

## **Medium Term Financial Strategy 2008-11**

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## **1. Our Summary financial objectives:**

- (a) Medium term financial forecasts will be monitored and managed regularly by Corporate Management Team and Cabinet. Future years' revenue funding gaps will be addressed on an on-going bi-monthly basis.
- (b) Council Tax to remain in line with government guidelines (currently less than 5%). The assumed level is 4.92% for 2008/09 and 4.96% for 2009/10-2010/11 covered by this MTF5;
- (c) Retain a revenue working balance of at least 4% of net revenue budget and seek to increase the working balance up to a level of 6% of net revenue budget if relevant opportunities arise;
- (d) Detail how the 2008-09 3% cashable efficiency savings will be delivered by October 2008 and report on these savings at the year end. Produce a forward plan on delivering 3% annual efficiency savings for 2009/10 and 2010/11;
- (e) Financial Regulations and levels of Delegated Authority to be formally reviewed and approved by Cabinet on an annual basis before the start of each financial year;
- (f) To agree a revenue carry forward process for 2007/08 in May 2008 and then publicise and use this process for future years;
- (g) To minimise the level of debt write off and aim for year on year improvements on the rate of income collection.

### **How we will measure our progress:**

- (h) Deliver at least 80% of the Council's budgeted capital programme for 2008/09
- (i) Generate the £86m of capital receipts required to deliver the capital programme by March 2013.
- (j) Deliver a year on year net revenue budget outturn within a tolerance of up to 2% underspend and maximum of 1% overspend;
- (k) Aim to achieve 2008/09 in year income collection targets of:
  - Council Tax 96%
  - NNDR 98.8%
  - Housing Rents 98.5%
  - General debtors 92.5%

## 2. Introduction

This summary Medium Term Financial Strategy, (MTFS), covers the period 2008-11. It identifies the likely costs and pressures that the council will face and matches these against the anticipated resource allocation over the period.

The MTFS will be a core document to enable the council to deliver against the 14 corporate improvement priorities as detailed in the Corporate Plan 2008-11 and progress against the 35 Local Area Agreement targets in support of the Sustainable Community Strategy.

The Strategy will outline the council's attitude to risk, governance arrangements for effective financial management, opinion regarding council tax levels and objectives for retaining adequate reserves.

Developments and enhancements will be made to this document on a rolling basis in order to continuously improve our approach to aligning revenue and capital spend to areas of highest importance for our local communities. One such enhancement will encompass our approach to planning medium to long term resource allocations with other key public and voluntary sector bodies through the Local Strategic Partnership.

The MTFS is closely linked to, and complements, all of the council's core documents as contained within our budgetary framework. These documents are available to download from our website ([www.plymouth.gov.uk](http://www.plymouth.gov.uk)).

### **This Strategy covers:**

**General Fund** – expenditure and income relating to the day to day delivery of our core services and functions. For 2008/09 this equates to £608m spend and £419m income;

**Housing Revenue Account** – Funding that is generated through housing rents received from council tenants – restricted to be re-invested and spent on the housing service. For 2008/09 this equates to £45.4m spend and £44.5m income;

**Capital** – Significant investment in physical assets and local infrastructure. Spend is normally 'one-off' and project based. Targeted capital investment can help contribute towards achieving corporate priorities and/or generate on-going revenue savings. Our planned capital spend up to the end of March 2013 is £457m

*The council's treatment and approach to core financial grants that are either applied for, or received through standard settlements, will be included in a future version of this strategy.*

### **3. The Corporate Plan 2008-11**

Plymouth City Council revised and re-launched its corporate plan in 2008. This revision evolved from previous corporate plans, rationalising the number of corporate priorities to 14 in order to provide a clearer focus and direction for the council.

The 14 corporate improvement priorities (CIPS) are based on robust consultation with our politicians, partners, local businesses and, most importantly, our local communities.

Our CIPS are categorised under three core headings as follows:

#### **Improving our City**

- i. Supporting independent living
- ii. Narrowing the gap between communities
- iii. New, affordable and decent housing
- iv. Widening cultural and leisure opportunities
- v. Safeguarding children
- vi. Raising attainment
- vii. Developing high quality premises for learning
- viii. Waste minimisation and disposal
- ix. Improving accessibility
- x. Accelerating sustainable economic & housing growth

#### **Improving our Council**

- xi. Change management and staff development
- xii. Value for money and effective long-term budget/asset management

#### **Improving the experience of our customers**

- xiii. Improving customer services
- xiv. Improving community involvement & engagement

Project leads have been allocated to each CIP with clear milestones, resources and targets set and approved in order to monitor and manage progress.

Aligning and prioritising our revenue, capital, staffing and IT resources to deliver against our priorities is vital. We will continuously improve our approach to integrating these core elements.

