

**Audit Commission Recommendation 1:**

**Members need to provide clearer strategic direction and political leadership when agreeing priorities, taking difficult decisions and supporting officers to deliver agreed plans.**

**Cheshire East Responsibility: Leader of the Council (the Leader)**

| <b>Action</b>  | <b>Implementation Progress at 21/1/13</b>   |
|--|---|
| <ul style="list-style-type: none"> <li>• The development of policies, based on the vision for Cheshire East, which will drive the achievement of the Council's 3 Year Plan for 2013/16.</li> <li>• In developing the Council's policies, recognising the need to make tough decisions on the future delivery of Services and being prepared to see them through.</li> <li>• The setting of a robust 3 Year Budget for 2013/16 that is affordable, deliverable and sustainable.</li> <li>• The development of a strategic 3 Year Capital Programme for 2013/16 with an emphasis on investment in external and internal infrastructure, development of new Service delivery models and invest-to-save opportunities.</li> <li>• The development of a major 3 year programme of transformational change in service delivery by March 2013, out of which we can identify a major savings plan.</li> <li>• The aim is that for 12/13 and beyond this will lead to strong delivery and therefore a clear demonstration that Cheshire East provides value for money in the delivery of needed and targeted services.</li> </ul> | <p>The Council's 3 Year Plan was agreed by Cabinet in October 2012. It has continued to drive business planning and budget setting in the Council against a set of clear priorities. This has resulted in a refinement of the major change projects and programmes identified as part of the 3 Year Plan. The Council's financial strategy and budget is being considered at Cabinet on 4<sup>th</sup> February, and Council on 21<sup>st</sup> February 2013.</p> <p>An update on the Budget setting process for the Council for 2013/2014 was reported to Cabinet in December 2012. A number of strategic financial decisions including a freeze on Council Tax, use of capital reserves to reduce existing borrowing costs and a commitment to the investment of reserves were approved by Cabinet to support the overall balancing of the Council's Budget for 2013/2014 and in the medium term.</p> <p>During the period September to December 2012 the Council undertook a series of actions to realign medium term financial plans with its 3 Year Plan and to ensure their affordability and deliverability including:-</p> <ul style="list-style-type: none"> <li>• <u>Capital Visioning</u> – a thorough review has been undertaken for the capital programme to ensure it is aligned to the outcomes and priorities for the Council. This includes removing schemes</li> </ul> |

|  |   |
|--|---|
|  | <p>no longer required to deliver the ambitions in the 3 Year Plan, and including new schemes particularly targeted at our economic development priorities.</p> <ul style="list-style-type: none"><li>• <u>Revenue Visioning</u> - A series of meetings took place with Portfolio Holders, Directors and Heads of Service to systematically review each area of the budget, the scope for savings or investment.</li><li>• <u>Star Chambers</u> - A series of officer meetings to challenge the medium terms plans for each service area and their deliverability in the context of known out-turn pressures.</li><li>• <u>Central Finance Group</u> – Has met on a regular basis since September to review the financial planning assumptions and the processes to test and move these forward.</li><li>• <u>Development of Change Programmes</u> - The Council has identified Portfolio Holders and lead officers for each of the projects / programmes and high level business cases have been prepared which have informed the Council’s budget proposals.</li><li>• <u>Mid-year review</u> – a collation and report on the Council’s mid-year position was agreed at Cabinet, together with the identified base budget pressures with a permanent impact.</li></ul> |
|--|---|

**Audit Commission Recommendation 2:**

**The Council needs to implement planned improvements in business planning and programme/project management processes providing a clear link to agreed priorities – including robust option appraisal and financial analysis before projects begin. This should also include relevant aspects of recognised effective programme/project management arrangements for all projects.**

