

WIRRAL COUNCIL

CABINET

9 APRIL 2009

REPORT OF THE CHIEF EXECUTIVE

FINANCIAL AND PERFORMANCE MANAGEMENT 2009/10

1. EXECUTIVE SUMMARY

- 1.1. This report provides the timing and content of the financial and performance management reports to be submitted to the Cabinet during 2009/10 and the proposed process and timetable for the production of financial and service plans for 2010/11.

2. INTRODUCTION

- 2.1. The benefits of linking finance to performance have been recognised by the Audit Commission in 'Councils perform well when they have clear frameworks for managing performance that support Council priorities and link to planning and budget-setting'.
- 2.2. Under the new assessment and inspection arrangements, the joint inspectorate will be undertaking a Comprehensive Area Assessment (CAA) in all local strategic partnership areas from 1 April 2009. The annual Use of Resources judgement forms part of the organisational assessment element of the CAA. This continues to raise the standards required of the Council in terms of financial, performance, asset, people and risk management in delivering its objectives.
- 2.3. Wirral continues to develop and refine its corporate business planning. Cabinet on 3 April 2008 agreed a report on Financial and Performance Planning and Monitoring 2008/09. This further developed the regular reporting of the financial position and performance to Cabinet with summary reports presented to Finance & Best Value Overview & Scrutiny Committee.
- 2.4. The vision for Wirral is 'a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential'. Following agreement of the vision together with a set of corporate strategic objectives and aims, the Corporate Plan 2008/11 was agreed by Council on 21 April 2008. This Plan is subject to an annual review and after consideration by Cabinet on 25 September 2008 the revisions were approved by Cabinet on 5 February 2009. The final delivery plan will be reported to Cabinet for approval on 23 April 2009.
- 2.5. The Corporate Plan includes the strategic objective of becoming an excellent Council. In order to help achieve this objective the monitoring and reporting of performance and planning are key elements to provide the means of

assessing how the more detailed actions are being delivered. Achievement of positive outcomes for Wirral will be a key focus for external review undertaken through CAA. The Corporate Plan, along with evidence of delivery against stated aims, will be a key piece of evidence for both the council's organisational assessment and the partnership area assessment.

- 2.6. During 2008/09 Cabinet received consolidated quarterly performance and financial reports. The areas of performance and financial monitoring were, enhanced with the reports providing an overview plus information on progress in delivering the Corporate Plan priorities within the resources available. A monthly Financial Monitoring Statement was sent to all Members of Cabinet and Finance & Best Value Overview & Scrutiny Committee and to Chairs of Scrutiny Committees. Reports were also taken to the relevant overview and scrutiny committee.
- 2.7. An Annual Report was produced for the first time in a number of years covering 2007/08 which provided both performance and financial information. This expanded upon the financial detail contained in the Summary of Accounts leaflet.

3. TIMETABLE FOR 2009/10

- 3.1. Processes for planning and monitoring performance underpin the cycle of continuous improvement. The planning element of the timetable provides the framework to identify 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.

Cabinet	Planning Reports	Performance Reports
June	Projected budget 2010/11	Year-end reports 2008/09
Audit Committee June		Pre-Audit Statement of Accounts 2008/09
July	Medium Term Financial Strategy Capital Strategy Investment Strategy/Asset Plan IT Strategy/Development Plan Risk Management Strategy Customer Access Strategy HR Strategy/Workforce Plan	Medium Term Financial Plan Capital Strategy Investment Strategy/Asset Plan IT Strategy/Development Plan Risk Management Strategy Customer Access Strategy HR Strategy/Workforce Plan Equality & Diversity Monitoring for 2009/10 Qtr 1
September	Projected budget 2010/11 Corporate Plan 2010/11 - review of the priorities for improvement	Annual Report 2008/09 Summary Accounts 2008/09
Audit Committee September		Post-Audit Statement of Accounts 2008/09
October		Monitoring for 2009/10 Qtr 2
November	Projected budget 2010/11	

	Insurance Fund budget 2010/11	
December	Corporate Plan 2010/11 - refresh plus draft Departmental Service Plans Capital Programme 2010/13 Provisional Local Government Finance Settlement Equality & Diversity Strategy	Half year national indicator set report
January		Monitoring for 2009/10 Qtr 3
February	Final Local Government Finance Settlement Council & Departmental Plans Council Budget 2010/11 Schools Budget 2010/11	
March	Corporate Plan 2010/11 - targets Projected budget 2010/11 Treasury Management Policy	
June		Year-end reports 2009/10 Full year national indicator set report
Audit Committee June		Pre-Audit Statement of Accounts 2008/09

4. PLANNING REPORTS

4.1. 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.