Reporting to Corporate Management Team, Cabinet and Scrutiny from 2008-09 onwards will combine progress against CIPs with key performance indicator information, revenue budget forecasts and capital programme updates. Updates on the council's Medium Term Financial Forecast will also be provided on a regular basis.

## 4. Our General Fund Revenue Budget

The Comprehensive Spending Review 2007 allows the council to plan, with reasonably certainty, the revenue resources available up to, and including, the 2010-11 financial year. The formula grant we will receive is shown in the table below, giving a breakdown of how the grant is calculated:

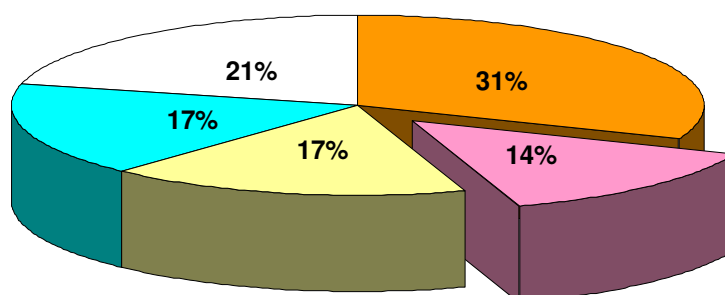
Analysis of Formula Grant	2008/09 £m	2009/10 £m	2010/11 £m
Relative Needs Amount	72.989	75.303	77.484
Relative Resource Amount	-14.836	-16.165	-17.485
Central Allocation	45.905	47.285	48.597
Floor Dampening	-3.360	-2.941	-2.574
<b>Formula Grant</b>	<b>100.698</b>	<b>103.482</b>	<b>106.022</b>
<b>Increase over previous year</b>	<b>3.7%</b>	<b>2.8%</b>	<b>2.5%</b>

### Revenue Funding Profile

The £101m formula grant funding only relates to 17% of the council's total revenue spend. For 2008/09 our revenue total funding is broken down into five elements as follows:

Central Government Formula	£101m
Aggregate external finance grants	£191m
Other specific grants	£126m
Income from fees and charges	£102m
Council Tax charged to local residents	£ 88m

### Where does the money come from?

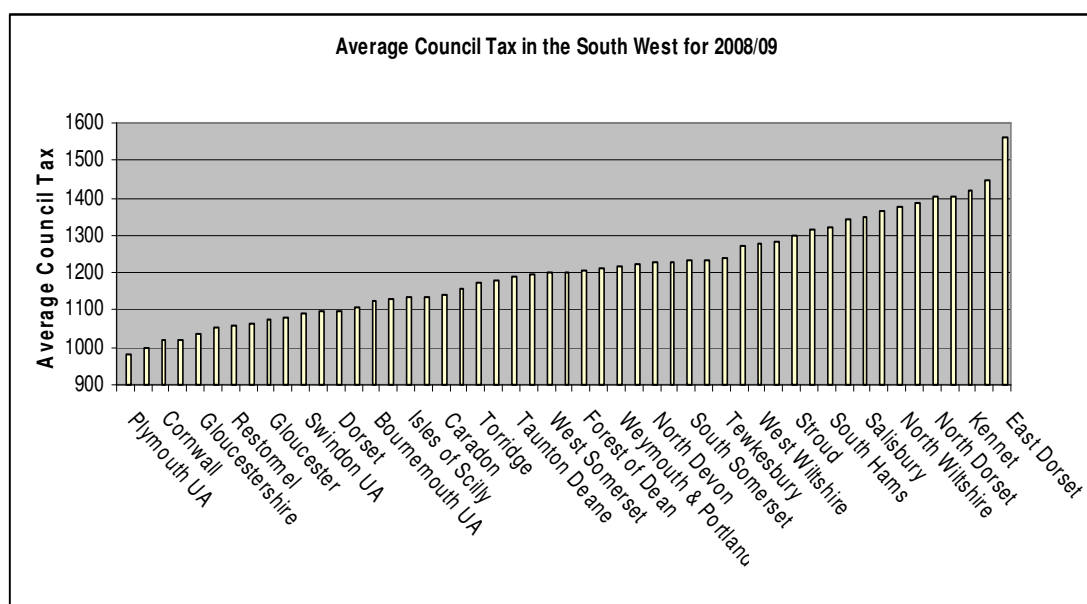


External Finance Grants	Council Tax
Central Govt Formula	Fees, Charges & Rents
Other Specific Grants	

## Council Tax

The Council Tax increase levied by Plymouth City Council for 2008-09 is 4.92%. This was primarily due to a number of specific revenue pressures faced by the council such as the additional cost of waste disposal (£5 million) and job evaluation (£6 million).

