

CHESHIRE EAST COUNCIL

Council

Date of Meeting:	17 th October 2013
Report of:	Chief Operating Officer
Subject/Title:	Recommendation from Cabinet re 2013/2014 First Quarter Review of Performance
Portfolio Holders:	Cllr. Peter Raynes / Cllr. Barry Moran

1.0 Report Summary

- 1.1 This report requests formal approval of the issues recommended to Council by Cabinet on 19th August 2013 as part of the 2013/2014 First Quarter Review of Performance Report. As a procedural matter, these items require the approval of Full Council in accordance with Finance Procedure Rules. An example of this is the additional monies received by the Council for Public Health.
- 1.2 The items in question are set out in the report. They relate to Supplementary Capital Estimates and Virements over £1m, Supplementary Revenue Estimates and the establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place.
- 1.3 These issues reflect the normal working arrangements of the Council. When the Budget and Capital Programme for the new financial year are set, in the preceding February, the figures are estimates at a point in time and reserves are set at a level that reflects any risk associated with such savings. As the year progresses, further consideration is given to allocating reserves or additional income to maintain a balanced position reflecting up to date estimates.
- 1.4 These issues are identified through the quarterly monitoring process and the necessary approvals are requested to maintain an up to date budget position for monitoring purposes. In some cases, agreed procedures mean that Council approval is required due to the financial implications or use of General Reserves is being recommended.

2.0 Decision Requested

- 2.1 Cabinet requests Council to approve the Supplementary Estimates / Virements and establishment of an earmarked reserve as detailed below in section 10.2.

3.0 Reasons for Recommendations

- 3.1 Finance Procedure Rules require the approval of Council to requests for supplementary estimates in excess of £1m, or which require funding from General Reserves, or which have significant implications for future years' budgets.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 As detailed below

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.

7.2 The approvals requested in this report will enable the schemes to move forward and improve Financial information in terms of budget accuracy.

8.0 Legal Implications

8.1 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 Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required.

10.0 Background and Options

10.1 At their meeting on 19th August 2013 Cabinet considered the 2013/2014 First Quarter Review of Performance Report. Several issues were identified as being of a nature where recommendation to Council was required in accordance with Finance Procedure Rules.

10.2 The items are summarised overleaf and further details are provided in the relevant appendices.

- Supplementary Capital Estimates and Virements over £1m (**Appendix 1**);
 - o This relates to Crewe Lifestyle Centre.
The original estimate for this scheme was based on a robust plan. However, as the year has progressed, an opportunity has been identified to improve the outcomes from this scheme in terms of meeting the Council's priorities. This has led to a change in the scope of the scheme and resulted in a request for a supplementary capital estimate. The increased borrowing costs will be funded by savings in running costs and additional income.
- Supplementary Revenue Estimates to be funded from General Reserves (**Appendix 2**);
 - o This relates to three items requiring approval to use funding from General Reserves where information was either not known at the time the budget was set or further funding has been received and needs allocating.
- A Supplementary Revenue Estimate of over £1m for Public Health to be funded from additional ring-fenced grant (**Appendix 3**);
 - o This relates to an increase in the ring-fenced public health grant following successful lobbying by the Council that the original grant allocation was insufficient and a corresponding bid by the service to increase their revenue budget accordingly.
- The establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place (**Appendix 4**).
 - o A request from Democratic Services to ensure adequate funding is available to meet the cost of Elections.

10.3 Where the above requests impact on the Council's General Reserves, these have already been factored into the forecast year-end balance as reported as part of the First Quarter Review of Performance.

11.0 Access to Information

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

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Appendix 1 ~ Supplementary Capital Estimates and Virements over £1m

Details of the item being recommended from the First Quarter Review of Performance

Capital Scheme	Amount Requested £	Funding of SCE / Project Providing Virement
Full Council is asked to Approve SCE's and Virements in excess of £1m or SCE's of any value funded by internal reserves, balances or general purpose funding		
<u>SUPPLEMENTARY CAPITAL ESTIMATES</u>		
Communities		
Lifestyle Centre Crewe	2,400,000	The original estimate for this scheme was based on a robust plan. However, as the year has progressed, an opportunity has been identified to improve the outcome from this scheme in terms of meeting the Council's priorities. This has led to a change in the scope of the scheme resulting in a request for a supplementary capital estimate. The increased borrowing costs will be funded by savings in running costs and additional income.
Total SCE's Requested	2,400,000	

Additional Benefits

Adult Social Care and Children's Centre

The larger building footprint will allow 25% more room space available to all the social care services including Star light and Chimes users making their daily environment even more pleasant, it will improve the opportunities for more flexible support and observation with the medication dispensing room in the middle and ensure all wheelchairs and equipment can be stored.

