

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 12th November 2013
Report of: Chief Operating Officer
Subject/Title: 2013/2014 Mid-Year Review of Performance
Portfolio Holders: Councillor P Raynes, Finance / Councillor B Moran, Performance

1.0 Report Summary

- 1.1 Cheshire East is the third largest Council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Annual spending is approximately £750m. The complexity of customer demands and the size of the organisation make it very important to manage performance and control expenditure to ensure the best delivery of outcomes whilst ensuring value for money.
- 1.2 The report, attached as **Annex 1**, gives summary and detailed information about the Council's financial and non-financial performance at the mid-year stage of 2013/2014. There is improvement in the financial position since the first quarter, and there is substantial improvement compared to this position in previous years. The Corporate Leadership Board is currently working on addressing the small (1.3%) deficit forecast in the report.
- 1.3 As part of the overall process for managing the budget, and in accordance with the Council's Finance Procedure Rules, it is important to ensure that correct authority is provided for changes which may be necessary during the year. Changes can occur where additional spending is required on specific revenue items or capital projects, the majority of which are being funded from external sources as in the cases in this report. The report therefore identifies where any approvals are required for such supplementary estimates or virements.
- 1.4 The information in **Annex 1** is set out in three sections:

Section 1 Summary of Council Performance, 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.

Section 2 Financial Stability, 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.

Section 3 Workforce Development, 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, 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 122 to 124 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)**;
- Treasury Management investments and performance **(Appendix 7)**;
- the Council's invoiced debt position **(Appendix 9)**;
- 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 8)**.

2.3 Cabinet is requested to recommend that Full Council approve:

- Supplementary Revenue Estimate of £46,500 for development of Dragons Den initiatives to be funded from General Reserves **(Section 3, paragraph 151)**.

3.0 Reasons for Recommendations

3.1 Performance information plays a vital role in supporting members and officers in the understanding of the impact of Council activity. Quarterly published reports allow the Council to celebrate achievement, understand relative performance and address issues of underperformance.

- 3.2 In accordance with good financial management, Members receive quarterly reports 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 to ensure such decisions are made in the context of the overall Council budget.

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 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 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's quarterly reporting structure provides forecasts of a potential year-end outturn. The forecasts in the report highlight achievements against outcomes and provide an indication of potential risks at this stage in the year. At the Mid Year stage, an overspend of £3.5m (1.3%) is projected against a budget of £260.3m. Portfolio Holders and the Corporate Leadership Board will focus on these forecasts to avoid any impact on the Council's general reserves.
- 10.3 In 2012/2013 the overall revenue budget was slightly underspent despite the mid-year forecasts of significant overspending. This increases the confidence that spending can be managed within budget in 2013/2014.

11.0 Access to Information

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

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