

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Council

**Date of Committee** 15 May 2007

**Report Title** Medium Term Financial Plan

**Summary** The report seeks approval to the 2007/08 to 2009/10 Medium Term Financial Plan.

**For further information please contact:** Virginia Rennie  
Group Accountant  
Tel: 01926 412239  
vrennie@warwickshire.gov.uk

**Would the recommended decision be contrary to the Budget and Policy Framework?** No.

**Background papers** 2007/08 Budget Resolution

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members  Cllr Tandy, Cllr Roodhouse, Cllr Booth, Cllr Hicks, Cllr Atkinson – for information
- Cabinet Member  Cllr Farnell, Cllr Cockburn – for approval
- Chief Executive  Jim Graham – via SDMT
- Legal  David Carter – via SDMT
- Finance  David Clarke – reporting officer
- Other Chief Officers  SDMT considered these proposals at their meetings on 22 March 2007, 4 April 2007 and 2 May 2007
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

**FINAL DECISION No**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by  
this Committee

To Council  The Medium Term Financial Plan will be approved  
by Council at the same time as the Corporate  
Business Plan. This is planned for 15 May 2007.

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

**Council - 15 May 2007**

**Medium Term Financial Plan**

**Report of the Strategic Director of Resources**

**Recommendation**

That Council approve the Medium Term Financial Plan attached at Appendix A,  
*(subject to any comments from Cabinet)*

**1 Introduction and Background**

- 1.1 At their meeting in July 2006 Council agreed the model of medium term financial planning to be adopted by the authority over the medium term. In the model, the Medium Term Financial Plan (MTFP) would be a partner document to the Corporate Business Plan. It would reflect, in financial terms, the national context, the corporate vision and the delivery strategies for the corporate and directorate priorities of the Council for the next three years.
- 1.2 To supplement this, as part of the budget resolution in February 2007, members set out a series of reviews to be undertaken prior to the development of the 2008/09 budget. The Medium Term Financial Plan also needs to incorporate these reviews.
- 1.3 A third driver for the content of the Medium Term Financial Plan is the feedback and action plan resulting from the last CPA Use of Resources assessment. Two actions relate specifically to medium term financial planning:
- Ensure that the improvements proposed to the Medium Term Financial Strategy (as approved in July 2006) become operational.
  - Put in place a Medium Term Financial Strategy that describes in financial terms joint plans agreed with partners and other stakeholders.
- 1.4 The purpose of this report is to seek the views and comments of Cabinet on the draft Medium Term Financial Plan for 2007/08 to 2009/10.

**2 Medium Term Financial Plan**

- 2.1 The purpose of a Medium Term Financial Plan, and hence its contents depends on the audience for whom it is being prepared. When SDMT first

considered the content of a Medium Term Financial Plan back in November 2006 it was agreed that to meet the needs of all users the Plan should be comprised of two documents:

- A summary plan, consistent with the Corporate Business Plan that would be in a format and language suitable to be used by our partners and stakeholders, and
- A detailed plan including our key financial policies and strategies that would be an operational document for those requiring a greater level of information and depth of understanding as to the medium term financial position of the authority.

2.2 Cabinet (on 10 May) will be invited to comment on the content and format of the draft summary Medium Term Financial Plan attached at **Appendix A**. The document has already been considered and approved by SDMT at their meetings on 22 March and 4 April 2007.

### **3 Timetable and the Way Forward**

- 3.1 The Council is asked to approve the summary Medium Term Financial Plan subject to any comments/amendments from Cabinet (which will be circulated before this Council meeting). If the timetable for the approval of the Corporate Business Plan changes the approval process for the Medium Term Financial Plan will change accordingly.
- 3.2 The full, detailed Medium Term Financial Plan will be produced to the same timescale, with consultation taking place through the Heads of Resources and Financial Services Managers across all Directorates.

DAVID CLARKE  
Strategic Director, Resources

Shire Hall  
Warwick

10 May 2007

# Medium Term Financial Plan

## Introduction

The Corporate Business Plan has been developed within a medium term resource framework to reflect changes both in the way we work and the environment in which we operate. Planning over the medium term (three years) will help to align policy to resource availability and achieve value for money in the delivery of services. This Medium Term Financial Plan is therefore published as a companion document to the Corporate Business Plan.

