

Cabinet Paper

Date of Meeting:	09 February 2016
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	2015/16 Third Quarter Review of Performance
Portfolio Holder:	Cllr Peter Groves, Cllr Paul Findlow

1. Report Summary

- 1.1. This report sets out the Council's financial and non financial performance at the third quarter stage of 2015/16 and highlights the latest progress towards achieving the Council's Residents First Outcomes as described in the Council's three year plan 2013 to 2016.
- 1.2. The third quarter review shows how the Council is continuing to build on the positions achieved in the last two years, which demonstrate that the overall financial health, performance, resilience and value for money at Cheshire East Council is strong despite taking £70m out of its cost base since 2011, and freezing Council Tax for the fifth consecutive year. Savings have been consistently achieved through permanent savings of £5m in management costs, efficiency, removing any duplication of effort, and a planned programme of asset disposals. This approach has protected funding provided to front line services. The Council's strong financial position reflects its enhanced governance, innovative delivery arrangements and effective stewardship of public money.
- 1.3. Following the third quarter review the Council's reserves strategy remains effective, with an underspend of £0.3m being forecast. This represents a variance of only 0.1% against a net budget of £246.6m. This is the nearest favourable forecast position to budget ever reported for the Council at this stage in the financial year. In achieving this position the Council is mitigating rising costs in social care. Nationally caseloads are increasing and this is also being seen in Cheshire East. Controlling in-year costs as well as accurate budget setting have made this pressure affordable in 2015/16. The ongoing impact of this pressure is also reflected in the Council's Medium Term Financial Strategy.
- 1.4. Cheshire East is the third largest Council in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Gross annual spending is over £750m, with a balanced net budget for 2015/16 of £246.6m. In quarter three, examples of good performance were:
 - Producing a Community Impact Assessment with partners to support recovery of the site and community in Bosley
 - Achieving 2nd best ranking in the country for Cheshire East schools

- Confirmed waste recycling rate of 57% which places Cheshire East in top 10% of local authorities

1.5. The attached report, **Annex 1**, sets out further details of how the Council is performing in 2015/16. It is structured into three sections:

Section 1 Summary of Council Performance - brings together the positive impact that service performance and financial performance have had on the 5 Residents First Outcomes after three quarters of the year.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2015/16 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. Recommendation

2.1 Cabinet is asked to consider and comment on the third quarter review of 2015/16 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 182 to 193 and Appendix 4**);
- fully funded supplementary capital estimates and virements up to £250,000 approved in accordance with Finance Procedure Rules (**Appendix 5**);
- changes to Capital Budgets made in accordance with the Finance Procedure Rules (**Appendix 8**);
- treasury management investments and performance (**Appendix 9**);
- management of invoiced debt (**Appendix 11**);
- use of earmarked reserves (**Appendix 12**);
- update on workforce development and staffing (**Section 3**).

2.2 Cabinet is asked to approve:

- fully funded supplementary capital estimates and virements above £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 recommend that Council approve:

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

3. Other Options Considered

3.1. None.

4. Reasons for Recommendation

- 4.1. The overall process for managing the Council's budget, promoting value for money and complying with its Finance Procedure Rules, ensures 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.

5. Background/Chronology

- 5.1. 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.
- 5.2. At the third quarter stage, the Council's reserves strategy remains effective with a modest underspend of £0.3m (0.1%) against a budget of £246.6m. Portfolio Holders and the Management Group Board continue to focus on managing this position to avoid any impact on the Council's general reserves at year end.

6. Wards Affected and Local Ward Members

6.1. All

7. Implications of Recommendation

7.1. Policy Implications

- 7.1.1. Performance management supports delivery of all Council policies. The projected outturn position, ongoing considerations for future years, and the impact on general reserves have been fed into the assumptions underpinning the 2016/19 medium term financial strategy.

7.2. Legal Implications

- 7.2.1. The legal implications surrounding the process of setting the 2013 to 2016 medium term financial strategy were dealt with in the reports

relating to that process. The purpose of this paper is to provide a progress report at the third quarter stage in 2015/16. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.

7.2.2. The only implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are correctly dealt with through the Finance Procedure Rules as discussed.

7.2.3. There may well be legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt with in the individual reports to Members or Officer Decision Records that relate.

7.3. Financial Implications

7.3.1. 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.

7.4. Equality Implications

7.4.1. This report is a backward look at Council activities in quarter three and predicts the year end position. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records that relate.

7.5. Rural Community Implications

7.5.1. The report provides details of service provision across the borough.

7.6. Human Resources Implications

7.6.1. This report is a backward look at Council activities in quarter three and predicts the year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records that relate.

7.7. Public Health Implications

7.7.1. This report is a backward look at Council activities in quarter three and predicts the year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt with in the individual reports to Members or Officer Decision Records that relate.

7.8. Other Implications (Please Specify)

7.8.1. None

8. Risk Management

- 8.1. 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 are used to inform the overall financial control risk contained in the Corporate Risk Register.
- 8.2. 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 2015/16 budget - and the level of general reserves – have been factored into the 2016/17 financial scenario, budget and reserves strategy.

9. Access to Information/Bibliography

The following are links to key background documents:

[2015/16 Mid Year Review of Performance](#) Cabinet 10/11/15 Item 63

[2015/16 First Quarter Review of Performance](#) Cabinet 29/9/15 Item 34

[Budget Book 2015/16](#)

[Medium Term Financial Strategy 2015/18](#)

10. Contact Information

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