contracts - increased running costs	71	
Visitor Economy:		
Nantwich Food Festival pump priming	10	
Contribution to Macclesfield 750th Anniversary	30	
Economic Development:		
Sub Regional Economic Development Partnership Working	260	
Sub-total		371
Decreases in Net Budget:		
Strategic Highways & Transportation:		
Transport Transformation project	(225)	
New Road Safety partnership working arrangements	(543)	
Visitor Economy:		
Tatton Park - Invest to Save Project (Subsidy reduction)	(99)	
Reduction in running costs (marketing & promotion)	(40)	
Economic Development:		
Review of 3rd party contributions	(37)	
Carbon Reduction - reduction in running costs	(72)	
Reduction in former grant funded activities	(500)	
Business Support:		
Reduction in running costs	(50)	
		(1,566)
Financial Impact of 2011/2012 Policy Proposals		**(1,195)**
Total Proposed Budget 2011/2012		**11,506**

Capital Programme - Places	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Places					
Ongoing Schemes					
Environmental Services					
Development of land at Alderley Edge Cemetery	100	20		80	
Queens Park Restoration	6,605	6,105	500		
Crewe and Macc HWRCs	150	120	30		
Alderley Edge By-Pass Scheme Implementation	51,600	43,315	1,828	2,256	4,201
LTP - Bridge Maintenance - Minor Works	930	456	100		
De-Trunked Rds - A51 Landslip, Wardle	200	60	140		
Crematoria - Replacement cremators	450		450		
Replacement Bin Stock	36		36		
Cemetery road and path improvements	100	22	78		
Total Environmental Services	60,171	50,098	3,162	2,336	4,201
Planning & Policy					
Private Sector Assistance Initiative	1,495	995	500		
Choice Based Lettings	232	192	40		
Private Sector Housing Assistance Initiative	800	300	500		
Affordable Housing - Assisted Purchase Scheme	300		300		
Total Planning & Policy	2,827	1,487	1,340	0	0
Regeneration					
Parkgate	1,381	281	200	900	
LTP - Crewe Infrastructure Project	962	362	300	300	
Crewe Town Squares/ Shopping Facilities & Toilets	3,012	1,874	100	1,038	
Section 278 Agreements - (2008-09)	356	139	2		
Section 278's - 09-10 New Starts	68	64	4		
Non LTP s278s	56	16	40		
Town Centres Spatial Regeneration	845	50	250	250	295
Tatton - Development	240	55	185		
Poynton Revitalisation Scheme	3,500	1,300	2,200		
Total Regeneration	10,420	4,140	3,281	2,488	295
Safer & Stronger Communities					
CDRP - Building Safer Communities Fund	94	80	14		
Residents Parking Schemes	480	160	160	160	
Car Park Improvements	156	81	75		
CCTV /UTC Rationalisation	899	503	396		
Total Safer & Stronger Communities	1,629	824	645	160	0
Total Ongoing Schemes	**75,047**	**56,549**	**8,428**	**4,984**	**4,496**
New Starts 2011-12					
Environmental Services					
Materials Waste Transfer Facility	650		650		
Wheeled Bins for Comingled Waste	1,300		1,300		
Total Environmental Services	1,950	0	1,950	0	0
Planning & Policy					
Disabled Facilities for Cheshire East Residents	1,240		1,240		
Private Sector Assistance	900		300	300	300
Assisted Purchase Scheme	900		300	300	300
Total Planning & Policy	3,040	0	1,840	600	600
Regeneration					
Regeneration Business Support	700		300	200	200
LTP Major Schemes	1,000		1,000		
LTP Local Measures & Network Management	350		350		
LTP Road Safety	425		425		
LTP Accessibility	206		206		
LTP Strategic Delivery	250		250		
LTP Highways & Bridge Maintenance Projects	8,650		8,650		
Integrated Transport Block Funding	4,562			2,281	2,281
Highways Maintenance Block Funding	16,696			8,469	8,227
Tatton Park Investment	6,039		6,039		
Bridges Maintenance Programme	130		90	20	20
Vaudrey's Wharf Canal	600		50	550	
Total Regeneration	39,608	0	17,360	11,520	10,728
Safer & Stronger Communities					
Car Park Improvements	300		0	150	150
Total Safer & Stronger Communities	300	0	0	150	150
Total New Starts 2011-12	**44,898**	**0**	**21,150**	**12,270**	**11,478**
Total Places Schemes	**119,945**	**56,549**	**29,578**	**17,254**	**15,974**

