

# **WIRRAL COUNCIL**

## **FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE**

**4 JUNE 2008**

### **REPORT OF THE CHIEF EXECUTIVE**

#### **FINANCIAL AND PERFORMANCE MANAGEMENT**

##### **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 the Finance and Best Value Overview and Scrutiny Committee during 2008/09 and the proposed process and timetable for the production of service and financial plans for 2009/10. The report was agreed by the Cabinet on 3 April 2008.

##### **2. INTRODUCTION**

- 2.1. The benefits of linking finance to performance have been identified in previous reports to Members. 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 overall performance of the Council features in the Comprehensive Performance Assessment (CPA) and is repeated in the annual Use of Resources judgement which forms part of the CPA process. This continues to raise the standards required across the Council in terms of financial, performance, asset and risk management in delivering its objectives.
- 2.3. The Council continues to develop and refine its corporate business planning. Cabinet on 24 May 2007 agreed a report on Financial and Performance Planning and Monitoring 2007/08. This further developed the regular reporting of both the financial position and performance to Cabinet and to the appropriate Overview and Scrutiny Committees. Summary reports are presented to Cabinet and Finance and Best Value Overview and Scrutiny Committee.
- 2.4. Cabinet on 14 November 2007 agreed a Vision for Wirral together with a set of strategic objectives and aims for 2008/13 and identified immediate priorities for improvement. This was used to inform the budget for 2008/09 which was agreed at Council on 3 March 2008. The Corporate Plan agreed by Cabinet on 13 March 2008 provides the narrative to support the Vision and objectives, explaining the reasoning behind the decision to select those particular objectives, and setting out what the Council will do to deliver its Vision.

- 2.5. During 2007/08 Cabinet and Overview and Scrutiny Committees received consolidated quarterly performance and financial reports. A monthly Financial Monitoring Statement is sent to all Members of Cabinet and Finance and Best Value Overview and Scrutiny Committee and has been extended to include all Chairs of Committees. The areas of performance and financial monitoring were, and continue to be, enhanced to provide information on how the spend compares to the resources allocated, how services are being delivered to the agreed standards and how resources are best used to deliver the priorities of the Council.
- 2.6. The Vision includes Wirral aiming to be an excellent Council. In order to help achieve this aim the monitoring and reporting of performance and planning for the future are key elements in proving the means for assessing whether the more detailed actions are being delivered. Progress will be assessed by delivering the priorities set out in the Corporate Plan of which an external review is undertaken under the Comprehensive Performance Assessment and, in the future by its replacement, the Comprehensive Area Assessment.

### 3. TIMETABLE FOR 2008/09

- 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.

<b>Cabinet</b>	<b>Performance Reports</b>	<b>Planning Reports</b>
<b>13 March</b>		Projected budget 2009/11 Treasury Policy and Investment Strategy 2008/09
<b>22 May</b>		Projected budget 2009/11
<b>26 June</b>	Year-end reports 2007/08	
<b>Audit on 30 June</b>	The Pre-Audit Statement of Accounts for 2007/08	
<b>23 July</b>	Medium Term Financial Plan Capital Investment Strategy/Assets IT Strategy/Development Plan Risk Mgt Strategy/Plan Customer Access Strategy HR Strategy/Workforce Plan Equality & Diversity	Medium Term Financial Strategy Capital Strategy Investment Strategy/Asset Plan IT Strategy Risk Mgt Strategy Customer Access Strategy HR Strategy Equality & Diversity Strategy
<b>14 August</b>	Monitoring for 2008/09 Qtr 1	Corporate Plan
<b>11 September</b>		Projected budget 2009/11
<b>25 September</b>	The Annual Report for 2007/08	Departmental Plans, including budgets, for 2009/11
<b>Audit on 30 September</b>	The Post-Audit Statement of Accounts for 2007/08	

<b>13 November</b>	Monitoring for 2008/09 Qtr 2	Projected budget 2009/11
<b>27 November</b>		Insurance Fund budget 2009/10
<b>10 December</b>		Capital Programme 2009/12 Provisional Local Government Finance Settlement
<b>5 February</b>	Monitoring for 2008/09 Qtr 3	Final Local Government Finance Settlement
<b>23 February</b>		Council & Departmental Plans Council Budget 2009/10 Schools Budget 2009/10
<b>11 March</b>		Projected budget 2010/11 Treasury Policy and Investment Strategy 2009/10
<b>June</b>	Year-end reports 2008/09	
<b>Audit June</b>	The Pre-Audit Statement of Accounts for 2008/09	