## Contextual Background

In considering the medium term resources and their allocation to support delivery of the Corporate Business Plan it is useful to understand the contextual background. There are a number of factors that heavily influence future environment in which we will be operating. While these are discussed in detail later in the plan a flavour of the issues is set out below to provide some contextual background to the Medium Term Financial Plan.

### 1. Financial constraints/uncertainty

Until the announcement of the 2007 Comprehensive Spending Review in the autumn of 2007 we do not have a clear indication of the levels of future government funding. Over recent years we have been at the "floor" for government support i.e. receiving the minimum possible increase. The expectation is that this may continue in the medium term and that overall government funding will be less generous than in previous years. In addition, we are anticipating that the current target of 2.5% Gershon savings\* may increase to 3% with a higher proportion being cash backed savings. Add to this the possibility of a tightening in the council tax capping level and we are likely to be facing a period of restricting financial resources. As is highlighted later on in this plan this is at a time when demands are growing.

### 2. Value for Money

We have a long track record of delivering efficiency savings. Over the last decade services have been required to deliver year on year efficiency savings of approximately 2.5%. However, with the tightening financial position it is essential that we deliver significant savings from an aggressive value for money agenda. A programme of value for money reviews has been identified with the expectation of identifying significant future savings.

### 3. Partnership working

The current national and local agenda is about new ways of working. It involves joining up service provision and support services to enhance the service, and cost effectiveness, to the customer. This partnership working is being driven forward through the introduction of the Local Area Agreement from April 2007 and the enhancement of two-tier working.

\* Gershon savings are efficiency gains of 2.5% a year all local authorities are expected to deliver over the period of the current spending review (2005/06 to 2007/08). Currently at least 50% of any efficiency gains must be cash backed.

## Our Priorities

Our long-term vision for Warwickshire sets out a focus for our services and acts as a reference point in the allocation of resources. The Corporate Business Plan 2007-2010 takes forward this focus and identifies actions and targets for the next three years to our key priority outcomes.

Our long-term vision for Warwickshire is “Working in Partnership to put Customers First; Improve Services and Lead Communities”.

Our top priorities in striving for our vision are:

- 1. Raising levels of Educational Attainment**
  - Focus on disadvantaged groups
  - Supporting schools to reduce the need for exclusions
  - Involve children, young people and families in shaping services
- 2. Caring for Older People**
  - Support independent living wherever possible
  - Maximise the well being and safety of people
  - Offer the choice and control of a range of services as close to home as possible
- 3. Pursuing a Sustainable Environment**
  - Implement a Climate Change Strategy
  - Improve the Waste Management approach
  - Address Transport needs and challenges

## Resourcing Our Priorities

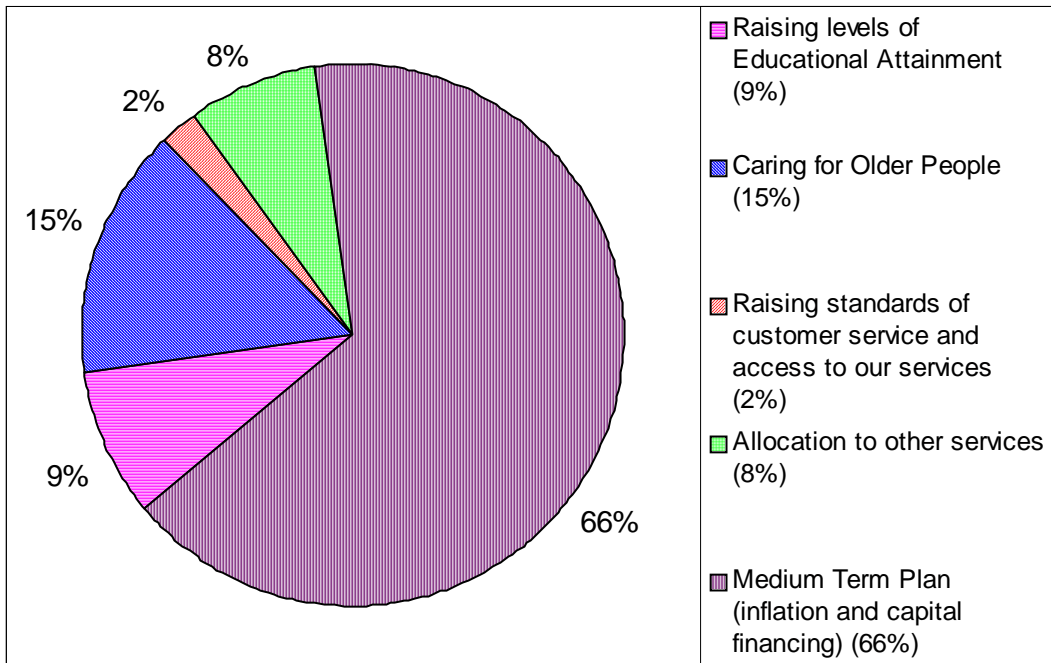
We recognise that the demand for more and better services will always outstrip the availability of additional resources to deliver them. In order for resources to be allocated to the areas of most priority, reductions from areas of lower priority have to be made.