PERFORMANCE AND CAPACITY

Objective Analysis of Services provided in 2010/2011

Services :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Borough Treasurer & Head of Assets	19,706	117,208	136,914	(8,342)	(4,530)	(12,872)	124,042
HR & Organisational Development	4,009	477	4,486	0	(1,354)	(1,354)	3,132
Borough Solicitor	3,944	3,308	7,252	(894)	(25)	(919)	6,333
Policy & Performance	6,673	2,045	8,717	(313)	(7)	(320)	8,397
Corporate Improvement	446	27	473	0	0	0	473
Total Directorate Budget	**34,778**	**123,065**	**157,842**	**(9,549)**	**(5,916)**	**(15,466)**	**142,377**

Key Policy Proposals for 2011/2012 Budget

	£000
Borough Treasurer & Head of Assets	(2,983)
HR & Organisational Development	123
Borough Solicitor	(495)
Policy & Performance	(1,235)
Corporate Improvement	(74)
Provisional Financial Impact of 2011/2012 Policy Proposals	**(4,664)**
Total Proposed Budget 2011/2012	**137,713**

Cross Directorate Proposals managed by Performance & Capacity

Decreases in Net Budget

Business Management Review	(750)
Shared Services – Improvement in Performance	(300)
Incremental Savings on energy	(80)
Flexible Mobile working / Information Management	(100)
Introduction of a programme of targeted procurement activity that will produce savings in a number of spend categories	(1,400)
Additional procurement savings to fund improvements in procurement practices	(250)
HR Salary Sacrifice Scheme / Reed contract review	(490)
Pay Harmonisation - subject to consultation	(2,400)
Savings from offer of Voluntary Redundancies	(600)
Unison budget transfer from services	(104)
	(6,474)

Borough Treasurer & Head of Assets
Head of Service - Lisa Quinn

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Building Maintenance	0	3,410	3,410	0	0	0	3,410
Farms Estate	98	382	480	(553)	0	(553)	(73)
Property Services	3,651	6,009	9,660	(2,221)	(17)	(2,238)	7,422
Facilities Management	2,233	1,063	3,296	(21)	(2,890)	(2,911)	385
ICT Strategy	1,479	1,470	2,949	(250)	0	(250)	2,699
ICT Shared Service	3,238	1,458	4,696	(1,104)	0	(1,104)	3,592
Revenues	1,427	488	1,915	(708)	0	(708)	1,207
Benefits	2,165	96,850	99,015	(759)	0	(759)	98,256
Finance	3,540	4,156	7,696	(331)	(1,379)	(1,710)	5,986
Finance Shared Service	957	120	1,077	(50)	(244)	(294)	783
CBS Supplies	522	1,759	2,281	(2,345)		(2,345)	(64)
Procurement	396	43	439	0	0	0	439
Total Budget	**19,706**	**117,208**	**136,914**	**(8,342)**	**(4,530)**	**(12,872)**	**124,042**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Street Lighting - Exceptional inflation	453	
3C Waste royalties	119	
Rental income	87	
Finance admin re HR Salary Sacrifice Scheme	14	
Improving Procurement practices - Growth, recovered from savings generated	250	
Sub total		923
Decreases in Net Budget		
Asset Management Staff Reductions / Facilities Management Efficiencies	(258)	
Asset Management - Provision for Risk Assessment & Essential Improvement (provision in 2010/2011 only)	(500)	
Asset Challenge	(2,000)	
Assets - Structure Reductions	(100)	
Street Lighting - Energy saving	(10)	
ICT Strategy savings / capitalisation	(615)	
ICT Efficiency Savings	(183)	
Finance Business Changes and Oracle Optimisation	(141)	
Finance - Optimisation of Revenue and Benefits and Insurance Saving	(99)	
Sub total		(3,906)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(2,983)**
Total Proposed Budget 2011/2012		**121,059**

Cross Directorate Proposals managed by Borough Treasurer & Head of Assets

Decreases in Net Budget		
Shared Services – Improvement in Performance	(300)	
Business Management Review	(750)	
Incremental Savings on energy	(80)	
Flexible Mobile working / Information Management	(100)	
Introduction of a programme of targeted procurement activity that	(1,400)	
Additional procurement savings to fund improvements in procurement practices	(250)	
		(2,880)