#### **4. PERFORMANCE - ANNUAL REPORTS**

- 4.1. The annual Statement of Accounts is a legal requirement and has to be published by 30 June. It is then subject to External Audit inspection the results of which have to be concluded before 30 September. Supporting the Statement are a number of year-end reports which cover:
- Revenue spend and financing including reserves and provisions.
  - Capital spend and financing.
  - Treasury Management.
  - Cash collection and performance.
- 4.2. In recent years the Council has published a Summary of Accounts leaflet and the intention is to produce an Annual Report for 2007/08. This will include the information on the accounts together with an overview of performance for the past year and plans for the forthcoming years.
- 4.3. The Council has previously been required to publish a Best Value Performance Plan by 30 June. This requirement has now been removed, but an account of the performance must still be published within the same deadline for 2007/08. To comply with this an updated performance appendix will be attached to the Corporate Plan and published on the website.

#### **5. PERFORMANCE - MONITORING REPORTS**

- 5.1. I will present a summary report to Cabinet following the end of each quarter that will cover finance, capital, performance and risk. Whilst this summary will provide the key issues in delivering the Council Vision there will be appended more detailed reports on each of the four areas.

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

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

5.2.2. The financial summary report will be prepared for Cabinet, and Finance and Best Value Overview and Scrutiny Committee, by the Director of Finance. The departmental reports of Chief Officers will be appended and as a minimum will include references to:-

- Growth items including progress on implementing policy options.
- Savings targets set and the progress made in meeting them.
- 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/underspends, any additional income received and 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. Members of the Cabinet, Finance and Best Value Overview and Scrutiny Committee and Committee Chairs will also receive the monthly Financial Monitoring Statement prepared by the Director of Finance.

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

5.3.1. Cabinet on 6 September 2007 approved the retention of the Capital Investment Programme guidance document which sets out the Council capital procedures and which is subject to an annual review.

5.3.2. The capital summary report will be prepared for Cabinet, and Finance and Best Value Overview and Scrutiny Committee, by the Director of Finance. The departmental reports of Chief Officers will be appended and will report progress on schemes/projects approved as part of the programme with reference 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).
- Identification of funding.
- The completion of any schemes/projects.

## **5.4 Performance monitoring**

5.4.1. The Deputy Chief Executive/Director of Corporate Services will prepare for Cabinet the summary Corporate Performance report on delivering the key issues identified in the Corporate Plan providing an overview of performance.

- 5.4.2. All local authorities have previously been required to report a set of nationally prescribed performance measures known as Best Value Performance Indicators (BVPIs) which were accompanied by a range of local performance measures. The BVPI regime has been replaced by the National Indicator Set (NIS) from 1 April 2008, which contains 198 indicators, a significant reduction on the previous regime.
- 5.4.3. At the same time as implementing the NIS, the Council has also agreed a new set of objectives, aims and priorities, as part of the Corporate Plan. To accurately measure and demonstrate progress in achieving these objectives and aims, a revised performance management framework is needed. The previous performance regime reported performance indicators, which only give part of the performance picture and the revised performance framework highlights the key projects/activities and the key performance measures that demonstrate progress. Using an exception reporting method, both of these elements will be reported to Cabinet on a quarterly basis.

## 5.5 Risk monitoring

- 5.5.1. The Corporate Risk Register is subject to regular review and, following consideration of the Corporate Plan and Departmental Plans, the revised Risk Register was agreed by Cabinet on 13 March 2008. It incorporates those risks identified as having the potential to impact upon the delivery of Council aims and will be regularly monitored.
- 5.5.2. The risk summary report will be prepared for Cabinet, and Audit and Risk Management Committee, by the Director of Finance. The departmental reports of Chief Officers will be appended and will include references to:-
- Progress on delivering the actions stated in the Register.
  - Any variations to the risk ratings identified in the Register.
  - Any 'new' risks worthy of consideration for inclusion in the Register.

