

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	23 July 2012
Report of:	Director of Finance & Business Services / Strategic Director, Places & Organisational Capacity
Subject/Title:	2011/2012 Final Outturn Performance
Portfolio Holders:	Cllr. Peter Raynes / Cllr. Barry Moran

1.0 Report Summary

- 1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report gives summary and detailed information about its financial and non-financial performance at the final outturn stage of 2011/2012.
- 1.2 Annex 1 provides an update on the overall Financial Stability of the Council, including the positions on Grants, Council Tax and Business Rates, Treasury Management, Centrally held budgets, and the Management of the Council's Reserves.
- 1.3 Annex 2 provides details of service financial performance for the 2011-2012 financial year. It focuses on the key financial pressures which the Council's services have faced, and areas of high financial risk to the Council, and highlights significant changes to the forecasts reported at the Three Quarter Year review (TQR).
- 1.4 Annex 3 provides a summary of the key performance headlines for the year.
- 1.5 The key points to emerge at the final outturn stage, which are explained in the report, are:

Service Revenue Outturn

- 1.6 The overall service overspend is £10.5m which represents a £0.5m improvement from TQR. This overspend has been further reduced by £2.3m following the capitalisation of Voluntary Redundancy costs, giving a net overspend of £8.2m.
- 1.7 An underspend on capital financing, together with contributions from earmarked reserves and other unbudgeted income have mitigated this by £5.2m. However this has been partly offset by the charging of PFI costs to revenue, approved allocations from balances, and other corporate items of £3.2m.

Reserves

- 1.8 After allowing for the £5.1m budgeted contribution to balances, the final general reserve position is £11.4m. For the reasons set out in the report this position remains adequate in risk terms.

Capital Programme

- 1.9 Expenditure of £50.2m was incurred against a budget of £72.3m. A review of the shortfall of £22m is being undertaken to assess the extent of slippage required to be carried forward, and the reprofiling of future years' forecasts.

Debt

- 1.10 Outstanding debt over 6 months old at 31 March 2012 stood at £2.6m.

Performance

- 1.11 From the retained former statutory indicators (National Indicators and Best Value Performance Indicators) reported corporately during the year, 45% of measures either achieved or exceeded their target at 2011/12 Year End.

2.0 Decision Requested

- 2.1 Cabinet is requested to note and comment as appropriate on the following financial issues:
- the overall financial stability of the Council, including Grants, in-year collection rates for Council Tax and Business Rates, Treasury Management, and centrally held budgets (Annex 1);
 - the impact on the Council's general reserves position as detailed in Annex 1;
 - the final service revenue and capital outturn positions (Annex 2);
 - the Council's invoiced debt position as shown in Annex 2;
 - the delivery of the 2011-2012 capital programme, detailed in Annex 2 and Appendix 1;
 - Reductions to approved capital budgets, as shown in Annex 2, Appendix 3.
- 2.2 Cabinet is requested to note and comment as appropriate on the following performance issues, contained in Annex 3:
- note the successes achieved during 2011/2012, and consider issues raised in relation to underperformance against targets and how these will be addressed.
- 2.3 Cabinet is requested to approve the following:
- Supplementary Capital Estimates and virement requests over £100,000 and up to and including £1,000,000 as shown in Annex 2, Appendix 2a.
- 2.4 Cabinet is requested to ask Council to approve the following:
- a Supplementary Capital Estimate / Virement requests over £1,000,000 as shown in Annex 2, Appendix 2b.

3.0 Reasons for Recommendations

- 3.1 The Council is committed to high standards of achievement and continuing improvement. Performance information plays a vital role in ensuring that the Council celebrates its achievements, understands its performance in key areas and addresses issues of under performance. The Council and partners have identified a series of improvement measures to support outcomes for local people as outlined in the priorities and objectives of the Sustainable Community Strategy.
- 3.2 In accordance with good practice, Members should receive a quarterly report on the financial performance of the Council. Finance Procedure Rules set out the requirements for financial approvals by Members, and relevant recommendations are contained in this report.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications including – Carbon Reduction, Health

- 6.1 Performance management supports delivery of all key Council policies including carbon reduction and health. The final outturn position, ongoing impacts in future years, and the impact on general reserves will be fed into the assumptions underpinning the 2013/2014 Financial Scenario and Business Planning process.

7.0 Financial Implications (Authorised by the Director of Finance & Business Services)

- 7.1 The Council's financial resources are aligned to its priorities and used to deliver priority outcomes for local communities. Monitoring performance helps ensure that resources are used effectively and that business planning and financial decision making are made in the context of performance.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 Although the Council will no longer be 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 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 2011/2012 budget and the level of general reserves were factored into the 2012/2013 Financial Scenario and Budget, and Reserves Strategy.

- 9.2 Performance and risk management are part of the key management processes of the Authority. Risks are captured both in terms of the risk of underperforming and the risk to the Council in not delivering its ambitions for the community of Cheshire East.

10.0 Background

- 10.1 Our vision, corporate plans, financial allocations, democratic and organisational structures are all designed to help us achieve the outcomes that matter to the people of Cheshire East. Performance reporting and a focus on improvement are fundamental to achieving our long term ambitions. The report reflects a developing framework to embed performance management culture throughout the organisation.

11.0 Access to Information

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

Name: Lisa Quinn / John Nicholson
Designation: Director of Finance & Business Services / Strategic Director,
Places & Organisational Capacity
Tel No: 01270 686628 / 01270 686611
Email: lisa.quinn@cheshireeast.gov.uk / john.nicholson@cheshireeast.gov.uk