There are now three studio rooms available increasing the flexibility and the programming of activities while increasing the income potential further.

Leisure Facilities

Main Pool – larger than the existing pool providing greater extra overall swimmer capacity at peak periods which will ensure that the pool can meet the existing growing demand for lessons at all levels and supervised water based activities, offering 2 extra lanes available to competition.

The overall larger site is evidence that the Council is implementing outcomes to target public health national indicators as evidenced in the Joint Strategic Needs Assessment and potentially allow the Council to claim back health premiums in 2015/2016.

Learner Pool – larger than the existing pool

The larger learner pool will provide extra capacity to meet the existing and growing very strong demand for “pre-swimming” and beginners swimming lessons for children without disrupting other main swimming programmes and activities. This will reduce waiting lists meaning pre-school children can start lessons earlier. This foundation stage offer (2-5 yrs) is fundamental in establishing good exercise patterns for future life reducing obesity, diabetes and cardiovascular disorders.

Main Hall - larger than the existing multi-purpose hall available at VCC Oakley.

The slightly larger hall provides extra capacity for a full range of entertainment uses including standing and seated concerts, parties, wedding receptions and other similar functions, exhibitions and conferences. There is an identified lack of larger scale venues for such activities in South and Central Cheshire East area in general and the Crewe area in particular.

The slightly larger capacity extends the potential benefit that the new venue will be able to provide to support wider economic regeneration policies and initiatives as there are very few similar sized exhibition, conference and training venues available elsewhere in Crewe to support local businesses.

As with the larger swimming pool, the slightly larger main hall will be much easier to programme for more than one activity at any one time, particularly during periods of peak demand.

The slightly larger main hall and associated storage being proposed makes the venue much more suited for specialist spectator sports events where there is room for a main court, table or activity area and enough room for seating around (e.g. for sports hall athletics finals events, table tennis tournaments, netball finals, etc). This is a more attractive offer for clubs looking to use the venue.

Appendix 2 ~ Supplementary Revenue Estimates to be funded from General Reserves

Details of the items being recommended from the First Quarter Review of Performance

Service	Item	£000	Details
Finance	CLS Care Services Leases	106	Item already approved by Cabinet on 4 March 2013 (item 167). Rental income shortfall arising from sale of leases to CLS Care Service Leases. Council approval now required.
Highways	Flood Defence Levy	19	The service budget needs to be increased to meet a statutory cost being invoiced by the Environment Agency for the Flood Defence Levy. The cost is higher than budgeted for as a result of changes not communicated to the Council when the Budget was set.
Highways	Flood Grant Received	394	The Council has received additional grant. This is held centrally and the service have requested an increase in budget to use this funding to meet the requirements of the Flood and Water Management Act 2010. This follows more detailed work on the implementation of the act.
TOTAL		519	

Appendix 3 ~ A Supplementary Revenue Estimate of over £1m for Public Health to be funded from additional ring-fenced grant

Details of the item being recommended from the First Quarter Review of Performance

Service / Grant	Type of Grant	£000	Details of Service Bid
Public Health	Ringfenced	1,037	<p>Original grant funding for 2013/2014 was £12.725m.</p> <p>However, detailed analysis by the Director of Public Health, identified a number of areas of Public Health spend where the costs had not been fully reimbursed leading to an allocation that was too low. This was evidenced to the Department of Health who acknowledged the error and corrected it.</p> <p>In March (after the Council's Budget was set) the Council was advised of an increase of £1.037m in the allocation for 2013/2014 to £13.762m.</p>

Appendix 4 ~ The establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place

Details of the item being recommended from the First Quarter Review of Performance

Reserves Strategy – Chapter 3

Para 46. Within the Service Manager carry forward reserve balance, an amount of £154k relates to Elections. Borough, Town, and Parish Council Elections take place every 4 years. Funding must be budgeted for and accrued over that period to cover the 4 yearly costs. It is therefore requested that Council be asked to approve the establishment of a specific earmarked reserve to hold any underspend on the Elections Budget for use in years when Elections take place.