

# CHESHIRE EAST COUNCIL

## Cabinet

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<b>Date of Meeting:</b>	1 <sup>st</sup> July 2014
<b>Report of:</b>	Chief Operating Officer (Section 151 Officer)
<b>Subject/Title:</b>	2013/14 Final Outturn Review of Performance
<b>Portfolio Holders:</b>	Cllr. Peter Raynes, Finance; Cllr. Barry Moran, Performance

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### 1.0 Report Summary

- 1.1. This report sets out the Council's improved overall performance for 2013/14. The Council's strong financial position reflects its enhanced governance, innovative delivery arrangements and effective stewardship of public money. Its pre-audited accounts for 2013/14 report an underspend of £0.897m, (0.35%), compared to an approved revenue budget of £260m. The overall financial health, performance and resilience of Cheshire East Council is strong despite taking £50m out of its cost base from 2011/12.
- 1.2. 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 more than £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 outcomes for residents and businesses.
- 1.3. The Council's journey to becoming a strategic commissioning council is now well developed and 2013/14 was the first year of the Council's 3 year plan and commitment. An ambitious but measured approach is being taken to achieving the Council's aims whilst effectively dealing with the challenges of austerity. This approach provides a platform to redefine and reinvent the Council in a systematic way. The Council's focus is to deliver a high level of sustainable, quality, and cost effective services that are needed by Cheshire East residents and businesses.
- 1.4. The Council's philosophy is about more than simply reducing costs through arranging cheaper provision or about traditional outsourcing. New approaches to service delivery are being developed to get the best from in-house services. These include joint ventures between the Council and other providers, and new delivery vehicles including Council owned and controlled companies, social enterprises and Trusts
- 1.5. The 3 year plan sets out the purpose of the Council, the main outcomes it wants to achieve – putting residents and businesses first. The framework sets clear objectives and targets for action and shows how the Council will measure its performance and manage any risks to achieving its targets. A summary of the plan is shown below. This repeated, in a more readable form, on page 37.



- 1.6. During 2013/14 the Council has accelerated its programme of significant change and innovation. The Council's review of its management structure, roles and responsibilities, completed in early 2014 is a significant step forward.
- 1.7. On 1<sup>st</sup> July 2014 Cabinet will recommend the creation of new reserves of £12.4m to Council. This increase will secure the overall level of reserves considered sufficient to continue to protect the Council against its assessed financial risks as well as providing opportunities for future investment in its identified priorities. It is now well placed to meet the challenges set out in its medium term financial strategy that was approved at Council in February 2014.
- 1.8. In addition to its strong financial performance the Council can also reflect on a large number of operational successes throughout 2013/14. Some highlights include:
  - Strong service performance in key areas including:
    - success in attracting new businesses places it as only one of three hot spots outside London for new business creation;
    - now the best performing council in the North West, (and one of the best overall), in decreasing the number of young people classed as not in education, employment or training (NEET);
    - highest ever number of good and outstanding schools - 87.3%;
    - adoption timeliness and outcomes have improved;
    - Adult Social Care (ASC) project launched to redesign assessment and care management responsibilities;
    - developed a compelling business case for Crewe as a HS2 Hub station, providing high-speed connectivity to London but, more critically, the potential to drive major growth and regeneration benefits for Crewe and the wider region;
    - recycling rates increased to an all time high of 54%;
    - collecting over 99% of Council Tax and Business Rates within three years – collection rates amongst the top third of all unitary councils;
    - successful completion of circa £65m capital programme; and

- rolling out superfast broadband across the sub-region through the £28.5m 'Connecting Cheshire' project.

1.9. The attached report, Annex 1, sets out further details of how the Council achieved the best outturn in relation to performance and revenue and capital budgets since it became a unitary authority in 2009. It is structured into three sections:

**Section 1 Summary of Council Performance** - brings together the positive impact that service performance, the change management programme and financial performance have had on the 5 Outcomes in the Council's 3 Year Plan.

**Section 2 Financial Stability** - provides an update on the Council's overall financial position. It demonstrates how spending in 2013/14 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.

## 2.0 Recommendations

2.1 Cabinet is asked to consider and comment on the outturn review of 2013/14 performance, (pre-audit), in relation to the following issues:

- the summary of performance against the Council's 5 key 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 achievement of the overall capital programme (**Section 2, paragraphs 134 to 144 and Appendix 4**);
- supplementary capital estimates and virements up to £250,000 in accordance with Finance Procedure Rules (**Appendix 5**);
- reductions to Capital Budgets (**Appendix 7**);
- treasury management investments and performance (**Appendix 8**);
- the Council's invoiced debt position (**Appendix 10**);
- the workforce development and staffing update (**Section 3**).

2.2 Cabinet is asked to approve:

- supplementary capital estimates and virements over £250,000, in accordance with Finance Procedure Rules, (**Appendix 6**);
- an amendment to the approved Capital Programme regarding the funding requirement for the A500 / Junction 16 Widening Scheme with £1.1m to be financed from Council resources, (**Section 2, paragraphs 135 – 138**).

2.3 Cabinet is asked to request Council approval for:

- the creation of earmarked reserves of £12.4m as set out in **Appendix 9**.

### **3.0 Reasons for Recommendations**

- 3.1 The Council's quarterly reporting structure provides forecasts of a potential year-end outturn. This final report for 2013/14 highlights the Council's achievements against its planned outcomes.
- 3.2 The overall process for managing the Council's budget, promoting value for money and complying with its Finance Procedure Rules, ensure that any changes that become necessary during the year are properly authorised. This report sets out those areas where any further approvals are now required.
- 3.3 This strong approach to budget management will continue into business planning for 2015/16, and the Corporate Overview and Scrutiny Committee will be considering progress on 21<sup>st</sup> July 2014. This is earlier than in previous years, reflecting the ongoing improvement in processes and financial control.

### **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 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 2015/18 medium term financial strategy.

### **7.0 Financial Implications**

- 7.1 The Council's financial resources are aligned to its priorities and provide funding to support the achievement of agreed 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.

### **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 risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. 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 2013/14 budget - and the level of general reserves - were factored into the 2014/15 financial scenario, budget and reserves strategy that was approved by Council in February 2014.

## **10.0 Access to Information**

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

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