

Cabinet Paper

Date of Meeting:	12 July 2016
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	2015/16 Final Outturn Review of Performance
Portfolio Holder:	Cllr Peter Groves, Cllr Paul Findlow

1. Report Summary

- 1.1. This report sets out the Council's financial and non financial performance at the final outturn stage of 2015/16 and highlights the latest progress towards achieving the Council's Residents First Outcomes as described in the Council's three year plan 2013 to 2016.
- 1.2. The final outturn review shows how the Council has continued to build on the positions achieved in the last two years, which demonstrate that the overall financial health, performance, resilience and value for money at Cheshire East Council is strong despite taking £70m out of its cost base since 2011, and having frozen Council Tax for five consecutive years. Savings have been consistently achieved through permanent savings of £5m in management costs, efficiency, removing any duplication of effort, and a planned programme of asset disposals. This approach has protected funding provided to front line services. The Council's strong financial position reflects its enhanced governance, innovative delivery arrangements and effective stewardship of public money.
- 1.3. At the final outturn, the Council's reserves strategy remains effective, with an underspend of £0.5m being reported. This represents a variance of only 0.2% against a net budget of £246.6m. This is the 4th consecutive year that a favourable forecast position to budget has been reported for the Council. In achieving this position the Council is mitigating rising costs in social care. Nationally caseloads are increasing and this is also being seen in Cheshire East. Controlling in-year costs as well as accurate budget setting have made this pressure affordable in 2015/16. The ongoing impact of this pressure is also reflected in the Council's Medium Term Financial Strategy.
- 1.4. Cheshire East is the third largest Council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Gross annual spending is over £750m, with a balanced net budget for 2015/16 of £246.6m. In quarter four, examples of good performance were:
 - Improving the percentage of primary and secondary schools judged good or outstanding
 - Achieving a recycling rate which continues to be in the top 10% of all local authorities

- Producing amended Local Plan Strategy, approved at Full Council in February 2016
- 1.5. The attached report, **Annex 1**, sets out further details of how the Council has performed in 2015/16. It is structured into three sections:

Section 1 Summary of Council Performance - brings together the positive impact that service performance and financial performance have had on the 5 Residents First Outcomes during the year.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2015/16 has been funded, including the positions on overall service budgets, grants, council tax and business rates, treasury management, centrally held budgets and the management of the Council's reserves.

Section 3 Workforce Development - provides a summary of the key issues relating to the Council's workforce development plan.

2. Recommendation

2.1 Cabinet is asked to consider and comment on the final outturn review of 2015/16 performance, in relation to the following issues:

- the summary of performance against the Council's 5 Residents First Outcomes (**Section 1**);
- the final service revenue and capital outturn positions, overall financial stability of the Council, and the impact on the Council's reserves position (**Section 2**);
- the delivery of the overall capital programme (**Section 2, paragraphs 211 to 225 and Appendix 4**);
- fully funded supplementary capital estimates and virements up to £250,000 approved in accordance with Finance Procedure Rules (**Appendix 5**);
- changes to Capital Budgets made in accordance with the Finance Procedure Rules (**Appendix 8**);
- treasury management investments and performance (**Appendix 9**);
- management of invoiced debt (**Appendix 11**);
- use of earmarked reserves (**Appendix 12**);
- update on workforce development and staffing (**Section 3**).

2.2 Cabinet is asked to approve:

- fully funded supplementary capital estimates and virements above £250,000 in accordance with Finance Procedure Rules (**Appendix 6**);
- supplementary revenue estimates to be funded by additional specific grant (**Appendix 10**);

- that the council enter into grant agreements with Academies, Foundation, Voluntary Aided and Free schools receiving funding allocations or who are allocated in-year allocations during 2016/17 and for named schemes within the existing 2015/16 Schools Capital Programme.

