

METROPOLITAN BOROUGH OF WIRRAL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

21 JUNE 2006

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL AND PERFORMANCE PLANNING AND MONITORING 2006/07

1. EXECUTIVE SUMMARY

- 1.1. This report provides Members with the timing and content of the financial and performance monitoring reports to be submitted to the Cabinet and Overview and Scrutiny Committees during 2006/07 and the proposed process and timetable for the production of service and financial plans for 2007/08. The report was agreed by the Executive Board on 6 April 2006.

2. INTRODUCTION

- 2.1 The benefits of linking finance to performance have been identified in previous reports to Members and the Audit Commission has stated that 'Councils perform well when they have clear frameworks for managing performance that support Council priorities and link to planning and budget-setting'.
- 2.2. The Council continues to develop and refine its corporate business planning. Cabinet on 28 April 2005 agreed a report on Financial and Performance Planning and Monitoring 2005/06. This further developed the regular reporting of both the financial position and performance to the appropriate Select Committees with summaries to the Finance & Corporate Management Select Committee and the Cabinet.
- 2.3. On 22 September 2005 Cabinet agreed to amend the reporting responsibilities, to clarify that the management of departmental budgets was the responsibility of the relevant Chief Officer and that departmental financial and capital monitoring reports would be in the name of the Chief Officer. The summary reports for these two areas would be in the name of the Director of Finance.
- 2.4. Whilst the progress made by the Council was recognised in the Comprehensive Performance Assessment (CPA) there always remains scope for improvement. The Use of Resources judgement that forms part of the CPA continues to raise the standards required in terms of financial, performance, asset and risk management.

3. TIMETABLE FOR 2006/07

- 3.1. Processes for planning and monitoring performance underpin the cycle of continuous improvement. The planning element of the timetable provides the framework for the Council to identify its priorities and targets for the future, whilst the monitoring element measures the progress in relation to the priorities and targets agreed for the current year. Equally the monitoring reports inform the ongoing planning process as it is by monitoring and

reviewing performance, and the associated implications of that performance, that information is provided to develop future plans.

3.2 The Council Committee structure for 2006/07 includes revisions to the titles, roles and number of meetings and so it is proposed that there will be reports presented to all five Overview and Scrutiny Committee meetings scheduled for the year. The timetable through to the initial meetings in 2007/08 being:-

Dates	Monitoring Reports	Planning Reports
May/ June/ July	<ul style="list-style-type: none"> Year-end monitoring reports for 2005/06 (Performance Finance and Capital) Annual Statement of Accounts Initial monitoring reports for 2006/07 (Finance, Capital and Performance) 	<ul style="list-style-type: none"> After Council, the agreed departmental 2006/07 budgets reported Departmental Plans 2006/07 reported – final Best Value Performance Plan (Corporate Plan) Medium Term Financial Plan
September/ October	<ul style="list-style-type: none"> Monitoring reports for 2006/07 (Finance, Capital and Performance) 	<ul style="list-style-type: none"> Draft Departmental Plans 2007/08
November/ December	<ul style="list-style-type: none"> Monitoring reports for 2006/07 (Finance, Capital and Performance) 	<ul style="list-style-type: none"> Capital Programme 2007/08 and beyond
January/ February	<ul style="list-style-type: none"> Monitoring reports for 2006/07 (Finance, Capital and Performance) Revised budget plus draft 2007/08 Departmental budgets Best Value Performance Plan 	<ul style="list-style-type: none"> Draft Departmental Plans 2007/08 and beyond – main document and section plans Draft 2007/08 Departmental Budgets
March/ April	<ul style="list-style-type: none"> Monitoring reports for 2006/07 (Finance, Capital and Performance) 	<ul style="list-style-type: none"> After Council, the indicative 2008/09 budget reported
May/ June/ July	<ul style="list-style-type: none"> Year-end monitoring reports for 2006/07 (Performance) Year-end reports for 2006/07 (Finance and Capital) Annual Statement of Accounts Initial monitoring reports for 2007/08 (Finance, Capital and Performance) 	<ul style="list-style-type: none"> Best Value Performance Plan (Corporate Plan) Medium Term Financial Plan

4. **ANNUAL REPORTS**

4.1 The Best Value Performance Plan supplements the legal requirements in respect of the annual Statement of Accounts. Both have to be published by 30 June. The former is an overview of service and financial performance for the past year it brings together monitoring and planning in one document. The Statement of Accounts is supported by a series of additional reports reflecting the revenue and capital finances for the year and a review of reserves and balances.

