

Cabinet

Date of Meeting: 09 October 2018

Report Title: Mid Year Review of Performance 2018/19

Portfolio Holder: Cllr Paul Bates - Finance and Communication
Cllr Paul Findlow - Corporate Policy and Legal Services

Senior Officer: Jan Willis - Interim Executive Director of Corporate Services
(Section 151 Officer)

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2018/19 financial year. The report highlights financial and non-financial pressures (and performance) and provides an overview of progress towards achievement of the priority outcomes set out in the Corporate Plan 2018 to 2021.
- 1.2. Local Authority budgets across the UK are being managed against a backdrop of continuing reductions in government funding in 2018/19 as well as inflation rises and increasing demand for services. However, the safeguarding and environmental duties of the Council must still be delivered within the relevant statutory parameters and the associated inspection frameworks. In this environment the ability to deliver financial savings whilst maintaining service standards across the Council is extremely challenging.
- 1.3. At the mid year position the Council's forecast overspend is estimated at £5.3m compared to the 2018/19 Budget. This is mainly due to pressures in the People Directorate and delays associated with achieving some of the efficiency savings included within service budgets.
- 1.4. Mitigating actions will include ongoing work to review the level of spending on key contracts, as well as action to prevent debt levels increasing further and a review of trends in the payment of benefits. Pricing reviews will also be considered where costs are not being recovered to an appropriate level. A number of service areas are reporting vacancies, so extending vacancy periods will also be considered where this does not have a serious impact on staff or on service levels to vulnerable clients.

- 1.5. Against this challenging financial backdrop it is pleasing to note that the Council has continued to perform strongly, delivering positive outcomes in each of the six priority areas identified by the Corporate Plan.
- 1.6. At mid year, a few examples of good performance were:
- Figures for the value of the visitor economy hit new records at £921m
 - Cheshire East once again achieved success with Key Stage, GCSE and A-Level results
 - 95% of major and 90% of non-major planning applications were determined within timescales
 - Attendances at the Council's leisure facilities saw a 4% increase
 - 209 new affordable homes were provided in the first quarter
 - The Council's new vision, behaviours and employee deal were launched
- 1.7. Areas requiring further improvement also identified as:
- Delayed Transfers of Care (DTC) – although figures continue to reduce, NHS England has recently published revised *Integration Better Care Fund Operating Guidance* for 2017-19, and within this document revised DTC expectations. These new expectations, with regards to reducing Delayed Transfers of Care, are particularly stringent and the target date for achieving these reductions is September 2018. Whilst we are doing significant amounts of work with Leighton and Macclesfield and where possible with Wythenshawe and Stepping Hill, there are challenges ahead, especially when Cheshire East residents are admitted to hospitals out of the area.
 - There are challenges in meeting the demands for scheduled reviews of packages of care, with only 54% of those due receiving them and a significant number of individuals not having received a review in the last two years. The service have a robust action plan in place in order to address this.
 - There is a continued increase in numbers of cared for children – latest validated figures for the beginning of September were 496 but figures appear to be increasing. Fostering collaboration / edge of care services and changes to ways of working via signs of safety are mitigating factors.
 - The % of initial health assessments completed by paediatricians within 20 days had a 2017/18 outturn of 57% primarily bolstered by good performance in quarter four of 78%. In quarter one the performance was 65% and the dip compared to quarter four primarily relates to performance in June where a total of 24 were completed - 12 in timescale and 12 out of timescale.
 - The % of E-rated food safety premises receiving intervention activity stood at 4% at quarter one, and was below target due to a backlog of 752 overdue premises from previous years. E-rated premises are lower risk based on their food hygiene ratings, so the Council prioritises intervention activity at A-D rated (higher risk) premises. The % of food

safety A-D inspections completed against the annual programme stood at 89% at quarter one, with 246 completed out of 276.

- Following on from a harsh winter and the resultant increase in reported potholes, 368 new insurance claims were submitted in quarter one. Although this is a reduction from quarter four (483), it compares unfavourably to 130 claims submitted during the same period last year.
- Following on from the first year of implementation of the apprenticeship levy in 2017/18, the Council is working to improve the number of apprenticeships in place. At 2017/18 outturn there were 73 out of 84 in place within the Council excluding ASDVs and Schools; however, there were only 14 in place out of a target of 84 in Schools. So far there have been 49 new apprenticeship starts since April 2018.

1.8. Additional and supporting performance data will be reported for information to Scrutiny committees. The quarter one Place Scorecard will be received by the Environment and Regeneration Overview and Scrutiny Committee on 15 October 2018. The quarter one Children and Families Scorecard will be received by the Children and Families Overview and Scrutiny on 24 September 2018. The latest Adults and Public Health Scorecards will be received by the Health and Adult Social Care and Communities Overview and Scrutiny Committee on 11 October 2018.

1.9. The attached report, **Annex 1**, sets out details of how the Council is performing in 2018/19. 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 six Council Outcomes during the year.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2018/19 has been funded, including the service budgets, grants, council tax & business rates, treasury management, centrally held budgets and reserves.

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

2. Recommendations

That Cabinet:

- 2.1. note the contents of the report and each appendix.
- 2.2. delegate authority to the Section 151 Officer to approve an additional supplementary revenue estimate of £561,000, subject to the successful funding bid to Public Health England as detailed in paragraph 178 and **Appendix 11**.

- 2.3. recommend that Council approve fully funded supplementary capital estimates above £1,000,000 in accordance with Financial Procedure Rules as detailed in **(Appendix 8)**;

3. Reasons for Recommendations

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.
- 3.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. Monitoring performance is essential to the achievement of outcomes within the Corporate Plan. This is especially important in evidencing the achievement of value for money across an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Gross annual spending is over £740m, with a balanced net budget for 2018/19 of £269.5m.
- 5.2. The management structure of the Council is organised into three directorates, People, Place and Corporate. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.
- 5.3. At the mid year stage, action continues to ensure that the Council's reserves strategy remains effective following identification of a potential overspend of £5.3m (2.0%) against a net revenue budget of £269.5m. Forecast capital expenditure in the year is £137.1m.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications surrounding the process of setting the 2018 to 2021 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 mid year stage of 2018/19. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 6.1.2. 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 governed by the Finance Procedure Rules.
- 6.1.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.

6.2. Finance Implications

- 6.2.1. The Council's financial resources are agreed by Council and 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.
- 6.2.2. Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. The forecast overspend at mid-year is within the risk assessed level, but if it remains unresolved this could require Council to deliver future savings to replenish reserve balances.
- 6.2.3. As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.

6.3. Policy Implications

- 6.3.1. This report is a backward look at Council activities at mid year and predicts the year end position.

6.4. Equality Implications

6.4.1. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.5. Human Resources Implications

6.5.1. This report is a backward look at Council activities at mid year and states the forecast year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.6. Risk Management Implications

6.6.1. 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.

6.6.2. 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 2018/19 budget and the level of general reserves were factored into the 2018/19 financial scenario, budget and reserves strategy.

6.7. Rural Communities Implications

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

6.8. Implications for Children & Young People

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

6.9. Public Health Implications

6.9.1. This report is a backward look at Council activities at mid year and provides the forecast year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

- 8.1. As part of the budget setting process the Pre-Budget Report 2018/19 provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

9. Access to Information

- 9.1. The following are links to key background documents:

[Budget Book 2018/19](#)

[Medium Term Financial Strategy 2018/21](#)

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:

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