**Cheshire East Responsibility: Cabinet and CMT**

| <b>Action</b>   | <b>Implementation Progress at 21/1/13</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• The further development of the Technical Enabler Group (TEG) to support the EMB, the first meeting of TEG took place on 4<sup>th</sup> October 2012.</li> <li>• The full implementation of the corporate Project Management Framework by March 2013, including effective communication of the new model, for all projects not just major projects, and a strong training programme underpinned by user friendly guidance.</li> <li>• The completion of detailed business cases for proposals coming from the 3 Year planning process for 2013/16, based on strong options appraisal, robust financial analysis and capacity to deliver, through TEG and EMB.</li> <li>• The identification of existing major Projects and Programmes for review and monitoring by EMB.</li> <li>• Introduction of robust 3 year business plans for individual services across the Council, building on previous approaches to service planning. These will clearly identify, amongst other things, key projects and programmes and will ensure that Services have the capacity and capability to deliver these projects and programmes.</li> </ul> | <p>As reported in the Lyme Green Action Plan arising from the Internal Audit Report into Waste Transfer Station, the Technical Enabler Group has met on a monthly basis since October 2012.</p> <p>Also as reported in the Lyme Green Action Plan the corporate approach to project management has been developed. A new Council project management handbook, together with standard templates is being launched as part of the project management training strategy. Delivery of the project management training is expected to start in February. Briefing sessions for all Cabinet and CMT members are to be completed by the end of February.</p> <p>A new, high level business case form has been developed and is now in use for all the major change projects. The form incorporates a checklist of all the key project enablers and processes.</p> <p>As a key part of the new 'Gateway' model and process, high level business case forms, relating to the major change projects, have been completed and technically evaluated by the TEG, with appropriate feedback provided to each project team and also the EMB. [This is known as Gate 1 in the process].</p> |

|  |   |
|--|---|
|  | <p>Further work is now in progress to address the highlighted issues, in readiness for the completion of the usual Project Initiation Documentation [PID], including detailed business cases. The PID is completed by the project team, evaluated by the TEG and then appraised by EMB, for endorsement, by way of review and challenge, prior to the start of the project. [This is known as Gate 2 in the process]</p> <p>A corporate register has been developed to record all projects and programmes and is available on a central sharepoint site. Which reflects the status of the of the major change projects. An analysis of the High-Level Business cases is in progress to assess the phasing across the corporate programme in terms of interdependencies, draw on physical resources (capacity) and benefits realisation.</p> |
| <p><b><u>Audit Commission Recommendation 3:</u></b><br/> <b>The Council needs to develop longer term financial plans clearly aligned to business priorities and supported by deliverable savings plans. These plans should also ensure that reserves are used appropriately and are maintained in line with the Council's own assessment of the financial risks it needs to manage. The quality of financial forecasting in some areas also needs to improve.</b><br/> <b>Cheshire East Responsibility: Portfolio Holder for Finance and CMT</b></p> |   |
| <p><b>Action</b></p>   | <p><b>Implementation Progress at 21/1/13</b></p>  |
| <ul style="list-style-type: none"> <li>• The agreement of a 3 Year Council Plan for 2013/16 to enable a longer term financial plan, including a strategic approach to investment.</li> <li>• The setting of a balanced 3 Year Budget for 2013/16 and a resilient and risk assessed Reserves Strategy.</li> <li>• The review of the approach to monthly and quarterly integrated</li> </ul>   | <p>The Budget Report for 2013/2016 has been prepared and will be reported to Cabinet on 4<sup>th</sup> February 2013 for recommendation to Council for final approval on 21<sup>st</sup> February 2012. The Budget Report is complimented by a Leader's Report, setting out further details of the Council's priorities and service delivery.</p> <p>The Capital Programme for 2013/2016 and the updated Reserves</p>   |