Human Resources and Organisational Development
Head of Service - Paul Bradshaw

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
HR Strategy and Policy	962	77	1,039	0	(145)	(145)	894
OHU Shared Service	268	65	333	0	(235)	(235)	98
Organisation & Workforce	529	187	716			0	716
HR Back Office Shared Service	1,214	63	1,277	0	(591)	(591)	686
HR Delivery	1,036	85	1,121	0	(383)	(383)	738
Total Budget	**4,009**	**477**	**4,486**	**0**	**(1,354)**	**(1,354)**	**3,132**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Build Organisational Capacity - Develop Workforce	41	
HR Salary Sacrifice Scheme administrator	13	
Unison posts funded from budget transfer	104	
Sub total		158
Decreases in Net Budget		
Employee Assistance Programme	(35)	
Sub total		(35)
Provisional Financial Impact of 2011/2012 Policy Proposals		**123**
Total Proposed Budget 2011/2012		**3,255**
Cross Directorate Proposals managed by HR & Organisational Development		
Decreases in Net Budget		
Employers' National Insurance savings from uptake of salary sacrifice schemes for bikes, computers and lease cars / Reduced agency costs under the Reed contract	(490)	
Pay Harmonisation - subject to consultation	(2,400)	
Savings from offer of Voluntary Redundancies	(600)	
Unison budget transfer from services	(104)	
		(3,594)

Borough Solicitor
Head of Service - Caroline Elwood

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Legal Services	1,650	265	1,915	(77)	(25)	(102)	1,813
Democratic & Registration Services	2,294	3,043	5,337	(817)		(817)	4,520
Total Budget	**3,944**	**3,308**	**7,252**	**(894)**	**(25)**	**(919)**	**6,333**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
No proposals		
Decreases in Net Budget		
Increase Schools Income & Recoverable Costs on Property Transactions etc	(20)	
Rationalisation in Democratic Services area	(80)	
Registration Service Income Generation / Civic Expenditure	(265)	
Remove Trainee Post and Further Reduction in Scrutiny Function	(30)	
Restructure Registration Services	(50)	
Schools Income from Admission Appeals	(50)	
Sub total		(495)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(495)**
Total Proposed Budget 2011/2012		**5,838**

Policy & Performance
Head of Service - Vivienne Quayle

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Customer Services	2,822	441	3,263	(184)	(7)	(191)	3,072
Planning & Performance	1,023	135	1,158	(62)	0	(62)	1,096
Audit & Compliance	935	68	1,003	0	0	0	1,003
Partnerships	943	1,140	2,083	0	0	0	2,083
Communications	950	261	1,211	(67)	0	(67)	1,144
Total Budget	**6,673**	**2,045**	**8,717**	**(312)**	**(7)**	**(320)**	**8,397**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
Prudential Borrowing Charge	120	
Public Health Interim Role	150	
Sub total		270
Decreases in Net Budget		
Tourist Information Centres to become self funding	(45)	
Reducing Demand for Customer Services	(100)	
Review face to face access in Sandbach	(75)	
Targeted Efficiencies	(125)	
Transfer 6 Customer Service Outlets to Libraries	(240)	
Reduce Audit Resource	(200)	
Reduce Community Grants	(100)	
Reduce ABG Cohesion Grant	(50)	
Reduce Communications Spend	(150)	
Review Management Structure	(420)	
Sub total		(1,505)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(1,235)**
Total Proposed Budget 2011/2012		**7,162**

Corporate Improvement
Head of Service - Ceri Harrison

Objective Analysis of Services provided in 2010/2011

Services Provided :	Employees £000	Other Expenditure £000	Gross Budget £000	Income Fees&Chgs £000	Income Rechgs £000	Income £000	Net Budget £000
Corporate Improvement	446	27	473	0	0		473
Total Budget	**446**	**27**	**473**		**0**	**0**	**473**

Key Policy Proposals for 2011/2012 Budget

	£000	£000
Increases in Net Budget		
No proposals		
Decreases in Net Budget		
Reductions in grant funding	(74)	
Sub total		(74)
Provisional Financial Impact of 2011/2012 Policy Proposals		**(74)**
Total Proposed Budget 2011/2012		**399**

