

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 19th August 2013
Report of: Interim Chief Operating Officer
Subject/Title: 2013/2014 First Quarter Review of Performance
Portfolio Holder: Cllr. Peter Raynes, Finance / Cllr. Barry Moran, Performance

1.0 Report Summary

- 1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report, attached as **Annex 1**, gives summary and detailed information about its financial and non-financial performance at the first quarter year stage of 2013/2014. The report also requests approval for supplementary estimates.
- 1.2 Section 1 of the report brings together the impact that service performance, the change management programme and financial performance are having on the 5 Outcomes in the Council's 3 Year Plan. The section highlights key aspects of service performance and significant exceptions against the change programme and capital programme designed to deliver the Outcomes. It considers the key financial pressures which the Council's Services are facing, potentially as a result of delays in implementing change, and the proposed remedial measures identified by Services to mitigate these pressures.
- 1.3 Section 2 provides an update on the overall Financial Stability of the Council. It demonstrates how spending in 2013/2014 is being adequately 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.
- 1.4 Section 3 provides a summary of the key issues relating to the Council's Workforce Development Plan.

2.0 Recommendations

- 2.1 Cabinet is requested to note and comment as appropriate on the following issues:
- the summary of performance against the Council's 5 key outcomes (**Section 1**);
 - the projected Service revenue and capital outturn positions (**Section 2**);
 - the overall financial stability of the Council, and the impact on the Council's general reserves position (**Section 2**);

- the delivery of the overall Capital Programme (**Section 2, paragraphs 121 to 123 and Appendix 4**);
- reductions in the approved capital programme (**Appendix 5**);
- Supplementary Capital Estimates and Virements up to £250,000 In accordance with Finance Procedure Rules (**Appendix 6a**);
- the Council's invoiced debt position (**Appendix 9**);
- the service performance successes achieved during the first quarter of 2013/2014, underperformance against targets and how these will be addressed (**Section 1 and Appendix 10**);
- Workforce Development and staffing issues (**Section 3**).

2.2 Cabinet is requested to approve:

- Supplementary Capital Estimates and Virements over £250,000 but under £1m in accordance with Finance Procedure Rules (**Appendix 6b**);
- Supplementary Revenue Estimates to be funded by additional specific grant (**Appendix 8a**).

2.3 Cabinet is requested to recommend that Full Council approve:

- Supplementary Capital Estimates and Virements over £1m in accordance with Finance Procedure Rules (**Appendix 6c**);
- Supplementary Revenue Estimates to be funded from General Reserves (**Appendix 8b**);
- a Supplementary Revenue Estimate of over £1m for Public Health to be funded from additional ringfenced grant (**Appendix 8a**);
- the establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place. (**Appendix 11, para 46**).

3.0 Reasons for Recommendations

- 3.1 Performance information plays a vital role in ensuring that the Council celebrates its achievements, understands its performance in key areas and addresses issues of underperformance. The Council and partners have identified a series of improvement measures to support outcomes for local people as outlined in the priorities and objectives of the Sustainable Community Strategy.
- 3.2 In accordance with good practice, Members receive a quarterly report on the financial performance of the Council. Finance Procedure Rules set out the

requirements for financial approvals by Members, and relevant recommendations are contained in this report.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 Performance management supports delivery of all key Council policies including carbon reduction and health. The projected outturn position, ongoing impacts in future years, and the impact on general reserves will be fed into the assumptions underpinning the 2014/2017 Medium Term Financial Strategy.

7.0 Financial Implications

7.1 The Council's financial resources are aligned to its priorities and used to deliver outcomes for local communities. Monitoring performance helps to ensure that resources are used effectively and that business planning and financial decision making are made in the context of performance.

8.0 Legal Implications

8.1 Although the Council is no longer required to report to Government on its performance against measures in the National Indicator Set, monitoring and reporting on performance is essential if decision-makers and the public are to be assured of adequate progress against declared plans and targets.

9.0 Risk Management

9.1 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East. Risks identified in this report will be used to inform the Corporate Risk Register.

9.2 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 2013/2014 Budget and the level of general reserves will be factored into the 2014/2015 Financial Scenario, Budget and Reserves Strategy.

10.0 Background

10.1 The Council has a savings target of £31m for 2013/2014, with a challenging delivery plan. The risk of non-delivery of this plan, alongside emerging in-year

pressures, will need to be managed and strong mitigation plans identified and delivered.

- 10.2 At the First Quarter stage, an overspend of £3.7m (1.4%) is projected against a budget of £260.3m. This would result in a decrease in the Council's general reserves level to £14.8m, which still compares favourably with the opening balance forecast in the 2013/2014 budget of £13.2m. The Council's Reserves Strategy has been reviewed, and is contained in this report (**Appendix 11**).
- 10.3 54% of the basket of performance measures for external reporting achieved, exceeded or were within agreed tolerance.
- 10.4 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. This report reflects a developing framework to embed a performance management culture throughout the organisation.

11.0 Access to Information

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

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