The Council still maintains its position as setting the lowest average council tax in the entire South West region:



There is a desire to maintain the status of being at, or towards, the lowest average council tax in the region. Therefore, future council tax rises will give full consideration to this and, as such will:

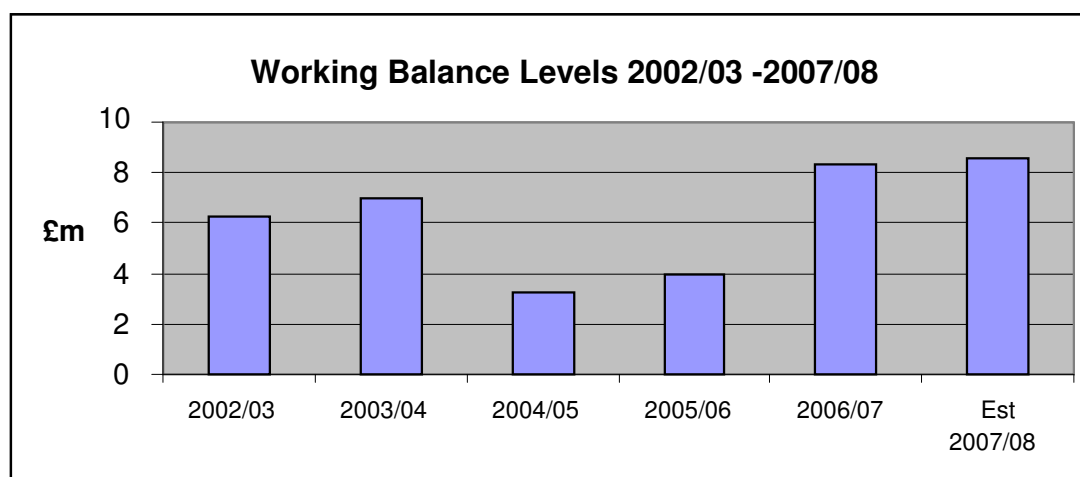
- Not exceed Government guidelines for any individual year and;
- Will seek to review the level of increases levied on a year on year basis (for each year covered by this MTFs)

## Reserves and balances

We will regularly review the appropriateness and use of specific earmarked reserves throughout each financial year. Where relevant, recommended changes to specific reserves will be reported to Cabinet on an on-going basis. As a minimum standard, **all** specific reserves will be reviewed on an annual basis in March / April as part of the standard end of year accounting closedown arrangements.

The Council's 'Working Balance' is the revenue reserve that is put aside to cover any significant business risks that might arise outside of the set budget. This reserve has significantly improved over recent years and, as at March 2008, stands at approximately **£8.6 million**.

The graph below shows the level of the working balance since 2002/03:



The Audit Commission does not provide specific guidance on what the level of council reserves should be other than that they should be adequate to cover potential risks. Plymouth has significantly improved the approach to risk management over recent years. Our strategic and operational risk registers are comprehensive and are regularly reported to, discussed and challenged by senior officers and members.

Our current working balance of £8.6 million is **4.75%** of the council's net revenue spend (based on 2008-09 budget). Based on covering our key business risks, our policy is to maintain this working balance at a level which is greater than **4%** (£7.2 million) as a minimum. The average working balances for Unitary Councils equates to approximately 6% which, if applied to Plymouth, would equate to £10.8 million. The council, at this stage, does not plan to achieve this level in the short/medium term. However, we will review this position as and when opportunities arise through our Medium Term Financial Forecasting.

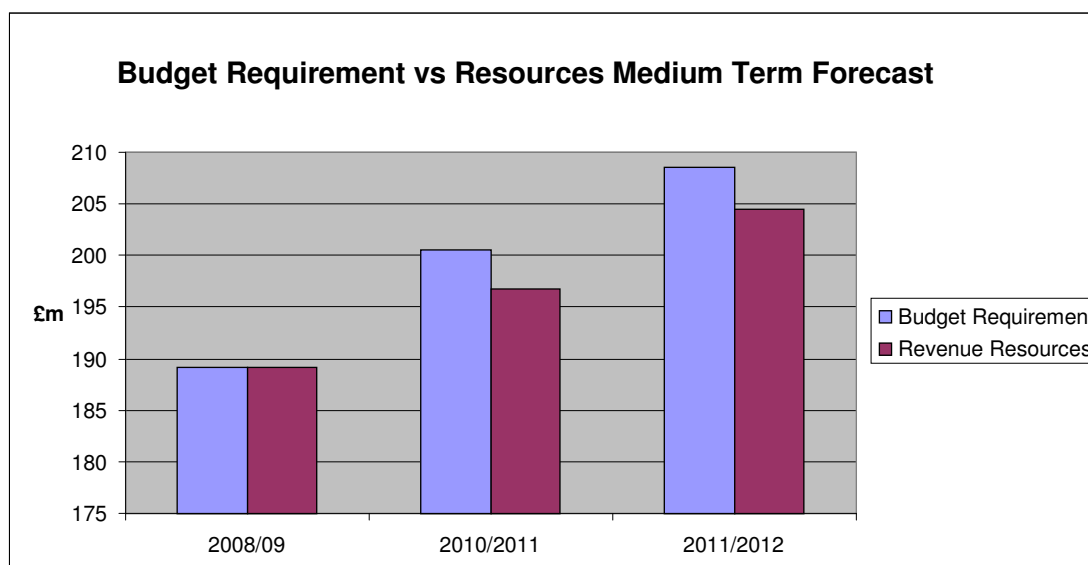
### **2008/09 Financial Year and beyond**

The Council set its revenue budget for 2008/09 at the Council meeting on 3 March 2008.