In 2007/08 we plan to spend £848.4 million providing services and investing in our infrastructure. Much of this planned spending has been previously approved or is funded by government grants directed to specific services. However, as part of agreeing the 2007/08 budget £44.3 million of new allocations will be invested in our priorities.

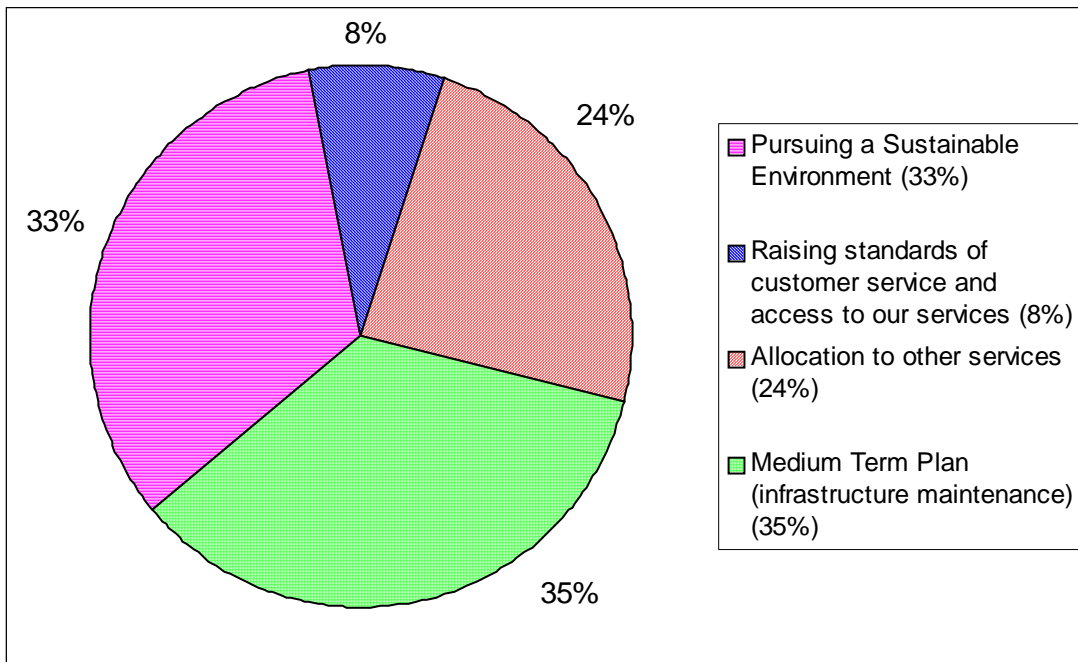
The type of investment will vary depending on the nature of the service. For example, our investment in caring for older people is mainly a revenue cost on the day-to-day provision of services, whereas pursuing a sustainable environment is about investing in our infrastructure over the longer term. Of the £44.3 million invested £28.6 million was revenue investment (of which £12.6 million is the increase in Dedicated Schools Grant (DSG) and £16.0 million net revenue allocations) and £15.7 million capital investment.

Diagrams 1 and 2 below show how the revenue (excluding DSG) and capital allocations in our 2007/08 budget demonstrate that resources are allocated to our priorities. The £12.6 million additional investment funded by the Dedicated Schools Grant was included in our Medium Term Financial Plan and will be invested in meeting our priority of raising levels of educational attainment.

