

**FINANCIAL MANAGEMENT CODE – PERFORMANCE AND FINANCIAL REPORTING**

Committee: Audit Committee  
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**1.0 ISSUE**

1.1. The adequacy of current arrangements for the separate reporting of performance and financial information

**2.0 RECOMMENDATION**

2.1. Members are requested to instruct the Chief Executive to identify further opportunities for the inclusion of appropriate financial performance indicators in emerging 2023/24 Service Delivery Plans.

**3.0 BACKGROUND/OPTIONS**

3.1. The Audit Committee (ref: 17<sup>th</sup> October 2022, Agenda Item 12) agreed to request a further report outlining the case for the current arrangements for separate performance and financial reporting.

3.2. The current process for the reporting of performance and financial information has previously been outlined to this and other Committees and is consistent with current constitutional requirements, for example, ref: Part 3 (14) 3.2 (15) 3.4.

**4.0 ARGUMENTS/CONCLUSIONS**

4.1. There are a number of important reasons for the retention of the current constitutional and operational arrangements for the separate reporting of performance and financial information, specifically:

- different timescales – performance is currently reported twice a year via the Service Delivery Plan process at the end of September and at year end. Financial monitoring is reported to policy committees quarterly. Any proposals to either reduce the regularity of budget monitoring or increase the regularity of performance reporting would not be advisable either in terms of the Director, Finance meeting his obligations as Section 151 Officer and prioritising the resources employed by Service Managers;
- feedback from Audit – internal and external audits have raised no concerns at the current arrangements;

- feedback from Policy Committees – other than comments on the adequacy or relevance of performance indicators in specific Service Delivery Plans, there has been no feedback on the current reporting arrangements for performance and financial information. Specifically, a survey of members reported to your last Committee indicated general satisfaction with the financial reporting arrangements.
- 4.2 Fundamentally, the key issue is whether an integrated performance and financial reporting framework would improve the performance of services as a whole, whilst retaining and protecting the robustness of the Council's financial position.
- 4.3 The Chief Executive and Director, Finance do not recommend that this is the case. Nevertheless, there is a case for ensuring that where financial based indicators are crucial to monitoring and improving performance in relation to specific services, for example income and fee generation, they are included in future Service Delivery Plans
- 4.4 Therefore, it is recommended that the Chief Executive is instructed to identify opportunities and improvements to Service Delivery Plans for the inclusion, where appropriate, of specific and additional financial based performance indicators.

**5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT**

- 5.1. There are no requirements to report on these matters to Committee for this agenda item.

**6.0 APPENDICES**

None.

**Background Documents:**

Audit Committee – 25<sup>th</sup> July 2022, agenda item 12

Audit Committee – 17<sup>th</sup> October 2022, agenda item 12