Council Directorates have, for some time, flagged up known and anticipated expenditure pressures on a rolling three year basis. Such significant costs as waste disposal, job evaluation, increased demands on adult social care and Civic Centre accommodation have been identified, and reported to senior officers and members through regular risk management and budget reporting.

We have compared these future year cost pressures against the level of anticipated resources available over the next three financial years.

The resulting forecasted revenue position is summarised as follows.



### Assumptions made on future year costs

In forecasting our future year expenditure commitments, a number of assumptions are made on increased costs such as inflation, income levels, superannuation etc. The key assumptions made within our medium term forecast are as follows:

Description	2008/09	2009/10	2010/11
Pay, NI, Price	2.50%	2.50%	2.50%
Superannuation	5.00%	5.00%	5.00%
Energy – increases	-	5.00%	5.00%
Insurance Premium	5.00%	5.00%	5.00%
Insurance Contributions	0.00%	0.00%	2.50%
Support Services	0.00%	0.00%	-
Income - fees and charges	3.00%	3.00%	3.00%
<b>Specific Departmental Assumptions -where known</b>			
Social Care Commissioning	2.00%	2.00%	2.00%
Supporting people	up to 3.5%	up to 3.5%	up to 3.5%
Children's services placements	2.50%	2.50%	2.50%
<b>Resources</b>			
Council Tax (1% change = £0.882m)	4.92%	4.96%	4.96%
Formula grant increase	3.70%	2.80%	2.50%
Impact of 1% change Formula Grant	£1.01m	£1.03m	£1.06m
Tax base	0.66%	0.66%	0.66%
Council Tax total collection rate	98.50%	98.50%	98.50%

## Revenue Management Action Plans

Revenue action plans in the region of £21 million were approved by Full Council in March 2008 as part of the budget that was set for 2008-09. On the assumption that all of these action plans are delivered, there still remains an anticipated revenue funding gap of approx £4 million per year for both 2009-10 and 2010-11.

As opposed to addressing this as an annual budget setting process, the Council will provide updates on the Medium Term Financial Forecast, (MTFF), as part of regular management reporting. Progress made in addressing future year funding gaps will be monitored and managed by Corporate Management Team and Cabinet on an on-going basis.

## Income Collection

Formal in-year collection targets (BVPI's) exist for Council Tax, Business Rates and Housing Rents. In order to improve the council's financial position, collection targets have also been set for Sundry Debt Income. The Council's major sources of income, as shown in the table below, will be monitored and reported on a regular basis. Action plans will be developed to maximise collection and minimise bad debt whilst seeking opportunities to consolidate corporate income collection.

Type of debt	Actual % 06/07	Budgeted income 07/08*	Target % 07/08	Actual % 07/08 as @ Jan '08	Year end forecast 07/08	Target % 2008/09
Council Tax	94.10%	£83.512m	95.50%	86.87%	94.00%	96.00%
NNDR	98.70%	£71.391m	98.75%	94.62%	99.00%	98.80%
Housing Rents	97.30%	£38.992m	98.50%	97.17%	97.50%	98.50%
Sundry Debt	86.00%	£60.000m#	92.00%	87.25%	89.00%	92.50%

\* at the start of the financial year, although the total amount collectable can go up and down during the year  
# sundry debt fluctuates during the year but averages at £60m of debt per annum for a rolling 12 month period

Council Tax set an ambitious 2007/08 target in the context of the implementation of new systems and working practices. Implementation was delayed, which resulted in late recovery action and reduced collection rates. The new systems are now fully operational and early recovery action will be taken in 2008/09, which will improve cash flow and the collection rate. Further initiatives such as increasing Direct Debit take up are also planned.