**Diagram 1: 2007/08 Revenue Allocations – by Priority (excluding DSG)**



**Diagram 2: 2007/08 Capital Allocations – by Priority •**



We will use resource planning over the medium term as the tool that will help us manage competing priorities. Whilst it covers a three-year period, the Medium Term Financial Plan will be refreshed annually to reflect changes in the Corporate Business Plan and our priorities.

• The allocations shown here are those funded from borrowing. They do not include capital allocations funded by government grant or other third parties.

Our key mechanisms for resource planning include:

- Invest-to-save programmes that will generate long-term savings for the authority.
- Continuing to work closely with partners, in particular our district and borough councils, where we are committed to increasing efficiency and effectiveness by exploring shared services.
- Investigation of the opportunities to deliver savings through the implementation of the customer access strategy.
- A programme of reviews to improve the value for money provided by our services.
- Reducing Warwickshire's energy costs as part of our commitment to a sustainable development programme, reducing Warwickshire's overall carbon footprint.

## **Financial Strategy**

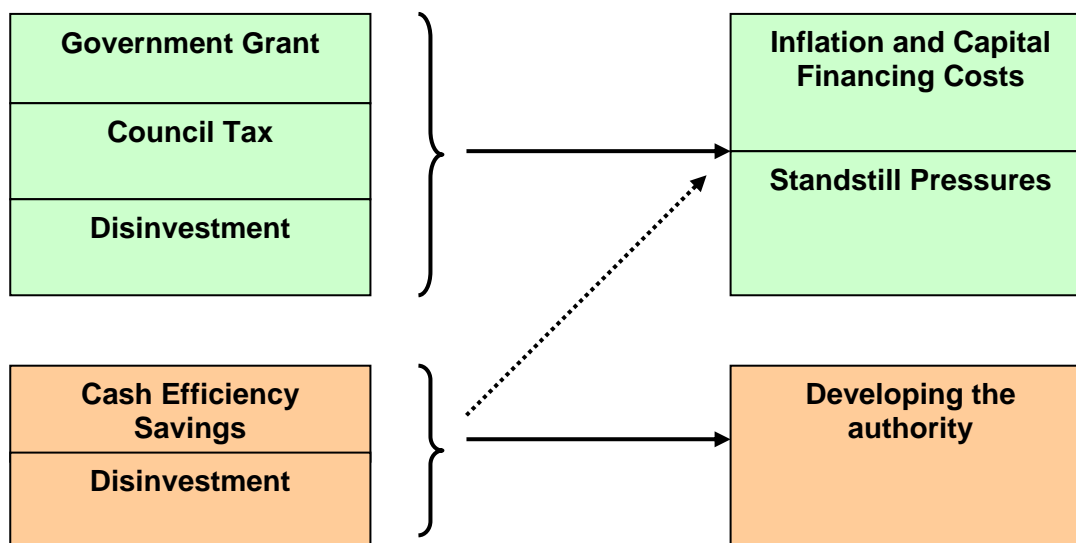
We have achieved sustainable revenue and capital budgets and a prudent level of reserves. Our approved Medium Term Financial Strategy is:

- Inflation and the corporate costs of capital will be funded from government grant and council tax income.
- The financing costs of a base capital programme to ensure the long-term maintenance of our asset infrastructure will be funded from government grant and council tax income.
- Any other spending pressures members deem to be unavoidable and wish to meet will be funded from the balance of council tax income and reducing investment in low priority services.
- Spending on schools and pupil related services will be guaranteed to the level of the Dedicated Schools Grant.
- New developments will be funded from efficiency savings (with a minimum of 2.5% cash savings generated each year) and any further reduced investment in low priority services.
- In setting the council tax increase in future years we will work within any guidelines issued by the government.

The medium term financial strategy is shown more clearly in Diagram 3 below.



**Diagram 3: Medium Term Financial Strategy**



The overall revenue position for the authority over the medium term, after applying the Medium Term Financial Strategy is shown in Table 1 below. This does not include any resources or spending commitments that may arise as a result of disinvestment.