|  |   |
|--|---|
| <p>performance reporting by March 2013 to ensure that key local indicators are determined by the priorities set out in the 3 Year Council Plan and that financial forecasts are based on consistent and robust financial forecasting.</p> <ul style="list-style-type: none"><li>• The Directorate reviews of key Services and delivery models as part of the development of the 2013/16 transformational change programme.</li><li>• The rollout of the Finance Reporting Centre during 2012/13 along with the further improvement and development of the reporting package.</li></ul> | <p>Strategy will be included in the Budget Report for approval.</p> <p>The Business Planning Process 2013/2016 has enabled the 2013/14 Budget to be balanced following a series of managed stages and draws on the experience of previous budget setting processes.</p> <p>Quarterly reporting has improved throughout 2012 and the Third Quarter Review of Performance to Cabinet on 4<sup>th</sup> February demonstrates the strength of the performance information provided in the earlier reviews of Performance to Cabinet on 20<sup>th</sup> August 2012, and 12<sup>th</sup> November 2012. The Council has an ambitious savings target of £21.7m for 2012/2013, 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 been identified and are being delivered.</p> <p>The strength of Member and management action in the third quarter of the financial year has led to an improvement of £0.7m in the projected overall position since the Mid Year Review. This would result in an increase in the Council's general reserves level from £12.5m to £13.2m. 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.</p> |
|--|---|

| Action   | Implementation Progress at 21/1/13  |
|--|---|
| <b><u>Audit Commission Recommendation 4:</u></b>   |   |
| <b>The Council needs to improve performance monitoring and reporting. This should include agreeing a set of relevant local performance indicators that reflect its priorities. Those indicators should then be reported alongside the national indicators and integrated with robust financial information to support member and officer decision making.</b>  |   |
| <b>Cheshire East Responsibility: Portfolio Holder for Performance and CMT</b>  |   |
| <ul style="list-style-type: none"> <li>• The completion of the review of Performance Management and the implementation of its recommendations by the end of March 2013.</li> <li>• The completion of the development of a new set of outward facing and outcome based local indicators to be reported on a quarterly basis from 2013/14.</li> <li>• The completion of the development of a new set of internal business performance indicators to be reported on a monthly basis from 2013/14.</li> <li>• Introduction of robust three-year business plans for individual services for 2013/16 across the Council, building on previous approaches to service planning.</li> <li>• The further development of the Technical Enabler Group (TEG) to support the EMB, the first meeting of TEG took place on 4<sup>th</sup> October 2012.</li> <li>• The identification of existing major Projects and Programmes for review and monitoring by EMB.</li> <li>• The review of the approach to monthly and quarterly integrated</li> </ul> | <p>The performance management review is continuing and is currently focusing on the development of performance measures for the outcomes identified in the Council's 3 Year Plan, as well as the internal business performance measures.</p> <p>The performance review is incorporating how performance monitoring will take place for the major change programmes identified in the Council's 3 Year Plan, to ensure the Council is adopting a comprehensive approach to performance management.</p> <p>Services have identified priorities for action and change as part of the budget setting and business planning process for 2013-16. This will now be articulated in 3 year service-level business plans across the Council.</p> <p>As reported in the Lyme Green Action Plan, a standard, corporate project reporting and monitoring system is currently being developed. The monitoring and reporting framework for all major programmes and projects is intended to be launched in February 2013.</p> |

|  |   |
|--|---|
| <p>performance reporting by March 2013 to ensure that key local indicators are determined by the priorities set out in the 3 Year Council Plan and that financial forecasts are based on consistent and robust financial forecasting.</p> <ul style="list-style-type: none"><li>• The Directorate reviews of key Services and delivery models as part of the development of the 2013/16 transformational change programme.</li><li>• The rollout of the Finance Reporting Centre during 2012/13 along with the further improvement and development of the reporting package.</li></ul> | <p>The Financial Reporting Centre (FRC) went live in September 2012 with five reports and a graph available to all budget managers to access directly on line. The five reports provide the basic financial information needed by all managers to effectively manage their budgets: the Revenue Budget Monitoring Report (with a number of different views); General Transaction Listing; Oracle based Commitments; Basic Payroll and Bad Debt Summary Report. To date, 268 out of a total of approx. 290 budget managers have been trained on the use of these reports and the FRC system generally. Usage of reports is monitored every month and has generally run at 80% plus since go live. Further enhancements to include a Payroll forecasting report will be available in early 2013. Further developments of FRC, including Capital Reporting, Summarised Debt and full forecasting will be reviewed in April 2013.</p> |
|--|---|