

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

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<b>Date of Meeting:</b>	12 November 2012
<b>Report of:</b>	Director of Finance & Business Services / Strategic Director, Places & Organisational Capacity
<b>Subject/Title:</b>	2012/2013 Mid Year Review of Performance
<b>Portfolio Holders:</b>	Cllr. Peter Raynes / Cllr. Barry Moran

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### 1.0 Report Summary

- 1.1 Cheshire East is committed to continuous improvement and excellence in all that it influences and delivers. This report, attached as Annex 1, gives summary and detailed information about its financial and non-financial performance at the mid-year stage of 2012/13. The report also requests approval for supplementary estimates, changes to the Capital Programme, and a revision to the Treasury Management Strategy.
- 1.2 Section 1 of the report provides projections of Service financial performance for the 2012/13 financial year. It focuses on the key financial pressures which the Council's Services are facing, areas of high financial risk to the Council and the strong remedial measures identified by Services to mitigate these pressures. Key issues affecting Services' Capital Programmes are also reported.
- 1.3 Section 2 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.
- 1.4 Section 3 provides a summary of the key non-financial performance headlines for the year to date.

### 2.0 Decision Requested

- 2.1 Cabinet is requested to note and comment as appropriate on the following issues:
- the projected Service revenue and capital outturn positions (**Section 1**);
  - the overall financial stability of the Council, and the potential impact on the Council's general reserves position (**Section 2**);
  - the Council's invoiced debt position (**Appendix 2**);
  - the delivery of the overall Capital Programme (**Section 2, paragraphs 105 to 119 and Appendix 3**);

- the service performance successes achieved during the first half of 2012/2013, and consider issues raised in relation to underperformance against targets and how these will be addressed (**Section 3**).

2.2 Cabinet is requested to approve the following:

- Supplementary Revenue Estimate of £40,000 for additional expenditure in Children & Families fully funded from specific grant (**Section 2, paragraph 93**)

2.3 Cabinet is requested to ask Council to approve the following:

- Reductions in the approved capital programme (**Appendix 4**)
- Supplementary Capital Estimates and Virements (**Appendix 5**)
- Amendments to the Treasury Management Strategy (**Appendix 7**)

### **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 underperformance. 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 projected 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 3 Year Plan 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 2012/13 Budget and the level of general reserves will be factored into the 2013/14 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 The mid-year financial position demonstrates the strength of the performance information provided in the 1<sup>st</sup> Quarter Review of Performance to Cabinet on 20<sup>th</sup> August 2012. The Council has an ambitious savings target of £21.7m for 2012/13, with an extremely challenging delivery plan. The risk of non-delivery of this ambitious plan, alongside emerging in-year pressures, is being managed well and strong mitigation plans have already been identified and are being delivered.

10.2 The strength of Member and management action in the first half of the financial year has led to an improvement of £1m in the projected overall position since the 1<sup>st</sup> Quarter Review. This would result in an increase in the Council's general reserves level from £11.4m to £12.5m. However, work continues to further mitigate the projected Service pressures and the aim is to better the overall performance against the Budget by the end of the financial year.

10.3 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:

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