

# **WIRRAL COUNCIL**

## **CABINET**

**24 SEPTEMBER 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **MEDIUM TERM FINANCIAL STRATEGY**

##### **1. EXECUTIVE SUMMARY**

- 1.1 This is the annual update of the Medium Term Financial Strategy the latest of which was agreed by Cabinet on 23 July 2008. The aim is to give Cabinet a strategic overview highlighting the significant issues to be considered in financial planning and informing future priorities. It has been refined to reflect the information from the Chancellor of the Exchequer Budget report and the revised Corporate Plan agreed in April 2009.

##### **2. BACKGROUND**

- 2.1 In order to deliver the objectives of the Corporate Plan effective service planning and financial planning are essential requiring strong links between the Corporate Plan and Medium Term Financial Strategy. This Strategy aims to provide a longer term overview of the financial issues to assist in the allocation of resources to deliver the Council objectives and priorities.
- 2.2 The Strategy draws together the financial requirements emerging from the various Council strategies including the Customer Access Strategy, the resource-based strategies covering Capital, Human Resources and Information Technology and the service strategies. It seeks to maximise the opportunities for delivering services from within the finite resources available.
- 2.3 The Council agreed the current Medium Term Financial Strategy on 23 July 2008 and it is subject to an annual review to take account of national and local changes.

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

- 3.1 The approach to corporate planning is based upon a hierarchical framework that seeks to integrate national and local priorities into a series of clear objectives. This is supported through the planning process, the Corporate Plan and Departmental Plans, identifying how the objectives are to be achieved. The Plans link to budget-setting as the priorities identified should indicate the resource issues and principles that shape the Council budget. By identifying current issues as well as potential developments / related issues the Plans inform future revenue and capital budgets.

## **4. REPORTING AND MONITORING**

4.1 For 2009/10 Cabinet on 9 April 2009 agreed further measures to integrate the financial and performance management arrangements. Processes for planning and monitoring performance underpin the cycle of continuous improvement. The planning element provides the framework for the Council to identify its priorities and targets for the future, whilst the monitoring element measures progress in relation to meeting 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.

### **4.2 ANNUAL REPORTS**

The annual Statement of Accounts is a legal requirement and has to be published by 30 June and is then subject to External Audit inspection the results of which have to be concluded before 30 September. The Statement is supported by additional reports to Cabinet on the revenue and capital finances for the year plus the Insurance Fund and Treasury Management annual reports. A summary Statement of Accounts leaflet is also available and commencing from 2007/08 an Annual Report has also been produced.

### **4.3 MONITORING REPORTS**

From 2009/10 a presentation is made to Cabinet each quarter covering the areas of performance, finance, capital and risk. A summary report is placed within the Virtual Members Room to which is appended more detailed reports on each of the areas with the financial and risk reports also being presented to Council Excellence Overview & Scrutiny Committee and Audit & Risk Management Committee as appropriate.

- (a) Financial monitoring compares spend against the approved budget.
- (b) Capital monitoring summarises progress against the capital programme.
- (c) Performance monitoring provides an overview against the key issues identified in the Corporate Plan.
- (d) Risk monitoring identifies progress delivering actions in the Corporate Risk Register and on any recently identified risks.

### **4.4 PLANNING REPORTS**

4.4.1 The key components of the planning process are service 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 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.

4.4.2 Cabinet agreed the Vision for Wirral on 14 November 2007 which is articulated in the Corporate Plan. The Plan sets the overall strategic direction and identifies the aims and objectives of the Council and whilst covering three years is refreshed annually with the latest refresh being in April 2009. This approach is used for the other strategies including the Customer Access Strategy and resource strategies covering Human Resources, IT, Capital and Asset Management.

4.4.3 The Medium Term Financial Strategy considers financial issues at a strategic level. It is used to identify resources to deliver the Corporate Plan and informs the annual budget setting process. The budget has to be agreed by Council by 10 March each year with the projected budgets for subsequent years being regularly updated in reports presented to Cabinet.

## **5 RE-ALLOCATION OF RESOURCES TO PRIORITIES**

5.1 The Council is committed to improving customer services with a change agenda that underpins the delivery of the Customer Access Strategy.

5.2 In meeting Government targets for delivering value for money and efficiency in local services the key requirement is for resources to be released into front-line services. The Council is committed to improving its priority areas as well as keeping Council Tax at affordable levels.

5.3 When setting the Council Tax for 2009/10 the agreed increase was 4.46% which was below the maximum level set by the Government of 5% and included actions to deliver further improvements in priority areas.

5.4 Wirral continues to improve performance management and service planning and to re-direct resources towards meeting the identified objectives. In terms of Council Tax and value for money the Wirral Band D Tax, which was the fourth highest amongst the 354 Metropolitan, London, Unitary and District Authorities in 2000/01 is now rated 184th highest.

## **6. MEDIUM TERM FINANCIAL STRATEGY**

6.1 The Appendix contains the Strategy and encompasses:-

- National issues including the Comprehensive Spending Review.
- At a local level the agreed Council objectives and priorities are stated, progress reviewed, and key issues during the period highlighted.
- The Medium Term Financial Plan for the period which is regularly updated in reports to Cabinet.

6.2 Wherever a financial estimate can be made of likely events this has been included. Given the level of assumptions for any projection of this type, only significant items have been included. It must be stressed that the aim of this Strategy is not to give provisional budget figures, but rather to provide Members with a framework with which to support planning considerations for the medium term.

## **7. FINANCIAL AND STAFFING IMPLICATIONS**

7.1 The financial implications are within the Financial Strategy.

## **8. LOCAL MEMBER SUPPORT IMPLICATIONS**

8.1 There are no specific implications arising out of this report.

## **9. LOCAL AGENDA 21 STATEMENT**

9.1 The Corporate Plan identifies a number of objectives relating directly to 'protecting and improving the environment.'

## **10. PLANNING IMPLICATIONS**

10.1 There are no specific implications arising out of this report.

## **11. EQUAL OPPORTUNITIES IMPLICATIONS**

11.1 The Corporate Plan identifies a number of objectives relating directly to 'continuously improving services.'

## **12. COMMUNITY SAFETY IMPLICATIONS**

12.1 The Corporate Plan identifies a number of objectives relating directly to 'making Wirral safer.'

## **13. HUMAN RIGHTS IMPLICATIONS**

13.1 There are no specific implications arising out of this report.

## **14. BACKGROUND PAPERS**

14.1 Medium Term Financial Strategy 2009/12 – July 2008.

14.2 Corporate Plan and Departmental Service Plans 2009/12.

## **15. RECOMMENDATIONS**

15.1 That the Medium Term Financial Strategy be approved.

15.2. That regular updates of the financial projections be reported to Cabinet and to the Council Excellence Overview & Scrutiny Committee.

IAN COLEMAN  
DIRECTOR OF FINANCE