4.2. Corporate Plan

4.2.1. The Vision for Wirral was agreed by Cabinet on 14 November 2007 and is articulated in the Corporate Plan. This 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 is refreshed annually with the last refresh being on 5 February 2009.

4.2.2. Performance in relation to the Corporate Plan is included under Section 6.2 and will also form part of the Annual Report referred to in Section 5.2. This will identify performance and achievements in the previous financial year together with an overview of future objectives and targets for the forthcoming years.

4.3. Departmental Plans

4.3.1. Departmental Service Plans identify how departments will deliver the corporate objectives and priorities as identified in the Corporate Plan. The Plan format was revised for 2009/10 and the main document includes:-

- Introduction and purpose
- Departmental outcomes framework
- Key drivers for the department
- Monitoring and evaluating performance
- Opportunities, challenges and risk
- Performance indicators including all departmental national indicators

4.3.2. 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.

4.4. Individual Plans/Key Issues Exchange

4.4.1. 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.

4.5. Medium Term Financial Strategy

4.5.1. 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 and Local Government Finance Settlement.
- Local issues including the priorities for Wirral and Council objectives.
- Capital and revenue plans set in context.
- Risk assessment.

4.5.2. 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 & Best Value Overview & 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 with the 2009/10 figures confirmed by the Government in January 2009..

4.6. Capital Programme

4.6.1. 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.

4.6.2. The process follows that approved by Cabinet on 23 July 2008 (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.

4.6.3. Bids for capital expenditure are evaluated and prioritised under key criteria which link directly to, and take account of, the priorities identified in the Corporate Plan.

4.6.4. 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.

4.7. Annual Budget

4.7.1. 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.
- 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 Capital Programme.
- Agreed Insurance Fund budget.
- Schools budget for consideration by Cabinet and Council.

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

4.7.3. 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 January / February.

4.8. Other Strategies

4.8.1. 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.
- Treasury Management Policy.

4.8.2. 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 are now subject of an annual review and report presented to Cabinet in July. This will inform the Corporate Plan update in September and the annual budget-setting and departmental planning process. The contents of these reports should be:-

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

5. PERFORMANCE - ANNUAL REPORTS

5.1. 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.

5.2. The Council will publish an Annual Report which will include an overview of performance with plans for the forthcoming years together with information on the finances. In terms of finances the Summary of Accounts leaflet will again be made available.

6. PERFORMANCE AND FINANCIAL - MONITORING REPORTS

6.1. On 19 March 2009 Cabinet recognised the need to present information in a concise and timely fashion in a manner easily accessible to Members. Cabinet asked for a short and to the point report to be placed in the virtual members room within two weeks of the end of each quarter and a presentation given by the Deputy Chief Executive / Director of Corporate Services to the next available Cabinet.

6.2 Performance monitoring

6.2.1. The report and presentation to Cabinet will be prepared by the Deputy Chief Executive / Director of Corporate Services will outline the progress being made towards delivering the Corporate Plan objectives. It will be made clear to Cabinet which projects / activities and performance indicators require detailed consideration.

6.2.2. A report which sets out performance of the full national indicator set will be presented to Cabinet on a six monthly basis (half year and full year). These will be presented in December and June and will report progress made and comparison position with other local areas.

6.3. Financial monitoring compares spend against the approved budget

6.3.1. 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 this being within the summary focussing upon spend against the approved budget.

6.3.2. The financial summary will be prepared for Cabinet by the Director of Finance. The appendix to be placed within the virtual members room will include the summary plus the departmental reports of Chief Officers 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.

6.3.3. Members of the Cabinet, Finance & Best Value Overview & Scrutiny Committee and Scrutiny Committee Chairs will also receive the 1 page monthly Financial Monitoring Statement prepared by the Director of Finance.

6.4 Capital monitoring identifies progress against the capital programme

6.4.1. The Capital Investment Programme is subject to an annual review and the 2009/12 Programme was agreed by Council on 15 December 2008.

6.4.2. The capital summary will be prepared for Cabinet by the Director of Finance. The appendix to be placed within the virtual members room will include the summary plus the departmental reports of Chief Officers 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.

6.5 Risk monitoring

6.5.1. The Corporate Risk Register is subject to regular review and was agreed by Cabinet on 10 December 2008. It incorporates those risks identified as having the potential to impact upon the delivery of Council aims and will be regularly monitored.

6.5.2. The risk summary will be prepared for Cabinet by the Director of Finance. The appendix to be placed within the virtual members room will include the summary plus the departmental reports of Chief Officers 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.

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. RECOMMENDATIONS

- 16.1. That the dates for the planning and monitoring reports be agreed; and
- 16.2. That the process for financial and performance planning and monitoring be agreed.

STEPHEN MADDUX
CHIEF EXECUTIVE