

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

18 NOVEMBER 2010

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 aim is to give Members a strategic overview highlighting the significant issues to be considered for use in financial planning and informing future priorities. It has been refined to reflect recent information from the Government and the revised Corporate Plan agreed in March 2010 and was agreed by the Cabinet on 4 November 2010.

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 Risk Management Strategy and the Procurement Strategy, and the resource-based strategies covering Capital, Human Resources, Information Technology and Asset Management, and the service strategies. It seeks to maximise the opportunities for delivering services from within the finite resources available.

3. PROGRESS

- 3.1 The Council agreed the current Medium Term Financial Strategy on 24 September 2009 and it is subject to an annual review to take account of national and local changes.

3.2 FINANCIAL AND PERFORMANCE MANAGEMENT

- 3.2.1 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.

3.3 REPORTING AND MONITORING

3.3.1 For 2010/11 Cabinet on 15 April 2010 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 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.

3.3.2 ANNUAL REPORTS

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. 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.

3.3.3 MONITORING REPORTS

Since 2010 Cabinet has received a presentation each quarter covering the areas of performance, finance, capital and risk. A summary report is placed within the Library 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.

3.4 PLANNING REPORTS

3.4.1 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.

3.4.2 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 March 2010. This approach is used for the other strategies listed above.

3.4.3 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.

3.5 RE-ALLOCATION OF RESOURCES TO PRIORITIES

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

3.5.2 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.

3.5.3 When setting the Council Tax for 2010/11 the agreed increase was 1.67% and the budget

3.5.4 included actions to deliver further improvements in priority services.

3.5.4 The Authority is currently undertaking a wide ranging consultation exercise with residents, staff, stakeholders, businesses and community groups. The consultation entitled 'Wirral's Future, be a part of it' will help shape future priorities and the delivery of services. It is intended that the consultation process will be an annual process with priorities and use of resources developing over time.

4. MEDIUM TERM FINANCIAL STRATEGY

4.1 The Strategy encompasses:-

- National issues including the 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.

4.2 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 Cabinet with a framework with which to support planning considerations for the medium term.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1 The financial implications are within the Financial Strategy and are updated regularly throughout the year within the Budget Projection reports submitted to Cabinet.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

- 6.1 There are no specific implications arising out of this report.

7. LOCAL AGENDA 21 STATEMENT

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

8. PLANNING IMPLICATIONS

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

9. EQUAL OPPORTUNITIES IMPLICATIONS

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

10. COMMUNITY SAFETY IMPLICATIONS

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

11. HUMAN RIGHTS IMPLICATIONS

- 11.1 There are no specific implications arising out of this report.

12. BACKGROUND PAPERS

- 12.1 Medium Term Financial Strategy September 2009.

- 12.2 Corporate Plan and Departmental Service Plans.

13. RECOMMENDATIONS

- 13.1 That the Medium Term Financial Strategy be noted.

- 13.2 That regular updates of the budget projections be reported to Cabinet and to Council Excellence Overview & Scrutiny Committee.

IAN COLEMAN
DIRECTOR OF FINANCE