

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

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<b>Date of Meeting:</b>	6 February 2012
<b>Report of:</b>	Lisa Quinn - Director of Finance and Business Services
<b>Subject/Title:</b>	Financial Information
<b>Portfolio Holder:</b>	Cllr Michael Jones – Resources Portfolio Holder

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### 1.0 Report Summary

- 1.1 To consider a notice of motion submitted by Cllr D Newton and Cllr S Hogben at the meeting of full Council on 15<sup>th</sup> December 2011. The notice of motion stated that:

*‘This Council believes that elected Members are entitled to be provided with accurate and meaningful financial information, upon which they can form views and base judgments during the ongoing budget preparation and scrutiny process.’*

- 1.2 The report sets out the current situation with regard to the provision of financial information to Members. It also sets out the recommended actions that are proposed to build on the improvements that are being implemented by Corporate Management Team and the Finance Service.

### 2.0 Decision Requested

- 2.1 To endorse the notice of motion.
- 2.2 To note the report and comment on the current and future provision of financial information to Members.
- 2.3 To agree the recommended actions set out in Section 10.12.

### 3.0 Reasons for Recommendations

- 3.1 The Resources Portfolio Holder acknowledged that he could not argue with the statement in the notice of motion and committed to ensuring that accurate and meaningful financial information would continue to be provided within the current Member governance arrangements.
- 3.2 The Resources Portfolio Holder committed to resolving any instances where Members feel that the provision of accurate and meaningful information has

fallen down or has been lacking. This feedback is particularly valuable when it comes to identifying priority areas for improvement.

- 3.3 The Resources Portfolio Holder also committed to appropriately supporting the work of Overview & Scrutiny Committee Task and Finish Groups.

#### **4.0 Wards Affected**

- 4.1 All Wards are affected.

#### **5.0 Local Ward Members**

- 5.1 None

#### **6.0 Policy Implications including - Carbon reduction - Health**

- 6.1 None

#### **7.0 Financial Implications (Authorised by the Director of Finance and Business Services)**

- 7.1 The decisions requested in the report have no direct financial implications. However, it must be noted that the availability of Finance support resources is limited and reducing. Therefore the support to Members needs to be prioritised and defined.

- 7.2 In order to achieve this prioritisation, and meet the needs of Members in terms of accurate and meaningful financial information, the Director of Finance and Business Services intends to work closely with Members through the various Committees and Groups.

- 7.3 The Director of Finance and Business Services also aims to establish and follow best practice applicable to Local Government and the wider Public Sector. To this end the Director will work with Members on an ongoing basis to improve arrangements and processes within available resources.

#### **8.0 Legal Implications (Authorised by the Borough Solicitor)**

- 8.1 In setting out the extent to which financial information is provided to Members the Director of Finance and Business Services is mindful of the need to comply with the Council's Constitution and with any external legislative and regulatory requirements.

#### **9.0 Risk Management**

- 9.1 If Members are generally unaware of the extent of Finance support that is provided across all Member activity, and the limitations of that support, it could lead to unfair reputational damage to the Finance Service.

- 9.2 The Director of Finance and Business Services has been, and intends to continue, to work closely with the Members of all relevant Committees and Groups to find ways to improve engagement and the provision of meaningful information. This is done on the basis of a clear understanding of the resource limitations and consequences.

## **10.0 Background and Options**

### **Finance Support to Cabinet**

- 10.1 The Director of Finance and Business Services, through the Finance Service, provides support to Cabinet in the following main areas:
- The development of the annual Business Plan through the Business Planning process, including Budget and Council Tax setting
  - The reporting of monthly and quarterly financial performance
  - The examination of the financial implications of the development of policy and new Council initiatives
  - The work of Portfolio Holders and in particular the Resources Portfolio Holder and the Performance and Capacity Portfolio Holder
- 10.2 There has been a significant improvement in the development and implementation of the Business Planning process over the past year with the production now of a single publication called the Business Plan that incorporates the annual budget setting, the three-year medium term financial strategy and all of the elements of corporate planning.
- 10.3 There has also been very good progress with the integration of monthly and quarterly financial reporting with the Council's overall performance framework. This is now providing strong management information and is also providing Portfolio Holders with a clearer view of areas of good Service performance and areas to be reviewed and challenged.
- 10.4 The Director of Finance and Business Services has implemented an approach of continuous improvement in partnership with corporate support colleagues, which is overseen through the Business Management Programme. The improvement and development of financial management reporting is one of the main priorities. In improving the quality of information for Directors, in partnership with Service Managers, this is also supporting Cabinet in its understanding of the financial, resource and performance implications of the Council's business.

### **Finance Support to Overview and Scrutiny Committees**

- 10.5 The Director of Finance and Business Services, through the Finance Service, provides support to Overview and Scrutiny Committees in the following main areas:
- The development of the Council's Business Plan
  - The reporting of the Council's financial performance

- The scrutiny of Services' value for money to the customer
- 10.6 There is a high level of expectation in this area from Members in terms of the provision of financial information. The volume of meetings, due to the number of sub-Groups, Task and Finish Groups and adhoc meetings over and above the scheduled Committee meetings, has been difficult to support.
- 10.7 The Director of Finance and Business Services has therefore developed a Finance Protocol (Appendix 1), in line with the commitment in the Finance Service Plan to develop Charters for key internal stakeholders. The Protocol defines the support requirements for each Committee and Group and also the level of support that can be provided within available resources.

### **Finance Support for Audit & Governance Committee**

- 10.8 The Director of Finance and Business Services, through the Finance Service, provides support for the Audit & Governance Committee in the following main areas:
- The annual reporting and approval of the Statement of Accounts
  - The annual reporting and approval of the Annual Governance Statement
  - The reporting requirements of the External Auditor
  - The development and training of the Members of the Committee
- 10.9 The Audit & Governance Committee undertakes a very important role on behalf of the Council. It is therefore important that the Finance Service provides quality financial information and support throughout the financial year to provide the necessary assurance to carry out their duties.
- 10.10 The Chairman of the Audit & Governance Committee has recently arranged for each Member of the Committee, where possible, to specialise in one of the main areas of responsibility. This is proving to be a valuable exercise in terms of Member engagement and the provision of more detailed information, which is difficult to provide in the reports to the main Committee meetings.
- 10.11 In addition to the specific support provided in the specialist areas, the Finance Team provide training and briefing sessions at appropriate points in the financial year.
- 10.12 Although this area of Member support is not mentioned in the notice of motion, it is relevant to include this aspect of support in the report as it could provide a best practice example of Member support and involvement.

### **Next Steps**

- 10.13 The Director of Finance and Business Services recommends that, as part of the continuous improvement in the provision of quality financial information, the following actions are undertaken:

- Work with the Scrutiny Chairmen's Group to develop an improved forward plan for the support requirements of each Overview and Scrutiny Committee.
- As with the 2011/14 Business Planning process, undertake a lessons learnt exercise with regard to Member involvement/engagement and the provision of information throughout the 2012/15 Business Planning process.
- Provide Members with regular links to the Finance centranet site in order to be kept up to date with topical national financial issues and local Cheshire East financial developments.
- Communicate with Members with regard to the work already being undertaken with Corporate Management Team to identify ways to rationalise and improve source business information systems.
- Communicate with Members with regard to the work that is being carried out through the Business Management Programme to improve financial reporting tools and bring about the 'enabled manager'.
- Examine the engagement mechanism being deployed with the Audit & Governance Committee to see if this can translate to other areas of Member support.

## **11.0 Access to Information**

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

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