

Cabinet

Date of Meeting: 05 February 2019

Report Title: Third Quarter Review of Performance 2018/19

Portfolio Holder: Cllr Paul Bates - Finance and Communication
Cllr Paul Findlow - Corporate Policy and Legal Services

Senior Officer: Alex Thompson – Head of Finance and Performance (Acting Section 151 Officer)

1. Report Summary

- 1.1. This report outlines how the Council is managing resources to provide value for money services during the 2018/19 financial year. The report highlights financial and non-financial pressures (and performance) and provides an overview of progress towards achievement of the priority outcomes set out in the Corporate Plan 2018 to 2021.
- 1.2. Local Authority budgets across the UK are being managed against a backdrop of continuing reductions in government funding in 2018/19 as well as inflation rises and increasing demand for services. However, the safeguarding and environmental duties of the Council must still be delivered within the relevant statutory parameters and the associated inspection frameworks. In this environment the ability to deliver financial savings whilst maintaining service standards across the Council is extremely challenging.
- 1.3. At the mid year review the Council's forecast overspend was estimated at £5.3m compared to the 2018/19 budget. This position has since improved with the estimated forecast overspend reducing to £4.8m. The forecast overspend is mainly due to pressures in the People Directorate relating to the costs of Childrens Social Care. There are further pressures within Environmental Operations, delays associated with achieving some of the efficiency savings included within service budgets and anticipated additional costs relating to the way that holiday pay is calculated.
- 1.4. Mitigating actions to bring the outturn in line with budget will include further in-year efficiency savings (£0.8m), use of business rate receipts (£2.1m) and use of reserves (£1.9m).

- 1.5. Against this challenging financial backdrop it is pleasing to note that the Council has continued to perform strongly, delivering positive outcomes in each of the six priority areas identified by the Corporate Plan.
- 1.6. At third quarter, a few examples of good performance were:
- The first Cheshire East Pride in the Park event took place
 - The Crewe Green Roundabout scheme completed on time with an official opening event in November
 - Lollipop lady Pam Pearson collected her British Empire Medal, awarded for 40 years of helping children get to school safely
 - We have been successful in securing £697,000 of grant funding to promote affordable warmth and reduce fuel poverty
 - Ofsted carried out a 'focussed visit' in October, and praised the progress made in planning for cared for children
 - The 'Time to Change' initiative was launched in October with a 'Pledge' signing by the Acting Chief Executive and Deputy Leader
 - The Care Quality Commission's reablement inspection within Care4CE was rated as "good"
 - Turnaround of planning applications was within timescales and remained above target during the third quarter
 - Additional funding of £4.6m from the Department of Transport for Potholes and a further £0.2m Disabled Facilities grant from the Ministry of Housing, Communities and Local Government has been allocated to Cheshire East Council
- 1.7. Areas requiring further improvement also identified as:
- Increase the percentage of Food Safety E-rated premises that receive intervention activity. Although 100% of quarter two inspections were completed, overall performance remains below target due to a backlog of overdue inspections from previous years which we are working to reduce, whilst still prioritising inspections at A-D rated premises.
 - Increase the number of apprenticeships. At the end of September 2018, 42 were in place against the annual Council target of 82. Meanwhile six were in place out of the targeted 73 in our Schools.
 - There has been an increase in the number of insurance claims against highways, with 586 third party claims received between April 2018 and the end of November 2018, compared to 317 during the first three quarters of 2017/18. However, the latest repudiation rate (a rolling 12-month figure at the end of Q2) stood at 92%.
- 1.8. Additional and supporting detailed performance data is reported for information to Scrutiny committees. The quarter two Place Scorecard was received by the Environment and Regeneration Overview and Scrutiny Committee on 21 January 2019. The quarter two Children and Families Scorecard was received by the Children and Families Overview and Scrutiny on 28 January 2019. The latest Adults and Public Health

Scorecards were received by the Health and Adult Social Care and Communities Overview and Scrutiny Committee on 17 January 2019.