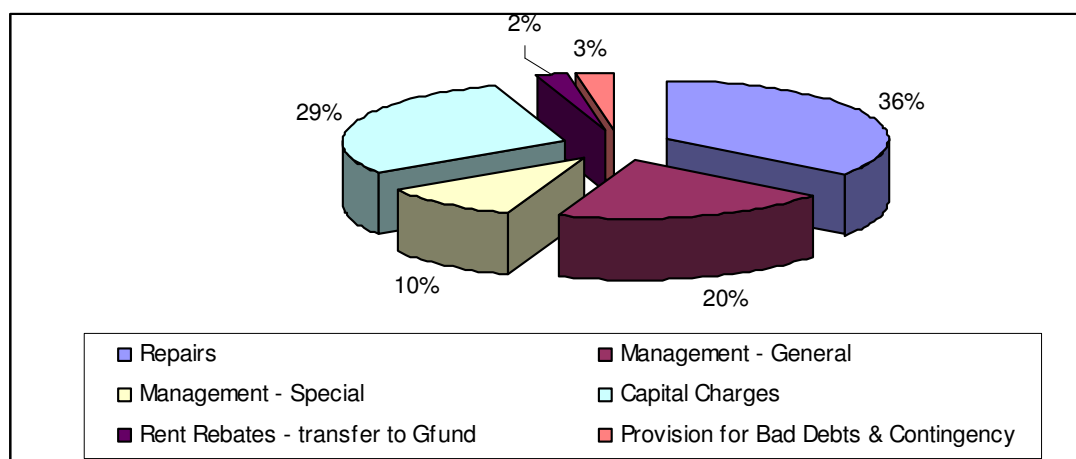
The 2007/08 target set for Housing Rents represents all England top quartile performance. Current collection rates suggest that an outturn collection rate of 97.5% will be achieved. This is an improvement on last year and reflects efforts to reduce arrears, improve housing and other benefit take-up, and sustain tenancies wherever possible.

Sundry Debt collection has improved in 2007/08. However, to drive further improvements a number of action plans are currently being developed including rationalising and shortening recovery routes, increasing direct debit and introducing incentive based write off policies.

## 5. Our Housing Revenue Account Position

Local authorities have a statutory duty to review their council house rents on an annual basis. Rents are set in accordance with the Government's rents restructuring policy and the annual subsidy determinations, which also include the guideline inflationary increases to be applied to service charges.

### How is the money spent?



The Council's policy is to retain a minimum HRA working balance of £2m. The final working balance at 31 March 2008 is forecast to be £2.242m.

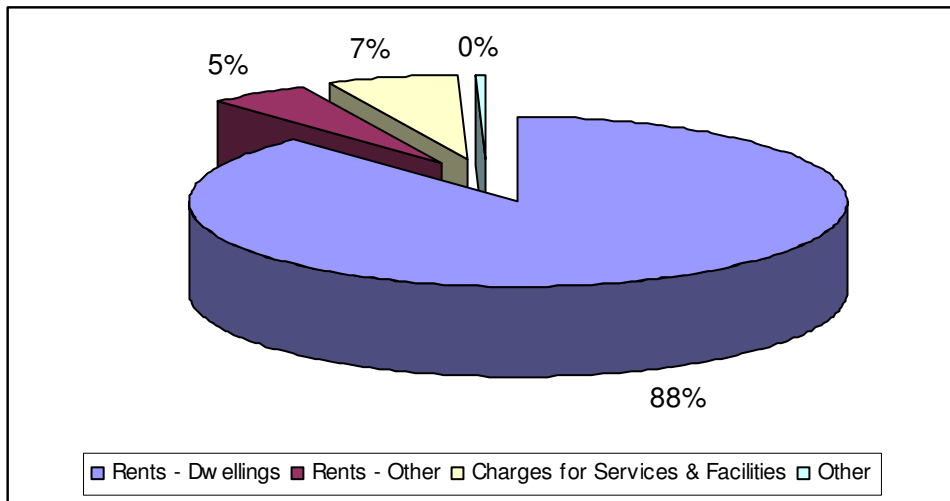
Standard assumptions have been built into the budget as follows:-

- Right to buy sales of 100 units per annum
- Allowances for further demolitions in Devonport
- An average rent producing stock of 14,867 units
- Void rental loss at £0.403m which represents 1% of total rent due
- Vacancy savings of 4.0%
- Terminations per week assumed at 25