Capital Programme - Performance & Capacity	Total Budget	Prior Year Spend	Forecast Expenditure 2011-12	Forecast Expenditure 2012-13	Forecast Expenditure 2013-14
	£000's	£000's	£000's	£000's	£000's
Borough Treasurer & Assets					
ASSETS					
Ongoing Schemes					
Church Walls	60	20	40		
County Farms 2008-09	238	125	113		
Farms Estates Reorganisation & Reinvestment	1,410	77	1,333		
Muncipal buildings - Registration accommodation	200		200		
Office Accommodation Strategy	9,700	7,700	2,000		
Building Maintenance 2010-11	5,075	4,500	575		
Total Ongoing Schemes	**16,683**	**12,422**	**4,261**	**0**	**0**
New Starts 2011-12					
Corporate Landlord - Building Maintenance	15,345		6,845	4,500	4,000
Feasibility Studies (Various)	400		200	100	100
Total New Starts 2011-12	**15,745**		**7,045**	**4,600**	**4,100**
TOTAL ASSETS	**32,428**	**12,422**	**11,306**	**4,600**	**4,100**
ICT					
Ongoing schemes					
Government Connect	290	275	15		
ICT Security & Research	209	205	4		
Flexible & Mobile Working	1,175	365	270	270	270
Data Centre Macclesfield	495	488	7		
ICT Small Projects Block New scheme	153	148	5		
Information Management	1,409	706	703		
Essential Replacement 10-11	2,384	1,403	981		
IPT Harmonisation	725	556	169		
Oracle Optimisation	3,960	1,486	825	825	824
Total Ongoing Schemes	**10,800**	**5,632**	**2,979**	**1,095**	**1,094**
New Starts 2011-12					
Purchase and implementation/rollout of new WAN hardware	275		182	93	
ICT Rural Broadband Project - Phase 1	530		530		
ICT Security & Replacement Programme	272		272		
Total New Starts 2011-12	**1,077**		**984**	**93**	**0**
TOTAL ICT	**11,877**	**5,632**	**3,963**	**1,188**	**1,094**
Total Borough Treasurer & Assets Programme	**44,305**	**18,054**	**15,269**	**5,788**	**5,194**
Policy & Performance					
Ongoing Schemes					
Customer Relationship Management & Telephone System	1,455	635	820		
Customer Access	419	234	185		
Total On-going schemes	**1,874**	**869**	**1,005**	**0**	**0**
New Starts 2011-12					
Performance Management Extension System	**35**		35		
Total New Starts 2011-12	**35**	**0**	**35**	**0**	**0**
Total Policy & Performance	**1,909**	**869**	**1,040**	**0**	**0**
Total Capital Programme - Performance & Capacity	**46,214**	**18,923**	**16,309**	**5,788**	**5,194**

Annex 7 – Risk Analysis

The following information is extracted from the Cheshire East Corporate Risk Register:

Risk Description	Existing Controls & Evidence	Further Planned Actions
Financial Control : Risk that the Council fails to manage expenditure within budget and maintain an adequate level of reserves, thereby threatening financial stability and service continuity and preventing the achievement of corporate objectives.	• The Chief Financial Officer (CFO) is professionally qualified and reports directly to the Chief Executive. • The CFO is a member of the Corporate Management Team. • There is an experienced, dedicated Finance Team with a significant complement of professionally qualified and part qualified staff. • There are clearly defined financial roles, responsibilities and decision making processes, set out in the Council's Constitution, Finance & Contract Procedure Rules and local Schemes of Delegation. • Standard templates for Member level decisions require financial implications and risks to be clearly set out. • Fully integrated financial management system (Oracle), with comprehensive system access and security controls. • Well developed suite of financial reporting tools providing scheduled and ad-hoc reports for management and monitoring purposes. • Robust medium term financial planning linked to service performance and corporate objectives, as part of the corporate Business Planning Process. • Reserves Strategy incorporating specific analysis of financial risks, forward forecasting and assessment of the adequacy of general balances. • Quarterly financial updates, incorporating variance analysis and spending projections at service level and overall assessment of impact on balances. • On-going review by Internal and External Audit teams, of the adequacy and effectiveness of financial and management controls.	• Review on-going impact of current spending projections as part of budget setting and forward financial planning. • Develop financial training programme to ensure clear understanding of roles and responsibilities and promote financial literacy at officer and Member level. • Identify key cost drivers for significant service activities and develop appropriate monitoring arrangements to allow for early identification of cost pressures. • Contribute to the development of the Business Management model and supporting back-office processes, with a view to improving transactional compliance and the accuracy, timeliness and completeness of financial information. • Implement Oracle Release 12 upgrade, including financial reporting enhancements. Support managers to make best use of on-line and self-serve reporting tools, including financial 'dashboards'. • Develop budget risk assessments to ensure resources are focussed on high risk budgets and issues. • Provide financial support to a range of transformation and improvement projects and initiatives with a view to securing long term financial sustainability. • Review service fees & charges and identify new income generation opportunities.

Annex 8 – Reserves Strategy

Reserves Strategy

2011-2014

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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 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 2011 – 2014.

