

Cabinet Paper

Date of Meeting:	13 September 2016
Report of:	Chief Operating Officer (Section 151 Officer)
Subject/Title:	2016/17 First Quarter Review of Performance
Portfolio Holder:	Cllr Peter Groves, Cllr Paul Findlow

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money for its residents during 2016/17. The report highlights financial and non-financial pressures and performance that clearly shows how the Council is working well with the community and partners to achieve the outcomes of the Corporate Plan 2016 to 2020.
- 1.2. Local authorities within England are facing significant financial challenges as expected issues such as inflation and increasing demand, are, at the same time being compounded by reductions in government funding. Care services in particular are experiencing rising caseloads and increasing complexity of care needs as well as rising costs from minimum wage requirements for care providers. This is particularly relevant in Cheshire East as the Council's budget includes net expenditure of over £140m for services provided by the People directorate.
- 1.3. Against a backdrop of challenging circumstances Cheshire East Council continues to put residents first and has actually seen increased satisfaction levels for key services and improved value for money overall. The First Quarter Review of Performance provides evidence of how the Council engages with residents and businesses to achieve positive outcomes.
- 1.4. The Council is building on the achievements of the last three years. This report demonstrates that the overall financial health, performance, resilience and value for money at the Council is strong, and that the reserves strategy remains effective. A potential overspend of £1.5m (0.6%) is currently being forecast. In line with national trends this forecast is being strongly influenced by an increase in caseload and costs associated with Children in Care. Every effort will be made to reduce this forecast overspend throughout 2016/17. The Council has demonstrated excellent financial management over the last three years and this experience will be used to try to achieve a balanced budget by the end of the financial year.
- 1.5. In quarter one, examples of good performance were:
 - Outperforming the national average take-up of the childcare offer for disadvantaged 2-year-old children at 75%
 - Achieving 8 'Green Flag' awards for best green spaces in the country

- Becoming the ‘most active’ local authority in the North West with participation in sport and recreation in Sport England’s “Active People Survey”
 - Recent survey results show that Satisfaction with the Council has increased by 50% since 2011. The Citizen’s Panel, with over 3,000 volunteer members, were also asked if they agreed that the Council offers value for money. The responses show that there has been a 60% improvement since Local Government Reorganisation took place in 2009.
- 1.6. The attached report, **Annex 1**, sets out details of how the Council is performing in 2016/17. 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 6 Residents First Outcomes during the year.

Section 2 Financial Stability - provides an update on the Council’s overall financial position. It demonstrates how spending in 2016/17 has been funded, including the service budgets, grants, council tax & business rates, treasury management, centrally held budgets and 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 first quarter review of 2016/17 performance, in relation to the following issues:
- the summary of performance against the Council’s 6 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 204 to 217 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 Council monitors in-year expenditure through a quarterly reporting cycle. Quarterly reports reflect financial and operational performance and provide any requirements to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 4.2. The overall process for managing the Council's budget focuses on value for money and good governance and stewardship. Changes that become necessary during the year must be properly authorised and this report sets out those areas where any further approvals are now required.

5. Background/Chronology

- 5.1. Monitoring performance is essential to the achievement of outcomes for local residents. This is especially important in an organisation the size of Cheshire East Council. The Council is the third largest in the Northwest of England, responsible for over 500 services, supporting over 370,000 local people. Gross annual spending is over £720m, with a balanced net budget for 2015/16 of £247.9m.
- 5.2. The management structure of the Council is organised in to three directorates, People, Place and Corporate. The Council's quarterly reporting structure provides forecasts of a potential year-end outturn within each directorate.
- 5.3. At the first quarter stage, the Council's reserves strategy remains effective with a potential overspend of £1.5m (0.6%) against a net revenue budget of £247.9m. Forecast capital expenditure in the year is £142.7m.

6. Wards Affected and Local Ward Members

- 6.1. All

7. Implications of Recommendations

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 2017/20 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 first quarter stage in 2016/17. 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. 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 agreed by Council and 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.

7.4. Equality Implications

- 7.4.1. This report is a backward look at Council activities in quarter one 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 one 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 one 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 2016/17 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:

[Budget Book 2016/17](#)
[Medium Term Financial Strategy 2016/19](#)

10. Contact Information

Contact details for this report are as follows:-

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