### Housing Subsidy

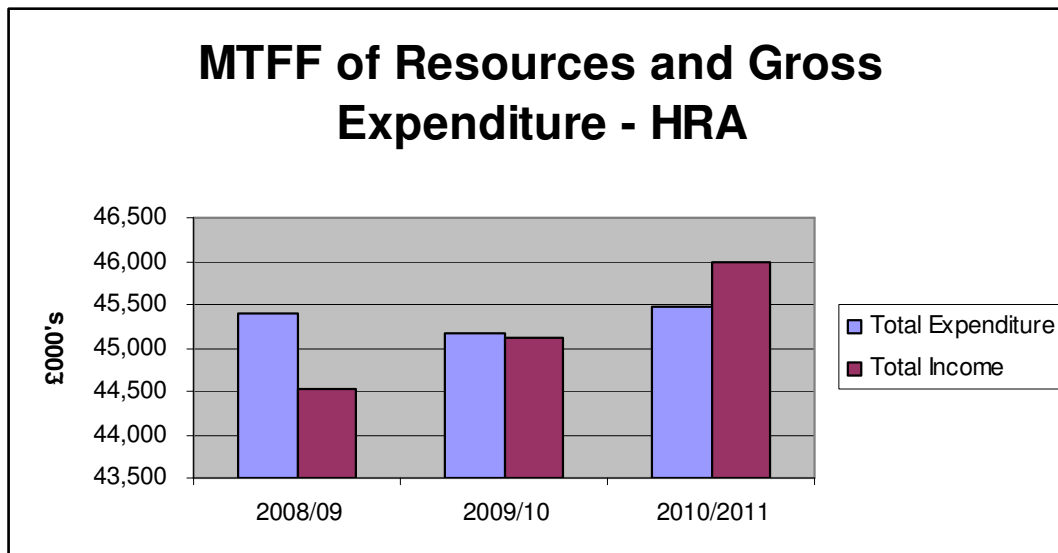
Housing subsidy is calculated by comparing notional rent levels with notional allowances for management and repairs. Where this notional account provides a surplus, authorities are required to pay this to the Department of Communities and Local Government (DCLG). Authorities with a notional deficit receive subsidy income. Overall, the budget for subsidy has changed by £1.395m, from a budgeted cost to the HRA of £0.450m in 2007-08 to £1.845m in 2008-09. The change has occurred as a result of the HRA subsidy calculation assuming rent increases to achieve rent convergence in 2016/17, changes to interest rates and other data changes.

## Where does the money come from?



### 2008/09 Financial Year and beyond

The 3 year medium term financial forecast, shown below is based on a continuation of the standstill budget principles and does not take into account stock transfer, as transfer would only occur if a majority of tenants vote, (October 2008), in favour of the stock transferring to a Housing Association. The relevant costs for the stock transfer project up to the point of the ballot have been included.



The working balance is estimated at £2.710m by March 2011.

The draft HRA subsidy determinations are for 2008/09 only. The Department for Communities and Local Government (DCLG) has made reference to the need to explore the possibility of a wider reform of the HRA subsidy regime. The MTFF is based on the continuation of the current subsidy methodology which will be reviewed once any changes are known.

## 6. Our Capital Position

The Council set its Capital Programme for the period 2008/09 to 2012/13 at its meeting on 3 March 2008.

We have a highly ambitious capital programme which will provide major investment in the region of £457 million between 2007 and 2013. Our financial strategy for capital is to fully utilise the supported capital borrowing allocation available to us in tandem with maximising the availability of grant and third party payments.

We will regularly review the assets that we own to ensure that they are fit for purpose (as detailed in the Capital Strategy 2005-2010) and optimise the use of capital receipts, where deemed beneficial, in order to support our overall capital investment programme.

We adopt the principle that capital schemes are only approved into the programme where specific funding has been clearly identified. Thereby, the capital investment programme, at any set point in time, will evidence 100% funding allocation against approved schemes.

For projects involving unsupported borrowing a robust business case detailing short term costs and medium/long term financial benefits must be submitted to, and approved by, the Capital Programme Board.

### Condition & Backlog Maintenance

We hold and monitor information on the condition of our corporate estate and the level of backlog maintenance. As at March 2008, nearly 80% of our property is in a satisfactory or good condition, 19% is in a poor condition and 1% in a 'bad' condition.

Asset Management, through property option appraisals and prioritised spending, will aim to increase the condition rating of **all** of the core built estate to at least satisfactory by 2010. Key projects such as the replacement for the Civic Centre and new leisure facilities in Central Park along with the capital programme, disposals and asset rationalisation will see a reduction in the backlog maintenance by approximately £11.32 million. This will help to reduce the overall backlog to £13.57 million over the next 5 years to 2013 with further reductions being achieved through the implementation of the maintenance strategy.

Repairs and Maintenance budgets, from 2008-2009, will be centralised under Asset Management. This will enable the prioritised use of resources in accordance with the Corporate Maintenance Strategy.

A capital budget of £250,000 per year has also been established in the capital programme for health & safety works.

## Capital Receipts

Capital receipts remains a significant source of funding for the capital programme. Matching capital receipts generation with planned spend, minimises borrowing costs. The capital programme as at 31 March 2008 requires £86.3m of capital receipts to be generated up to 2013. Actual capital receipts identified for disposal indicates a potential generation figure of £91.5m as follows:

	2007/08 £000s	2008/09 £000s	2009/10 £000s	2010/11 £000s	2011/12 £000s	2012/13 £000s	<b>Total £000s</b>
Receipts Required	12,828	15,539	18,869	32,569	3,457	3,000	86,262
Receipts identified	16,635	16,929	20,380	34,571	1,498	1,500	91,513

The property markets experienced some volatility during the latter half of 2007 and this has extended into 2008. The result has been a reduction in property values across most sectors of the commercial and residential market. This creates some risk to the current profile of our forecast receipts. CMT, through the Capital Programme Board, will regularly review and report on the achievability of capital receipts.