## 6. PLANNING REPORTS

- 6.1. The key components of the planning process are service planning and financial planning. The former identifies how the Council delivers continuously improving services that meet the needs and priorities of the citizens of Wirral. The objectives and targets set will 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

- 6.2.1. The Vision for Wirral was agreed by Cabinet on 14 November 2007 and articulated in the Corporate Plan that was agreed by Cabinet on 13 March 2008. The Corporate Plan sets the overall strategic direction and identifies the aims and objectives of the Council together with the associated priorities, key actions and targets. Whilst covering three years, the Corporate Plan will be refreshed annually.

6.2.2. Performance in relation to the Corporate Plan is included under Section 5.4 and will also form part of the Annual Report referred to in Section 4.2. This will identify performance and achievements in the previous financial year together with an overview of future objectives and targets for the forthcoming 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. The Plan format was revised during 2007/08 and will be further revised during 2008/09. As a minimum the main document includes:-

- Introduction and purpose
- Executive Summary
- Departmental outcomes framework
- Key drivers
- Challenges and risks
- Monitoring and evaluating performance

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

### **6.4. Individual Plans/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.

### **6.5. 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 the resource requirements to deliver the aims identified in the Corporate Plan and informs the annual budget setting process and includes the following:-

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

6.5.2. The Strategy is reviewed on an annual basis whilst more detailed reports relating to the annual budget-setting process are regularly provided to Cabinet and Finance and Best Value Overview and Scrutiny Committee. The Government Comprehensive Spending Review (CSR) in 2007 and the Local Government Finance Settlement for 2008/11 included figures for the three year period 2008/11.

## 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 reviews, prioritises the capital needs of services and seeks to maximise opportunities for cross-cutting/joined-up investment with local partners.

6.6.2. The process follows that approved by Cabinet on 6 September 2007 (Capital Investment Programme – guidance document) which covered:-

- The identification and prioritisation of schemes for inclusion.
- 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 and the Corporate Plan.

6.6.4. Each December the Cabinet receive a report on the capital programme which 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 the:-

- Draft departmental budgets including growth and savings.
- Identification of resources required to deliver the targets over and above existing budgetary provision shown as growth items.
- Level of Government grants in the Local Government Finance Settlement.
- Details of known, or projected, levies and precepts.
- Alterations to the role or structure of the Council in delivering services through either legislation or through central/local decisions.
- Agreed Council capital programme.
- Agreed Insurance Fund budget.
- Schools budget for consideration by Cabinet and Council.

6.7.2. The Projected Budgets for the subsequent years of the Medium Term Financial Strategy are regularly updated in reports presented to Cabinet and Finance and Best Value Overview and Scrutiny Committee. These highlight variations based upon later, and more specific, information and details regarding Government funding proposals.

6.7.3. The Government Comprehensive Spending Review (CSR) in 2007 and the Local Government Finance Settlement for 2008/11 included figures for the three year period 2008/11. In each financial year the Government issues a Provisional Settlement in December which then becomes a Final Settlement in February.

## **6.8. Other Strategies**

6.8.1. The Council produces a number of Strategies and associated Plans which complement the delivery of the Vision for Wirral and support the delivery of the aims and objectives of the Corporate Plan. All are influential in determining the allocation of the finite resources the Council has in order to meet the aims as well as the aspirations of the people of Wirral. Besides those of a corporate policy or financial nature these include the following:-

- Investment Strategy and Asset Management Plan.
- Information Technology Strategy and IT Development Plan.
- Human Resources Strategy and Workforce Plan.
- Customer Access Strategy and Change Plan.
- Equality and Diversity Strategy.

6.8.2. In order to ensure consistency in approach, to maximise the opportunities and make best use of the available resources, and to present a co-ordinated approach to delivering the corporate objectives, the various strategies and plans should be further integrated. To facilitate this all strategies and plans should be the subject of an annual review and report presented to Cabinet in July. This will inform the Corporate Plan update in August and also the annual budget-setting and departmental planning process. The contents of this report should be:-

- Review of performance for the previous year.
- Review of the Strategy to incorporate any changes.
- Review of the future plans.

## **7. FINANCIAL IMPLICATIONS**

7.1. There are none arising directly from his 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. RECOMMENDATION**

16.1. That the report be noted.

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FNCE/92/08