5. **MONITORING REPORTS**

5.1 There are three monitoring reports to be presented to the same Overview and Scrutiny Committee meetings that cover the areas of finance, capital and performance.

5.2 **Financial monitoring compares spend against the approved budget**

5.2.1 Effective financial management ensures that resources are used in the manner intended and the relative importance of budgetary control justifies retaining this as a report that focuses upon spend against the approved budget.

5.2.2 The departmental Chief Officers will report to the relevant Overview and Scrutiny Committees on departmental budgets and as a minimum include references to:-

- Growth items including progress on implementing policy options;
- Savings targets set by the Council and progress made in meeting them;
- Progress on the delivery of the savings expected to be achieved from service re-engineering;
- Comment on items identified as being met from bridging finance;
- Impact of any Cabinet decisions that have budgetary implications;
- Variations from the approved budget including over and underspends, any additional income received together with any compensatory adjustments;
- Initial highlighting of those issues that will later be identified as having a financial implication in the Medium Term Financial Strategy.

5.2.3 From the departmental reports presented to Committees I will provide a summary report to Finance Committee and Cabinet.

5.3 **Capital monitoring identifies progress against the capital programme**

5.3.1 Cabinet on 30 June 2005 approved a document that set out the Capital Investment Programme process and which is subject to an annual review. This consolidated a number of previous documents and work continues to enhance the monitoring arrangements in place.

5.3.2 The reports to Overview and Scrutiny part of the capital programme.

5.3.3 The departmental Chief Officers will report to the relevant Overview and Scrutiny Committees and highlight the progress being made on the schemes/projects that were approved as part of the capital programme. To improve, and standardise, the quality of the reports there will be references to:-

- The original approved programme;
- Approved variations to the programme;
- Details of current year actual and forecast expenditure for each project;
- Comments on any variations (actual and forecast);
- Comments on future years;
- Confirmation that all projects are within the approved programme;
- Identification of funding.

5.3.4 From the departmental reports presented to Overview and Scrutiny Committees I will provide a summary report to Finance Committee and Cabinet.

5.4 **Performance monitoring**

5.4.1 Performance primarily focuses upon service delivery and utilises comparative performance and cost information. From 2006/07 this is being enhanced to incorporate key comparative cost information to strengthen the links with ensuring value for money.

5.4.2 Each Chief Officer will provide regular progress reports to Overview and Scrutiny Committees in relation to the delivery of departmental plans. This will include performance in relation to CPA, LPSA (Local Public Service Agreement) and LAA (Local Area Agreement) and as a minimum make references to:-

- Performance of KPI's and actions in relation to deteriorating PI's.
- Key achievements including inspections completed, reviews completed, CPA, LPSA and LAA progress.
- Key challenges and risks addressed and anticipated.
- Any resource issues affecting service delivery which would cover finance, human resources, procurement, asset management and risk management.
- Comparison of performance in relation to other authorities both in terms of outputs and costs for key areas of the service.

5.4.3 The Deputy Chief Executive/Director of Corporate Services will present a summary Corporate Performance report to Cabinet on the key issues identified in departmental reports to provide an overview of performance. A series of key performance and cost indicators is being prepared which will be the subject of a future report to Members.

6. PLANNING REPORTS

6.1 The key components of the planning process are service planning and financial planning. The former identifies how we will deliver continuously improving services that meet the needs and priorities of the citizens of Wirral and the objectives and targets set inform financial planning. This enables the better alignment of resource requirements with service delivery and ensures that services are provided in the most cost effective and efficient manner.

6.2 Corporate Plan/Best Value Performance Plan

6.2.1 The Corporate Plan sets the overall strategic direction and targets for the Council. The Plan identifies the objectives of the Council together with the associated priorities, key actions and targets. It is presently programmed for review during 2006 at which time the links with resource planning, including human resources, assets and finances, will be further strengthened and aligned.

6.2.2 Performance in relation to the Corporate Plan is reported in the Best Value Performance Plan (BVPP) that is published by 30 June each year. The BVPP identifies performance and achievements in the previous financial year together with an overview of future objectives and targets for the next three years.

6.3 Departmental Plans

6.3.1 Departmental service plans identify how departments will deliver the corporate objectives and priorities as identified in the Corporate Plan and key strategic documents. As a minimum the main document includes:-

- Executive Summary – Key achievements and challenges
- Core services and structure
- Key objectives and how they link to the Corporate objectives
- Key actions to achieve objectives
- Resource requirements – financial, human and physical
- Risks and contingencies
- Targets and Performance Indicators

6.3.2 Departmental plans are supported by more detailed sectional plans which identify the specific actions that support the delivery of Council objectives. Progress on departmental plans is reported in accordance with the monitoring timetable.