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 Chief Finance 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.

Lisa Quinn

Borough Treasurer & Head of Assets
Section 151 Officer

Cheshire East Council

1. Introduction

Types of Reserves

1. When reviewing medium term financial plans and preparing annual budgets the Council must consider 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 to 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 budgeting process, usually to recover to an adequate level in relation to a detailed risk assessment, or to prepare in advance for future risks
- 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)

This provides 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 Borough Treasurer 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 now a requirement for local authorities to include an Annual Statement of Governance with the Statement of Accounts. The Chief Finance 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 18** (below) sets out the significant budget assumptions that are relevant when considering the adequacy of reserves that are in addition to the issue of cashflow:

Table 18: 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 departmental 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 Borough Treasurer 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 Medium Term Financial Strategy 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.

9. Capital reserves will be maintained as part of the Capital Strategy monitoring and review. Such balances will inform decisions on borrowing and general management of the capital programme.

2. General Fund Reserves (Revenue)

Purpose

10. The purpose of general reserves is to minimise the possible financial impacts to the Authority from:
    - Emergencies;
    - In-year emerging issues;

11. Finance Procedure Rules allows the use of general reserves, with the following limitations:
    a. Estimates for unfunded use of reserves must be approved by Council

    b. Fully funded estimates may be approved as follows:
        - Up to £0.1m Chief Officers
        - £0.1m to £0.5m Chief Officers in consultation with Cabinet Member and Cabinet Member for Resources
        - £0.5m to £1m Cabinet
        - Over £1m Council

12. 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 revenues budgets in the following financial year or a suitable payback period is agreed in advance.

13. In all cases the use of reserves should be approved by the Borough Treasurer.

Opening Balances

14. At 1st April 2011, Cheshire East Council is anticipated to hold general reserves of £6.7m. This balance is calculated from:

Amount of General Fund Balance generally available for new expenditure
(source: 2009/2010 Statement of Accounts)

adjusted for

The estimated impact of performance against the 2010/2011 Revenue Budget
(source: Quarter Three Review 2010-2011 – Financial Performance)

15. 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 Quarter Three Review, and figures are therefore still provisional at this stage.

Estimated Movement in Reserves (2010/2011 onwards)

16. **Table 19** (below) summarises the current estimated movements in general reserves from 2010 to 2013. 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.

17. In addition the level of reserves needed will be assessed each year according to the risks facing the Authority (see Risk Assessment below).

Table 19:
Reserves must increase in 2011/2012 to meet the 'Risk Assessed Minimum Level'

Detail	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Estimated Balance @ 1st April	**10.2**	**6.7**	**15.0**	**20.1**
Projected Increases in Reserves				
- Contingent Asset (VAT reclaim) net of fees	1.6	0.7		
- Business Finance Loan Repayments	0.3	0.2		
- Planned Contribution to Reserves	4.3	5.1	6.1	7.9
- Contribution from Earmarked Reserves		2.3		
Projected Use of Reserves				
- Transfer to Voluntary Redundancy Reserve	(1.5)			
- Estimated Impact of 2010/2011 Spending	(7.7)			
- Supplementary Revenues Estimates	(0.2)			
- Transitional Funding carried forward (P&C)	(0.3)			
- Repayment due to CWAC re location			-1.0	
Forecast General Reserves @ 31st March	**6.7**	**15.0**	**21.1**	**28.0**
Risk Assessed Minimum Level		14.7		
Un-Allocated Balance		**0.3**		

Source: Cheshire East Finance ~ February 2011

18. Up front costs, from transformation of services, have been met from general reserves, and by making a contribution from revenue income each year those reserves are being replaced.

19. The reserves position for 2011/2012, as detailed in **Table 19** (above), reflects the aim of Cheshire East Council to match the Risk Assessed Minimum Level, ensuring reserves are adequate, and to generate flexibility from balances to support further transformational and invest-to-save opportunities.

General Fund Reserves - Risk Assessment

20. Local Authorities have often adopted a broad principle that General Fund Reserves would be prudent if equivalent to 5% of the net revenue budget requirement. However, the risks facing each local area will vary, and in the case of Cheshire East, the impact of reorganisation combined with the economic climate and pressure on public services still presents the potential for significant emerging risk.

21. 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.

22. 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 financial pressure and smoothes the impact on citizens.

23. Risks are categorised, and potential values are applied to them, this presents the potential exposure to financial risk. **Table 20** (overleaf) shows the risk areas and the level of reserves the Council should retain to mitigate that risk. In each case the value of the risk retained has been calculated as a % of the potential impact. The % is based on the likelihood of the risk actually achieving that total impact in any year.

