

CHESHIRE EAST COUNCIL

REPORT TO: CABINET

Date of Meeting:	15 November 2010
Report of:	Borough Treasurer and Head of Assets / Head of Policy and Performance
Subject/Title:	2010/11 Quarter Two (Mid – Year) Performance Report
Portfolio Holders:	Cllr Frank Keegan / Cllr. David Brown

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 mid year stage of 2010/11.
- 1.2 Annex 1 provides Cabinet with updated projections of financial performance for the 2010-11 financial year, at the Quarter Two or Mid Year Review (MYR) stage. It highlights changes to the positions reported to Cabinet on 20 September, in relation to the key financial pressures approaching £19m which the Council is facing, and the progress in identifying significant remedial measures and use of central budgets and provisions to mitigate the potential overspend. The report particularly focuses upon areas of high financial risk to the Council, and includes updates on the Capital Programme, Treasury Management, Debt, and in-year collection rates for Council Tax and Business Rates.
- 1.3 Annex 2 provides a summary of the key performance headlines at the end of Quarter Two, and updates on changes to Local Authority performance arrangements, the Local Area Agreement and 2010 consultation.

2.0 Decision Requested

- 2.1 Cabinet is requested to note and comment as appropriate on the following:
 - the updated forecast outturn position for the Council's revenue budget at the mid year stage of 2010-11, and the remedial actions detailed in Annex 1, Sections 2 and 3;
 - the potential impact on the Council's general reserves position as detailed in Annex 1, Section 4;
 - the Treasury Management update detailed in Annex 1, Section 6;
 - the Council's in-year collection rates for Council Tax and Business Rates, detailed in Annex 1, Section 7;
 - the Council's invoiced debt position as shown in Annex 1, Section 8;
 - progress to date on delivering the 2010-11 capital programme, detailed in Annex 1, Section 9 and Appendix 1;

- Delegated Decisions approved by Directors for Supplementary Capital Estimates (SCE) and virement requests up to £100,000, as shown in Annex 1, Appendix 2a;
- Delegated Decisions to be approved by Directors in consultation with the relevant Portfolio Holder and the Portfolio Holder for Resources for Supplementary Capital Estimates and virement requests over £100,000 and up to and including £500,000 as shown in Annex 1, Appendix 2b;
- note the work being undertaken to assess the retention and enhancement of the National Indicator Set following the Secretary of State's announcement, as outlined in Annex 2 paragraph 1.0.4.
- note the successes achieved during the first half of the year 2010/11 as outlined in Annex 2, and consider the issues raised in relation to under performance against targets and how these will be addressed;

2.2 Cabinet is requested to approve the following:

- Supplementary Revenue Estimate of £229,000 in respect of exceptional inflation on Household Waste Recycling contracts and Bus contracts in Places directorate, to be funded from the central Inflation contingency (Annex 1, Section 3.3);
- Supplementary Revenue Estimate of £588,000 in respect of the Total Transport Project in Places directorate to be funded from the Invest to Save earmarked reserve (Annex 1, Section 3.3) ;
- Reductions in approved capital budgets, as shown in Annex 1, Appendix 3a;
- Deferrals in approved capital budgets, as shown in Annex 1, Appendix 3b.

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. Indicators in the Local Area Agreement reflect this commitment to local improvement and form a core element of Local Strategic Partnership's performance framework.
- 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 - Climate change, Health

- 6.1 Performance management supports delivery of all key Council policies including climate change and health

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 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 Following the identification of a significant projected overspending in 2010-11 at the first quarter stage, services produced remedial action plans to substantially reduce the underlying figure during the year. However, the position reported at the mid year review indicates that there remains a significant risk that further calls on the Council's general balances will be required.
- 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. The Policy & Performance team are working to further align the relationship between performance management and risk management throughout 2010/11.

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.
- 10.2 During quarter one, the Planning & Performance team has focused on strengthening business planning by producing standardised service plans which detail service delivery actions for 2010/11. The plans further enhance

the link to the Sustainable Community Strategy priorities and Corporate Plan objectives and link performance measures and local key performance indicators to service outcomes and objectives.

- 10.3 This report again brings together financial and non – financial performance issues in one report, albeit in separate papers. However, further work is ongoing to develop fully integrated reports to bring to Members in the future.

11.0 Access to Information

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

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