The above figures are linked to specific planned disposals over the next three to five years. All departments are continuing to review their asset base on an ongoing basis with the potential to generate further capital receipts.

The Council has a substantial and varied capital asset base but capital receipts are a finite resource. Should the planned disposal programme be successful there will be few non-income producing assets remaining.

## The Council's Borrowing and Investment Strategy

The Council is required to set out its annual Borrowing and Investment Strategy recognising its implications on the Council's revenue budget.

It is a statutory duty under the Local Government Act 2003 for the council to determine and keep under review how much it can afford to borrow. The Council must have regard to the Prudential Code when setting its Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council Tax and Council rent levels is 'acceptable'.

The Council estimates its additional borrowing requirement, including any unsupported borrowing, over the next three years, based on the latest Medium Term Capital Programme:

	<u>£m</u>
2008/09	19.098
2009/10	23.425
2010/11	18.091

Under the prudential code, the Council is required to set limits for its external borrowing for the next and following two years. These limits are set having regard to the Council's anticipated borrowing requirements as per the Capital Programme, (including those shown above). Flexibility is needed for potential additional borrowing to cover, for example, possible shortfalls in capital receipts, overspending on the capital programme or other temporary cash flow requirements. Benchmarking has been considered when setting the following external borrowing limits:

	2008/09	2009/10	2010/11
	<u>£m</u>	<u>£m</u>	<u>£m</u>
Authorised Limit	444	459	465
Operational boundary	421	429	433

*\* These limits were approved by full Council on 3 March 2008.*

### **Minimum Revenue Provision (MRP) Policy**

The Council is required to make a revenue charge each year to provide for the repayment of loans taken out to finance capitalised expenditure. This has been historically based on regulations stating that 4% of the Non-HRA capital financing requirement at the end of each year be charged to revenue in the following year.

An amendment to the Government's Capital Financing Regulations, replaces the present rules with a simple duty for an authority each year to make an amount of Minimum Revenue Provision which it considered to be "prudent". The prudent provision is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits.

Under the new regulations, the authority is required before the start of each financial year to prepare a statement of its policy on making MRP and submit it to the full Council. The approved policy for 2008/09 is as follows:

**Supported Borrowing** - 4% i.e. reducing balance

**Unsupported Borrowing** - MRP will be made in equal annual instalments over the life of the asset.

**Capitalisation Direction** on expenditure from 1 April 2008 - MRP will be made in equal annual instalments over 20 years in line with DCLG guidance. In all cases MRP will be made in the financial year following the one in which the expenditure is incurred.

## 7. Our Partners

### The Local Strategic Partnership (LSP)

Plymouth City Council's corporate plan and corporate improvement priorities are closely linked, and complementary, to achieving the core objectives within the Plymouth Sustainable Community Strategy (generated through the Local Strategic Partnership)

The LSP are currently developing a three year Local Area Agreement, (LAA), which will be negotiated and agreed by the Government Office for the South West in **June 2008**. There will be 35 agreed targets within this LAA that best reflect the priority needs of Plymouth residents.

Within the 2007 Comprehensive Spending Review, £14.8 million was allocated as a non-ring-fenced Area Based Grant. This money is predominantly for the council, along with key LSP partners, to allocate in order to drive improvement against the LAA targets.

The governance and reporting of Area Based Grant funding and other funding arrangements linked to delivering the 35 LAA targets needs to be developed and clearly communicated to all key partners in 2008-09. These arrangements will be incorporated in future revisions of this MTFS.

### Devonport Community Regeneration Partnership.

Plymouth City Council is the Accountable Body for funding awarded under the New Deal for Communities (NDC) initiative. The funding totals £48.725m over a 10 year period which finishes in 2010/2011.

The NDC programme is being delivered in Plymouth by the Devonport Community Regeneration Partnership (DRCP). In line with other long term Government grant funded initiatives, an annual delivery plan is required to be drawn up and sent to the Government Office for the South West, (GOSW), for final approval of annual allocations. The allocation for 2008/09 is £10.380m subject to approval.

The delivery plan for 2008/09 was approved by the DRCP Board on 24 January 2008. This plan, at £12.647m, includes an element of over-programming in line with GOSW guidelines. Actual spend will be monitored during the year to ensure the annual grant allocation is not exceeded.

Past experience show that similar funding schemes slip and programmes have had to be extended to 'mop-up' final costs. DCLG have expressed concerns over the level of slippage across the NDC programme as a whole and have started to impose limits and conditions on carry forwards.

Plymouth City Council officers, in undertaking their duties as the Accountable Body, will be working with DRCP Officers to try to minimise this risk.

## **8. Efficiencies and Value for Money**

For the three financial years up to 31 March 2008 the council has been required to demonstrate 2.5% (Gershon) efficiency savings. These savings could be a combination of cashable and non-cashable savings and were cumulative i.e. needing to demonstrate 7.5% efficiency savings over the three year period. Specific targets and reporting arrangements were put in place across local government to evidence these saving.

