

# CHESHIRE EAST COUNCIL

## REPORT TO: CABINET

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<b>Date of Meeting:</b>	5 September 2011
<b>Report of:</b>	Director of Finance & Business Services / Head of Policy and Performance
<b>Subject/Title:</b>	2011/12 First Quarter Review of Performance
<b>Portfolio Holders:</b>	Cllr Wesley Fitzgerald / Cllr. David Brown

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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 gives summary and detailed information about its financial and non-financial performance during the first quarter of 2011/12.
- 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 projections of service financial performance for the 2011-12 financial year. It highlights the key financial pressures which the Council's services are facing, and particularly focuses upon areas of high financial risk to the Council.
- 1.4 Annex 3 provides a summary of the key performance headlines at the end of Quarter One.
- 1.5 The key points to emerge at the first quarter stage, which are explained in the report are:

#### Service Revenue Outturn

- Services are forecasting a £5.7m overspend against their budgets, after taking into account requests for fully funded supplementary revenue estimates.
- Around £3.6m of this can be mitigated by unallocated contingencies, capital financing underspend, and surplus grants.
- Services will seek to identify further remedial actions to address net £2.1m budget shortfall.

#### Reserves

- Together with the budgeted contribution to balances, and other items including surplus earmarked reserves, it is estimated that the level of general reserves at March 2012 will be approximately £18m.

### Savings / Pressures

- However, within the above forecasts, services are facing significant challenges in delivering some of the planned savings, and there is a risk that a substantial number of savings proposals included within the 2011-12 budget will not be fully achieved. Additionally, there is a risk of further emerging pressures outlined in the report which have not been factored into the forecasts.

### Capital Programme

- Forecast variance from budget of £18m in 2011-12 is largely explained by slippage, with costs being rephased to future years.

### Debt

- Level is broadly in line with position at end of 2010-11 financial year.

### Performance

- From the retained former statutory indicators (National Indicators and Best Value Performance Indicators) reported corporately during the first quarter, ten measures (out of a basket of 21) were reported as performing on or above target.

## **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 forecast service revenue and capital outturn positions (Annex 2);
- the Council's invoiced debt position as shown in Annex 2;
- progress on delivering the 2011-12 capital programme, detailed in Annex 2 and Appendix 1;
- Delegated Decisions approved by Directors for Supplementary Capital Estimates (SCE) and virement requests up to £100,000, as shown in Annex 2, Appendix 2a;
- Delegated Decisions 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 2, Appendix 2b.

### **2.2 Cabinet is requested to note and comment as appropriate on the following service performance issues, contained in Annex 3:**

- note the successes achieved during the first quarter of 2011/12, 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:

- the retention of £0.4m of earmarked reserves previously identified for return to general balances;
- a Supplementary Revenue Estimate of £3.0m to create a central contingency from additional non-ringfenced grant funding, to be the subject of bids from services (Annex 1);
- Supplementary Revenue Estimates for services of £2.2m to be met from the central grants contingency, as detailed in Annex 2;
- Capital virement requests over £500,000 and up to and including £1.0m, as shown in Annex 2, Appendix 2c.

## 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 climate change 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 2012-13 Financial Scenario and Budget, and Reserves Strategy.

## **7.0 Financial Implications (Authorised by the Director of Finance and 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 2011-12 budget and the level of general reserves will be factored into the 2012-13 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. The Policy & Performance team are working to further align the relationship between performance management and risk during 2011-12.

## **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:

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