2.3 Cabinet is asked to recommend that Council approve:

- fully funded supplementary capital estimates and virements above £1,000,000 in accordance with Finance Procedure Rules (**Appendix 7**);
- The establishment of earmarked reserves for Transforming Services and the Royal Arcade (**Appendix 12**).

3. Other Options Considered

3.1. None.

4. Reasons for Recommendation

- 4.1. The Council monitors in-year expenditure through a quarterly reporting cycle. The cycle concludes each financial year with an outturn report that reflects financial and operational performance and provides any requirements to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 4.2. The overall process for managing the Council's budget focuses on value for money and good governance and stewardship. Changes that become necessary during the year must be properly authorised and this report sets out those areas where any further approvals are now required.

5. Background/Chronology

- 5.1. The Council's quarterly reporting structure provides forecasts of a potential year-end outturn. The details in this report highlight achievements against outcomes and the successful management of potential risks during the year.
- 5.2. At final outturn, the Council's reserves strategy remains effective with a modest underspend of £0.5m (0.2%) against a budget of £246.6m.

6. Wards Affected and Local Ward Members

6.1. All

7. Implications of Recommendations

7.1. **Policy Implications**

7.1.1. Performance management supports delivery of all Council policies. The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2017/20 medium term financial strategy.

7.2. Legal Implications

7.2.1. The legal implications surrounding the process of setting the 2013 to 2016 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the final outturn stage in 2015/16. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.

7.2.2. Currently the Constitution does not provide for decisions to award grants to be made by officers and so in order for grant agreements to be entered into a Cabinet decision is required. Going forward, changes to the Council's Finance Procedure Rules are being proposed to include an exception so that grant agreements can be authorised under the powers, duties and functions under the Education Acts currently delegated to the Director of Children's Services.

7.2.3. The approval to enter into grant agreements requested relates to those Academies, Foundation, Voluntary Aided and Free schools included within the existing financially approved 2015-16 Schools Capital Programme, allocations within the 2016-17 Schools Capital Programme (included in the main body of this report) and any 2016-17 in year allocations.

7.2.4. The only other implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are correctly dealt with through the Finance Procedure Rules as discussed.

7.2.5. Legal implications that arise when such other activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt with in the individual reports to Members or Officer Decision Records that relate.

7.3. Financial Implications

7.3.1. The Council's financial resources are aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively and that business planning and financial decision making are made in the right context of performance – to achieve better outcomes from an appropriate cost base.

7.4. Equality Implications

7.4.1. This report is a backward look at Council activities in 2015/16. Any equality implications that arose from activities funded by the budgets that this report deals with will have been dealt with in the individual reports to Members or Officer Decision Records that relate.

7.5. Rural Community Implications

7.5.1. The report provides details of service provision across the borough.

7.6. Human Resources Implications

7.6.1. This report is a backward look at Council activities in 2015/16. Any HR implications that arose from activities funded by the budgets that this report deals with will have been dealt with in the individual reports to Members or Officer Decision Records that relate.

7.7. Public Health Implications

7.7.1. This report is a backward look at Council activities in 2015/16. Any public health implications that arose from activities funded by the budgets that this report deals with will have been dealt with in the individual reports to Members or Officer Decision Records that relate.

7.8. Other Implications (Please Specify)

7.8.1. None

8. Risk Management

8.1. Performance and risk management are part of the management processes of the Authority. Risks are captured both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. Risks identified in this report are used to inform the overall financial control risk contained in the Corporate Risk Register.

8.2. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2015/16 budget - and the level of general reserves – were factored into the 2016/17 financial scenario, budget and reserves strategy.

9. Access to Information/Bibliography

The following are links to key background documents:

[2015/16 Three Quarter Review of Performance](#) Cabinet 9/2/16 Item 94

[2015/16 Mid Year Review of Performance](#) Cabinet 10/11/15 Item 63

[2015/16 First Quarter Review of Performance](#) Cabinet 29/9/15 Item 34

[Budget Book 2015/16](#)

[Medium Term Financial Strategy 2015/18](#)

10. Contact Information

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