6.4 Key Issues Exchange

6.4.1 The Key Issues Exchange (KIE) enables staff to identify exactly how they contribute to their respective section or team objectives. These are linked to the departmental objectives which, in turn, reflect how the department is delivering the overall corporate objectives of the Council, providing staff with a 'clear line of sight' so that they can see and understand how they contribute to the aims of the Council.

6.4.2 The KIE is a two-way process enabling individuals to agree what will be expected of them and how they will contribute through the identification of clear and unambiguous targets. It is a twice yearly formal process for individual staff and their managers to identify how they can contribute to the development of their service plans and to understand how they will be expected to deliver the service objectives identified in their plans.

6.5 **Medium Term Financial Strategy**

6.5.1 The Medium Term Financial Strategy considers financial issues at a strategic and organisational, rather than at a departmental or operational, level covering a period of more than one year. It is used to identify resource requirements to the targets identified in the Corporate Plan and informs the annual budget setting process. It includes the following:-

- Executive Summary and statement of principles
- The national issues including details of the Government Comprehensive Spending Review, the Local Government Finance Settlement and potential developments
- The local issues including the priorities for Wirral and Council objectives
- Capital and revenue plans set in context
- Risk assessment

6.5.2 The review of the Corporate Plan in 2006 affords the opportunity to make further links between the Corporate Plan and the management of resources.

6.5.3 The Government is moving towards three year budgeting following the last Comprehensive Spending Review (CSR) in 2004 and the Local Government Finance Settlement for 2006/07 included indicative figures for 2007/08. The next CSR is due in 2007 and the detail within this will inform the closer integration of the Corporate Plan and Medium Term Financial Strategy.

6.6 **Capital Programme**

6.6.1 The capital programme seeks to deliver the objectives of the Capital Strategy. It brings together the capital requirements emerging from service strategies and service reviews, prioritises the capital needs of the various services and seeks to maximise opportunities for cross-cutting and joined-up investment with our local partners.

6.6.2 The process follows that approved by Cabinet on 30 June 2005 (Capital Investment Programme – guidance document) which covered:-

- The identification and prioritisation of schemes for inclusion in the programme.
- The approval process and implementation of the approved projects.
- The monitoring and reporting of the approved programme.

6.6.3 Bids for capital expenditure are evaluated and prioritised under key criteria which link directly to, and take account of, the priorities identified in the Local Strategic Partnership Community Strategy, corporate and local objectives and Local Public Service Agreement service areas.

6.6.4 In November the Cabinet receive a report on the capital programme that incorporates the requirements for on-going schemes as well as a prioritised list of new submissions and the financing options available. The financial implications of the agreed programme are then reflected in the annual budget.

6.7 Annual Budget

6.7.1 By 10 March each year the Council has to set Council Tax levels for the following financial year – the annual budget setting process. A composite report is presented to Cabinet and Council which consolidates a range of factors including:-

- The draft departmental budgets considered by Overview and Scrutiny Committees together with any growth items and savings proposals
- The identification of resources required to deliver the targets over and above existing budgetary provision will be shown as growth items
- The annual level of Government support determined through the Local Government Finance Settlement
- Details of the levies principally by Merseytravel and the precepts set by the Police and Fire and Rescue Authorities
- Any alterations to the role or structure of the Council in delivering services through either legislation or through central/local decisions
- The agreed Council capital programme

6.7.2 Budgets for subsequent years in the Medium Term Financial Strategy are regularly updated in reports presented to Finance Committee and Cabinet. These will highlight the variations identified to date and details regarding Government funding proposals.

7. FINANCIAL IMPLICATIONS

7.1 There are none arising directly from this report.

8. STAFFING IMPLICATIONS

8.1 There are none arising directly from this report.

9. EQUAL OPPORTUNITY IMPLICATIONS

9.1 There are none arising directly from this report.

10. COMMUNITY SAFETY IMPLICATIONS

10.1 There are none arising directly from this report.

11. HUMAN RIGHTS IMPLICATIONS

11.1 There are none arising directly from this report.

12. LOCAL AGENDA 21 IMPLICATIONS

12.1 There are none arising directly from this report.

13. PLANNING IMPLICATIONS

13.1 There are none arising directly from this report.

14. MEMBER SUPPORT IMPLICATIONS

14.1 There are none arising directly from this report.

15. BACKGROUND PAPERS

15.1 None were used in preparing this report.

16. RECOMMENDATIONS

16.1 That the dates for the planning and monitoring reports be noted.

16.2 That the process for financial and performance planning and monitoring be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/107/06