24. It is possible that a number of events could happen in a single year. It is also possible that the Council could be exposed to new unidentified risks. For this reason the analysis also contains a Strategic Reserve calculated as a % of gross expenditure.

25. 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 20: A robust level of reserves is guided by an assessment of potential risks

Class of Risk	Effect on budget	Mitigating actions	Value of risk retained
Health & Safety			**£400,000**
Service Closures	Increased cost to repair risk of further breach	Robust risk assessments	
Loss of income	Substantial disruption to income	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	
Natural Disaster (for example: Fire, Flood, Disease)			**£1,200,000**
Major loss of service	Premises not operational	Robust disaster recovery plan	
Epidemic	Poor public health, high staff sickness & absence costs	Raise awareness of safety measures and introduce robust emergent risk response plans	
Severe Weather	Additional staffing, transport and materials costs	Robust emergency plans	
Rising Insurance claims	Rising premiums or cost to insurance reserves and budget growth to cover premiums or self insurance costs	Good claims management	
Budget Pressures			**£6,700,000**
Higher than anticipated inflation arising in year	Increased costs from in-year inflation on contracts and services	Contract & Procurement management and robust remedial plans	
Proposals challenged by changing needs or priorities	Emerging issues related to increasing demand for services, reductions in grants or unachievable or updated income estimates	Robust remedial plans and monitoring of progress	
Opening balances vary from current predictions	Actual opening position may vary from Third Quarter Review estimates	Maintain focus on in-year mitigating activity	
Security breaches, Legal actions, Industrial relations and Market Failure			**£800,000**
Court Fines and mitigating costs related to prevention	Fine and one off costs could be determined by the courts	Robust service processes	
Data corruption	ICT service days to repair, loss of service	Embedded security policies and firewalls	
Disruption to service and/or costs of arbitration / tribunal / damages	Loss of income, costs of providing essential services or direct costs of resolution, reduced pay budget	Emergency planning	
Strategic Reserve	Non-Budgeted Expenditure necessary for Emergency risk cover or potential further invest to save options		**£5,600,000**
		OVERALL RISKS	**£14,700,000**
		% of Net Revenue Budget	**6.0%**

Source: Cheshire East Finance Feb 2011

26. 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 **£14.7m**.

27. It should be noted that these risks include significant sums relating to performance against the 2011/2012 Revenue Budget. This reflects the capacity of the organisation to achieve the proposed level of savings entirely against a backdrop of changing government settlements and demographic movement.

Adequacy of General Reserves

28. A duty of the Chief Finance Officer is to comment on the adequacy of financial reserves (**see Annex A**).

29. The estimates contained within the medium term financial strategy must be sufficiently robust to achieve certainty that reserves are adequate. The Chief Finance 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

30. 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

31. Once Earmarked reserves have been established by Council it is the responsibility of Chief Officers, in consultation with the Borough Treasurer, to ensure balances are spent in line with their purpose.

32. **Table 21** (below) identifies the most commonly established earmarked reserves and the rationale behind why such reserves are created and maintained.

Table 21: 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	Self-insurance is a mechanism used by a number of local authorities
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

33. 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)

34. 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.

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

36. Earmarked Reserves will be:

- Set up by Full Council, on recommendation by the Borough Treasurer
- 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

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

38. At 1st April 2011 it is anticipated that the balances on existing earmarked reserves held by Cheshire East Council will be **£6.789m**. **Table 22** (overleaf) shows the position on each earmarked reserve.

39. 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 the 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.

40. Earmarked Reserves have been reviewed in 2010/2011, and estimates made of the likely use of these reserves. During the 2011/2012 Financial Year, as part of the closure of accounts process (April–June 2011), earmarked balances which do not meet statutory or essential criteria will be returned to General Reserves. **Annex B** provides a list of those Earmarked Reserves where surplus balances are not expected to be used in 2011/2012 (also note Paragraph 41 below).

41. It is estimated that balances of approximately £2.3m, which are expected to be held in earmarked reserves at 31st March 2011, will be returned to General Reserves in 2011/2012. The figures for 'Available Balances for 2011/2012', in **Table 22** (overleaf), reflect the position after any transfers to General Reserves have been completed.