- 1.9. The attached report, **Annex 1**, sets out details of how the Council is performing in 2018/19. 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 six Council Outcomes during the year.

Section 2 Financial Stability - provides an update on the Council's overall financial position. It demonstrates how spending in 2018/19 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. Recommendations

That Cabinet:

- 2.1. note the contents of the report and each appendix.
- 2.2. recommend that Council approve:
- 2.2.1. fully funded supplementary capital estimates above £1,000,000 in accordance with Financial Procedure Rules as detailed in (**Appendix 8**);
- 2.2.2. supplementary revenue estimate of £1,450,638 relating to Adult Social Care Winter Funding (**Appendix 11**).

3. Reasons for Recommendations

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. The overall process for managing the Council's resources focuses on value for money and good governance and stewardship. Financial changes that become necessary during the year are properly authorised and this report sets out those areas where any further approvals are now required.
- 3.3. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial and non-financial management of resources.

4. Other Options Considered

- 4.1. Not applicable

5. Background

- 5.1. Monitoring performance is essential to the achievement of outcomes within the Corporate Plan. This is especially important in evidencing the achievement of value for money across 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 375,000 local people. Gross annual spending is over £740m, with a balanced net budget for 2018/19 of £269.7m.
- 5.2. The management structure of the Council is organised in to three directorates, People, Place and Corporate. The Council's reporting structure provides forecasts of a potential year-end outturn within each directorate during the year, as well as highlighting activity carried out in support of each outcome contained within the Corporate Plan.
- 5.3. At the third quarter stage, action continues to ensure that the Council's reserves strategy remains effective following identification of a potential overspend of £4.8m (1.8%) against a net revenue budget of £269.7m. Although it is expected that mitigating actions will return this to a balanced outturn by year end. Forecast capital expenditure in the year is £120.7m.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The legal implications surrounding the process of setting the 2018 to 2021 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 of 2018/19. That is done as a matter of prudential good practice, notwithstanding the abolition of centrally imposed reporting requirements under the former National Indicator Set.
- 6.1.2. The only other implications arising directly from this report relate to the internal processes of approving supplementary capital estimates and virements referred to above which are governed by the Finance Procedure Rules.
- 6.1.3. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.

6.2. Finance Implications

- 6.2.1. 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.
- 6.2.2. Reserve levels are agreed, by Council, in February each year and are based on a risk assessment that considers the financial challenges facing the Council. The forecast overspend at third quarter is within the risk assessed level, but if it remains unresolved this could require Council to deliver future savings to replenish reserve balances.
- 6.2.3. As part of the process to produce this report, senior officers review expenditure and income across all services to support the development of mitigation plans that will return the outturn to a balanced position at year-end.

6.3. Policy Implications

- 6.3.1. This report is a backward look at Council activities at third quarter and predicts the year end position.

6.4. Equality Implications

- 6.4.1. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.5. Human Resources Implications

- 6.5.1. This report is a backward look at Council activities at third quarter and states the forecast year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

6.6. Risk Management Implications

- 6.6.1. 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.

6.6.2. 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 2018/19 budget and the level of general reserves were factored into the 2018/19 financial scenario, budget and reserves strategy.

6.7. Rural Communities Implications

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

6.8. Implications for Children & Young People / Cared for Children

6.8.1. The report provides details of service provision across the borough, acknowledges the ofsted report and notes the overspend on Children in Care.

6.9. Public Health Implications

6.9.1. This report is a backward look at Council activities at third quarter and provides the forecast year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

7. Ward Members Affected

7.1. All

8. Consultation & Engagement

8.1. As part of the budget setting process the Pre-Budget Report 2018/19 provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

9. Access to Information

9.1. The following are links to key background documents:

[Budget Book 2018/19](#)

[Medium Term Financial Strategy 2018/21](#)

[Mid Year Review of Performance 2018/19](#)

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

Name: Alex Thompson

Job Title: Head of Finance and Performance (Acting Section 151 Officer)

Email: alex.thompson@cheshireeast.gov.uk