

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	16 th September 2014
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	2014/15 First Quarter Review of Performance
Portfolio Holders:	Cllr. Peter Raynes, Finance; Cllr. Barry Moran, Performance

1.0 Report Summary

- 1.1. This report sets out the Council's financial and non-financial performance at the first quarter stage of 2014/15. It follows on from the final outturn report for 2013/14 which demonstrated that the overall financial health, performance and resilience of Cheshire East Council is strong despite taking £50m out of its cost base from 2011/12, and freezing Council Tax for the fourth consecutive year. The Council's strong financial position reflects its enhanced governance, innovative delivery arrangements and effective stewardship of public money.
- 1.2. Following the first quarter review the Council's reserves strategy remains effective, although a small overspend of £1.7m is projected, which represents only 0.7% against a budget of £253.8m. This is the lowest figure ever reported for the Council at this early stage in the financial year.
- 1.3. 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, with a balanced net budget for 2014/15 of £253.8m. 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.
- 1.4. 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. The 3 year plan sets out the purpose of the Council, and the main outcomes it wants to achieve – putting residents and businesses first. The plan is shown on page 30.
- 1.5. 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.
- 1.6. The attached report, **Annex 1**, sets out further details of how the Council is performing in 2014/15. 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 Residents First Outcomes in Quarter One.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2014/15 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 first quarter review of 2014/15 performance, in relation to the following issues:

- the summary of performance against the Council's 5 Residents First outcomes (**Section 1**);
- the projected service revenue and capital outturn positions, overall financial stability of the Council, and the impact on the Council's reserves position (**Section 2**);
- the delivery of the overall capital programme (**Section 2, paragraphs 152 to 161 and Appendix 4**);
- fully funded supplementary capital estimates and virements up to £250,000 in accordance with Finance Procedure Rules (**Appendix 5**);
- reductions to Capital Budgets (**Appendix 8**);
- treasury management investments and performance (**Appendix 9**);
- the Council's invoiced debt position (**Appendix 11**);
- 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**);
- supplementary revenue estimates to be funded by additional specific grant (**Appendix 10**);

2.3 Cabinet is asked to request Council approval for:

- supplementary capital estimates and virements over £1,000,000, in accordance with Finance Procedure Rules, (**Appendix 7**).

3.0 Reasons for Recommendations

- 3.1 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.

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 projected 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 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 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 2014/15 budget - and the level of general reserves –

will be factored into the 2015/16 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 this report highlight achievements against outcomes and provide an indication of potential risks at this stage of the year.

10.2 At the First Quarter stage, the Council's reserves strategy remains effective despite the current risk of a small overspend of £1.7m (0.7%) against a budget of £253.8m. Portfolio Holders and the Corporate Leadership Board will continue to focus on these forecasts to avoid any impact on the Council's general reserves.

11.0 Access to Information

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

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