Table 22: Earmarked Reserves that are statutory or essential have been retained for 2011/2012

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
CHILDREN & FAMILIES				
Long Term Sickness	215	230	**445**	LTS Insurance Scheme, surplus premiums paid by schools ~ operated as a trading account
Education All Risks	129	133	**262**	Carried forward surplus of insurance premiums paid by schools ~ operated as a trading account
ADULTS, COMMUNITY, HEALTH & WELLBEING				
Extra Care Housing (PFI)	892	300	**1,192**	Surplus grant set aside to meet future payments on the PFI contract
PLACES				
Landfill Allowance Trading Scheme	512	0	**512**	Carried forward unused allowances to offset future years landfill usage
Community Safety	110	-100	**10**	Balance for Community Safety Initiatives in 2011-12.
Building Control	505	-150	**355**	Ring-fenced surplus (could be used to offset service deficit, if applicable)
Tatton Park	165	0	**165**	Ring-fenced surplus on Tatton Park trading account
Economic Development Projects	650	-308	**342**	Support for town centres and economic development initiatives
PERFORMANCE & CAPACITY				
Borough Treasurer				
Invest-to-Save Projects	2,000	-1702	**298**	Central reserve to support invest-to-save projects
Insurance Reserve	2,269	254	**2,523**	To settle insurance claims
Policy & Performance				
Enabling Local Delivery	625	0	**625**	Available to promote local delivery
Partnerships & Grants Support	127	-67	**60**	Funding issued to groups who meet the Council's criteria.
Totals	**8,199**	**-1,410**	**6,789**	

Source: Cheshire East Finance, February 2011

4. Capital Reserves

42. The purpose of capital reserves is to:
    a. Minimise risk from potential emergency spending requirements on assets
    b. Support investment in tangible and intangible assets
    c. Hold committed balances, where spending is restricted to capital schemes, to support cashflow and investment income

43. The capital reserves held by each former authority of Cheshire East have been reviewed and in the main the reserves contain the funding for committed capital schemes.

44. Departments have reviewed the current capital programme with a view to rationalising schemes where possible, and removing any which do not meet the aims and objectives of Cheshire East. Funding held in capital reserves can then be released to fund new capital schemes.

45. In considering the available funding for the capital programme, schemes will be cross referenced to Section 106 agreements and commuted sums and where possible funded from this source.

5. Conclusion

46. Overall the Council is establishing reserves that initially match, and then over time exceed, the minimum risk levels. This recognises local issues and allows the Borough Treasurer to comment favourably on the adequacy of reserves.

47. The establishment and 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 the Council's financial position.

48. The review of capital and earmarked reserves has been completed, and their rationalisation should simplify the presentation and understanding of the Council's reserves 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 2010

Cheshire East Borough Council - Final Accounts 2009/2010:

Cheshire East Council Budget 2010/2011

Quarter Three Review 2010-11 – Financial Performance

Cheshire East Council Budget 2011/2012

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 budget report to the Council should include a statement showing the estimated opening general reserve fund balance for the year ahead, the addition 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 B to the Reserves Strategy
Supporting Information

Earmarked Reserves in the table below, and identified previously in the Council's Reserves Strategy, are expected to be unavailable in the 2011/2012 Financial Year. Surplus balances will be returned to General Reserves.

Where there is a risk, that expenditure previously supported by Earmarked Reserves could occur, this is reflected in the General Fund Reserves – Risk Assessment.

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
CHILDREN & FAMILIES				
Fluctuation in School Days	223	-223	**0**	Closed – surplus returned to balances
LPSA 2	58	-58	**0**	Closed – surplus returned to balances
ADULTS, COMMUNITY, HEALTH & WELLBEING				
S117 Reserve	132	-132	**0**	Closed – surplus returned to balances
Countryside & Rangers	62	-62	**0**	Closed – surplus returned to balances
Health Improvement	37	-37	**0**	Closed – surplus returned to balances
Cumberland pitch renewal	79	-79	**0**	Closed – surplus returned to balances
Leisure Facilities Management	96	-96	**0**	Closed – surplus returned to balances
LPSA 2	117	-117	**0**	Closed – surplus returned to balances
PLACES				
Markets	154	-154	**0**	Closed – surplus returned to balances
Local Development Framework	291	-291	**0**	Closed – surplus returned to balances
Housing Strategy	170	-170	**0**	Closed – surplus returned to balances

