

QUARTERLY MONITORING REPORT

DIRECTORATE: Corporate and Policy
SERVICE: Financial Services
PERIOD: Quarter 1 to period end 30 June 2008

1.0 INTRODUCTION

This Monitoring Report covers the Financial Services first quarter period up to period end 30 June 2008. It describes key developments and progress against key objectives and performance indicators for the service.

The way in which traffic light symbols have been used to reflect progress is explained within Appendix 4.

2.0 KEY DEVELOPMENTS

The Audit Commission has recently completed its triennial review of Internal Audit. This involved determining the extent to which Internal Audit complies with CIPFA's Code of Practice for Internal Audit in Local Government. The Audit Commission review concluded:

'Internal Audit is an important element of the control environment within the Council. It is proactive and the work covers a range of the Council's activities. Internal Audit provides an effective review of major elements of internal control and the quality of its work is good'.

The Government has announced its decision on 2008/09 budget capping. As a result there will be no change in the council tax precept set by Cheshire Police Authority; however, its increase will be limited to 3% in each of the next two years.

The Council's 2007/08 final accounts have been completed and the draft Statement of Accounts was approved by the Business Efficiency Board on 26 June 2008, in line with the statutory deadline. The Audit Commission is currently undertaking the year-end audit of accounts and will report their findings to the Business Efficiency Board on 25 September 2008, following which the Statement of Accounts will be published.

The Annual Efficiency Statement has been submitted to the Department for Communities and Local Government (DCLG), setting out that £2.2M of efficiency gains were achieved in 2007/08. Over the three year period 2005/6 – 2007/8, the Council achieved efficiency gains totalling £7.6M, of which £5.1 M were cashable savings.

A self-assessment has been prepared as part of the 2008 CPA Use of Resources assessment and submitted for review by the Audit Commission. The results of their assessment will be announced in the Autumn.

The Audit Commission's Annual Audit and Inspection Letter presented to Executive Board on 5 June 2008 concluded that the Council continues to manage its use of resources well, financial management arrangements and internal controls are well established, and the Council has a proven track record of strong budgetary management.

Work continues to support the financial aspects of the partnership with Merseyside Waste Disposal Authority for the procurement of waste treatment and disposal facilities, and with the development of the Mersey Gateway.

3.0 EMERGING ISSUES

Reviews of the grant distribution formulas for both Revenue Support Grant (Formula Grant) and Dedicated Schools Grant have begun. These reviews are the first steps in developing the new formulas to operate from 2012 and work will be undertaken with SIGOMA with the aim of maximising the Council's share of these grants.

The format of the Statement of Accounts is heavily prescribed by regulations and not easily understood. The Chartered Institute of Public Finance (CIPFA) is consulting its members about the format and how it can be made more user-friendly and relevant to all stakeholders.

4.0 PROGRESS AGAINST OBJECTIVES / MILESTONES

Total	2		2		0		0
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Progress against the two key objectives for the service has progressed as planned and additional details are included within Appendix 1.

All 'other' objectives / milestones are also progressing as planned and are therefore not being reported by exception during this quarter.

5.0 SERVICE REVIEW

Following the CPA Use of Resources assessment, an action plan was developed and is being used as the basis for continued improvement across the Department. This will be updated in preparation for the changes to the assessment from 2009, when it becomes a Comprehensive Area Assessment and is focussed more upon community outcomes rather than organisational processes.

6.0 PROGRESS AGAINST KEY PERFORMANCE INDICATORS

Total	3		3		0		0
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All three of the key performance indicators for the Department are on track to be achieved and details are provided within Appendix 2

6.1 PROGRESS AGAINST OTHER PERFORMANCE INDICATORS



Total	6		6		0		0
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All of the remaining performance indicators for the Department are on track to be achieved and therefore do not require reporting by exception at this stage.



7.0 APPENDICES

Appendix 1 - Progress against Objectives/ Milestones
Appendix 2 - Progress against Key Performance Indicators
Appendix 3 - Financial Statement
Appendix 4 – Application of traffic light symbols

Progress against objectives / milestones

Service Plan Ref.	Objective	Key Milestone	Progress Quarter 4	Commentary
FS O1	Set the Revenue Budget, Capital Programme and recommend Council Tax	Report Medium Term Financial Strategy to Executive Board November 2008 . Report to Council in March 2009		On track to report Strategy to Executive Board in November 2008.
FS O2	To effect financial prudence by assisting managers to control their budgets by monitoring spending and providing timely and accurate financial reports	Provide monthly financial reports to budget holders within 8 days of month end. Provide quarterly financial monitoring reports to Operational Directors for inclusion in Performance Monitoring Reports. Provide quarterly monitoring reports on the overall budget to Executive Board Sub Committee.		All reports to date have been issued as planned and within specified timeframes. Quarter 1 reports provided on schedule to Operational Directors. The 2007/08 outturn was reported to Executive Board Sub Committee on 25 June 2008, showing an overall underspend against the revenue budget.

Progress against key performance indicators

Ref	Description	Actual 2007/8	Target 08/09	Quarter 1	Progress	Commentary
Corporate Health						
FSLI 1	Receive an unqualified audit opinion on the accounts.	Yes	Yes	Yes		The external audit of the 2007/08 final accounts is currently underway and an unqualified audit opinion is anticipated by 30 September 2008.
Cost & Efficiency						
NI 179	Value of (organisational) cashable efficiency gains.	New PI from 2008	TBA	Refer Comment	-	Information not yet available.
Quality						
FSLI 6	Undertake the external assessment for 75% of the Council's schools undergoing the Financial Management Standard in Schools (FMSiS) accreditation process.	N/A	75 %	81%		18 of the 22 schools undergoing the assessment this year have already confirmed that they will be using the services of the Internal Audit Division in the accreditation process.

FINANCIAL SERVICES




Revenue Budget as at 30th June 2008

	Annual Revised Budget	Budget To Date	Actual To Date	Variance To Date (overspend)	Actual Including Committed Items
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Employees	1,486	371	361	10	361
Premises	99	0	0	0	0
Supplies & Services	102	20	13	7	13
Transport	48	12	12	0	12
Support Services	244	0	0	0	0
Total Expenditure	1,979	403	386	17	386
Income					
Schools SLA	-143	-72	-65	(7)	-65
Support Service Recharges	-1,836	0	0	0	0
Total Income	-1,979	-72	-65	(7)	-65
Net Expenditure	0	331	321	10	321

Comments on the above figures:

In overall terms spending is below the budget profile at the end of the first quarter. This is mainly due to staff vacancies within the Internal Audit and Accountancy Divisions. Net expenditure is however expected to be in line with the overall Departmental budget at the end of the year.

The traffic light symbols are used in the following manner:

	<u>Objective</u>	<u>Performance Indicator</u>
<u>Green</u>	 <p>Indicates that the <u>objective is on course to be achieved</u> within the appropriate timeframe.</p>	<p>Indicates that the <u>target is on course to be achieved</u>.</p>
<u>Amber</u>	 <p>Indicates that it is <u>unclear</u> at this stage, due to a lack of information or a key milestone date being missed, <u>whether the objective will be achieved</u> within the appropriate timeframe.</p>	<p>Indicates that it is either <u>unclear</u> at this stage or too early to state whether the target is on course to be achieved.</p>
<u>Red</u>	 <p>Indicates that it is <u>highly likely or certain that the objective will not be achieved</u> within the appropriate timeframe.</p>	<p>Indicates that the <u>target will not be achieved</u> unless there is an intervention or remedial action taken.</p>