The 2007 Comprehensive Spending Review requires councils to generate 'cashable' efficiency savings of 3% per year for each of the next three financial years (up to and including 2010-2011). However, specific targets and reporting arrangements have been relaxed.

The council needs to provide an initial report on how it intends to deliver the 3% target relating to the 2008-09 financial year in October 2008.

Costs of major services have been benchmarked against all, similar and high performing unitary councils for some time. Plymouth are self aware of which specific services spend above benchmark and have a series of 2008-09 revenue action plans in place to challenge, and improve, value for money in these areas. Many of the revenue action plans will contribute towards achieving the council's 3% efficiency target.

The council's corporate management team approved a 'service review methodology' in September '07. This methodology outlines a systematic approach to challenging costs and proactively reviewing services. Full service reviews will be applied to the following PCC services during 2008-09:

- Care for learning disability clients;
- Highways;
- Children's Social Care;
- Processing housing benefits

The audit commission 2007 Use of Resources assessment reported on a number of examples where the council has already challenged and improved value for money in specific service areas. However, the assessment also reported on the need to improve the corporate approach to VFM.

The council recognises the need to improve its corporate approach to VFM and as such has set this as one of its corporate improvement priorities in the 2008-2011 corporate plan. Progress in delivering this corporate improvement priority will be reported to the corporate management team, Cabinet and Scrutiny on a regular basis.

### **Measuring our progress**

The council will review its progress in delivering the 3% 2008-09 cashable efficiency target early in 2009. We will then form an opinion as to what specific targets and actions we will take to achieve the cumulative 9% efficiency target required by March 2011.

## **9. Our Financial Management Arrangements / Governance**

The council has been working on improving its financial and governance arrangements for a number of years. Financial Management has improved, performance management has improved, scrutiny has developed and an independent audit committee is operating well. A comprehensive Budgetary Control Project has promoted ownership and effective financial management amongst budget managers in service directorates.

The council's medium term strategy now focuses on joining up the individual elements to ensure effective, integrated monitoring and management of:

- Corporate Plan / corporate improvement priorities;
- Benchmarking spend and key performance indicator information;
- Revenue budget and spending linked to priorities;
- Delivery against revenue action plans;
- Delivery of Value for Money and overall efficiency targets;
- Delivery of the capital programme linked to corporate priorities

A new reporting template will be introduced during 2008-09 to join up these key elements into a strategic monitoring report. This report will be presented and challenged on a bimonthly basis by:

- Corporate Management Team;
- Cabinet;
- Resources and Performance Scrutiny Panel

The audit committee will continue to provide an essential role in ensuring that we provide effective governance. In particular, their quarterly meetings will challenge progress made against internal and external audit plan, reports and recommendations. This committee will also have a pivotal role in ensuring that the council, (and its partners), are adequately preparing for the challenges faced within the new 2009 Use of Resources framework (which, in effect, applies from 1 April 2008)

To ensure that our financial procedures and practices are reviewed, up to date and reflect the operational business requirements and risks that the council faces, Financial Regulations and levels of Delegated Authority will be submitted to, and approved by Cabinet on an annual basis.

### **Consultation**

The Council had the benefit of the triennial customer feedback in 2007, which helped to inform the business planning process. The Council has kept its partners fully informed of its financial position throughout the last twelve months through the Local Strategic Partnership, meeting with the Chamber of Commerce, one-to-one meetings with partners and individual separate discussions. Specific consultations and a special Resources and Performance Scrutiny Panel on the Council's financial strategy informed and culminated in the Council setting its priorities, revenue budget and capital programme on 3 March 2008.

Specific consultations took place with CMT, SMT, Political Groups, Trade Unions (both corporately and departmentally), scrutiny, Chamber of Commerce and the Local Strategic Partnership.

Consultation with all our stakeholders is ongoing and will be improved and driven through via the Corporate Improvement Priority 'Improving community involvement and engagement'.

This summary Medium Term Financial Strategy will be shared with LSP partners, will be subject to Scrutiny and will be published on our website during March 2008.

### Measuring our progress

Bi-monthly reporting of progress made against specific corporate plan measures and targets will be presented to senior officers and members. The council will manage its annual net revenue budget spend within a year end tolerance of up to 2% underspend and no more than 1% overspend.

### External Assessment

The Audit Commission's annual Use of Resources assessment is the main measure that will demonstrate progress regarding improving our financial monitoring and management.

Plymouth is setting clear targets to improve key elements of the Use of Resources score and will endeavour to receive an **overall rating of 3** (out of 4) within its 2008 assessment (published in December 2008):

UoR Category	2007 Score	2008 target	2009 target
Financial Reporting	1	3	3/4
Financial Management	2	2/3	3/4
Financial Standing	2	2/3	3/4
Internal Control	2	3	3/4
Value for Money	2	2/3	3