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
People into Jobs	138	-138	**0**	Closed – surplus returned to balances
Climate Change	98	-98	**0**	Closed – surplus returned to balances
Disturbance Payments	81	-81	**0**	Closed – surplus returned to balances
Waste Management	36	-36	**0**	Closed – surplus returned to balances
On-Street Parking	41	-41	**0**	Surplus returned to balances
Crematoria	407	-407	**0**	To be returned to balances – now to be met from capital funds
Places - Strategic	90	-90	**0**	Surplus returned to Balances
Street Lighting	78	-78	**0**	Closed – surplus returned to balances
Recession Task Group	90	-90	**0**	Utilised in 2010-11 on Economic Recovery planned expenditure
Streetscape & Bereavement	51	-51	**0**	Applied in year to meet various Streetscape equipment costs.
Economic Development	114	-114	**0**	Transferred to Capital reserve
PERFORMANCE & CAPACITY				
Borough Treasurer				
Voluntary Redundancy	2,371	-2371	**0**	To meet severance and redundancy payments
Interest Free Loans	43	-43	**0**	Returned to General Reserves as debtor balances are paid
Deferred VR Payments	65	-65	**0**	To be paid in 2010-11
Buildings maintenance	210	-210	**0**	£145,000 Condition Survey-led repairs, £65,000 General
Environmental Warranties	39	-39	**0**	Surplus returned to balances
Industrial Estates	16	-16	**0**	Repairs / costs relating to Crewe industrial units
Local Authority Business Growth Incentive	625	-625	**0**	Surplus to requirements - to be returned to Balances

Directorate / +Description	Opening Balance 1 April 2010 £000	Estimated movement £000	Estimated Available Balances for 2011/12 £000	Reason / Use
Crewe Business Park	25	-25	**0**	Repairs/ costs relating to maintenance of business park
Repairs/Renewals Fund	16	-16	**0**	Outstanding payment due in 2009-10
Benefits Appeals	200	-200	**0**	Reinstatement of reserve to meet potential appeal costs
LPSA 1 Reserve	29	-29	**0**	Surplus returned to balances
HR & OD				
Single Status / Pay Harmonisation	840	-840	**0**	Surplus returned to balances
Totals	**7,122**	**-7,122**	**0**	

Annex 9 – List of Abbreviations

This section provides details of the abbreviations used in the Budget Report in alphabetical order.

Term	Meaning	Term	Meaning
ABG	Area Based Grant – type of grant previously given to local authorities by Government.	e-CAF	Enabled Common Assessment Framework – an assessment of a child or young person, encompassing all areas of need.
CIPFA	Chartered Institute of Public Finance and Accountancy – the body that sets standards for public finance.	EIG	Early Intervention Grant – grant to be used locally to support families with difficulties to prevent escalation of problems.
CFR	Capital Financing Requirement – used in calculating Minimum Revenue Position	GUF	Guaranteed Unit of Funding – amount used to calculate DSG when combined with pupil numbers.
CPI	Consumer Price Index – a measure of inflation.	HR	Human Resources – department responsible for staffing matters.
CSR	Comprehensive Spending Review – the Government's announcements on future funding levels.	H&W	Health and Wellbeing – service responsible for leisure, library and cultural services.
DCLG	Department for Communities and Local Government – Government department responsible for supporting local government and communities.	ICT	Information and Communication Technologies – service responsible for technology at Cheshire East Council.
DfE	Department for Education – Government department responsible for education and Children's services	ISB	Individual School Budget – budget devolved to individual schools rather then used centrally.
DSG	Dedicated Schools Grant – grant received from Government to fund schools.	LILTS	Local Independent Living Teams – teams working within the Adults, Community, Health and Wellbeing service to assist with each individual client's needs.

Term	Meaning	Term	Meaning
LTP	Local Transport Plan – the basis for bidding and receiving funding for highways and transport schemes.	P&C	Performance and Capacity – name of Cheshire East Council's 'back office' directorate including services such as legal and finance.
NHS	National Health Service – organisation responsible for health care.	RPI	Retail Price Index – main domestic measure of inflation in the UK.
NNDR	National Non Domestic Rates – contribution to local authority costs by businesses. Rate is set by central government.	RSG	Revenue Support Grant – an element of Formula Grant given to local authorities by central government.
PARIS	Electronic system used to record payments and receipts.	SEN	Special Educational Needs – children with SEN may require extra assistance to overcome learning disabilities or disabilities
PCT	Primary Care Trust – a local trust of the NHS which provides initial healthcare.	VAT	Value Added Tax – tax paid to HM Revenue and Customs on goods and services bought and sold.
PFI	Private Finance Initiative – scheme where public bodies pay for use of an asset constructed by the private sector.	VPN	Valuing People Now – initiative to improve health and wellbeing and ensure the NHS and local authorities work together.
PWLB	Public Work Loan Board – a government agency providing loans to public bodies for capital works.		

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