<b>Table 1: Overall Predicted Council Revenue Position</b>		2007/08	2008/09	2009/10
		£m	£m	£m
<b>Resources</b>	Formula grant	75.826	77.722	79.665
	Council Tax increase (4.91% in 2007/08), 5% (2008/09) and 5% (2009/10)	204.838	216.122	227.608
	Reserves and balances	0.797	-	-
	Cash Efficiency savings (2½% each year)	-	6.291	6.490
	<b>Total Council Resources</b>	281.461	300.135	313.763
<b>Spending</b>	Gross spend	712.649	736.848	774.980
	Income from fees, charges & specific grants	(431.188)	(457.059)	(484.483)
	Inflation and capital financing costs		10.708	10.504
	<b>Total Net Spending</b>	281.461	290.497	301.001
<b>Net Available Resources</b>		<b>-</b>	<b>9.638</b>	<b>12.762</b>
Available to meet spending pressures in 2008/09			3.347	3.347
Available to meet spending pressures in 2009/10				2.925
Available to develop the authority			6.291	6.490

The financial strategy has been developed in order to manage both revenue and capital spending and to ensure that resources are directly linked to our priorities. The key elements of the strategy are as follows:

## Low Council Tax Levels

We have made a commitment to keep council tax levels at or below the government guidelines. To maintain council tax at this level means that we must exercise the strongest control over performance and expenditure. We have specific corporate processes designed to ensure that this control exists, ranging from corporate planning process to the corporate performance management framework. Based on current known government assumptions, indicative council tax levels of 5% for 2008/09 and 2009/10 have been assumed as a planning guideline for the next two years and these council tax levels have been built into the figures in Table 1. However, we will aim to set council tax below this level if possible.

If the 2007 Comprehensive Spending Review or other government announcements include different statements about guideline increases in council tax the figures in Table 1 will change. Each 1% variation in council tax increase results in about £2 million more or less resources.

## Bridging the Funding Gap

Sustainable funding provides a firm base for delivering consistently high quality services. It is important, however, to ensure that we spend our money on the services that our community tells us they most need. It is vital we are able to disinvest from services that are not important to our communities and invest in and protect those services that are.

Spending pressures of £4.713 million for 2008/09 and £5.991 million for 2009/10 have been identified to date. Spending pressures of this level are significantly higher than the level of resources available to meet such pressures, as shown in Table 1. We therefore have in place a range of strategies and programmes to allow us to bridge the funding gap.

These strategies/policies include:

- A commitment to working in a more efficient and effective way through our **New Ways of Working** programme, which draws together transformation activity across the authority which will change the way we work and make the organisation fit for purpose. The programme includes approaches ranging from culture change and capacity building to re-engineering.
- A value for money review programme (see separate section below).
- A corporate charging policy and review of all income streams.
- An urgent independent review of the Chief Fire Officer's medium to long term plans, and consideration of the options available for greater and closer collaboration with other authorities, to ensure the delivery of a resilient and cost-effective emergency response service across Warwickshire should be undertaken, to be reported in time for the 2008/09 budget formulation.
- A review of the provision of training and development across the authority and the hire of rooms for conferences, training and away-days, with a view to streamlining the service and costs over the medium term.
- A review of support services, with proposals to further reduce the cost of support services across the whole County Council.

It is expected sufficient savings will be identified, from these programmes and reviews, to bridge the funding gap and provide flexibility for investment in higher priority services.

### **Funding for Schools and Pupil Services**

Funding for schools and pupil services is primarily through a specific government grant called Dedicated Schools Grant. We are committed to funding schools up to the level of the grant received in any year. Any pressures to increase spending on these services above the level of the grant will be considered alongside all other spending priorities.

The expected level of grant to be received in 2007/08 is £268.437 million.

Looking forward in the 2007 Budget the Chancellor announced that Education spending nationally would rise from £60 billion in 2007 to £70 billion in 2010 and that from now until 2010 spending per pupil will rise by a further 20% (10% in real terms).

Whilst providing an overall picture, no indications of the likely level of the Dedicated Schools Grant in future years are yet available. Further detailed information about how much of this additional money will flow through to schools in Warwickshire is unlikely to be known until after the announcement of the results of the Comprehensive Spending Review expected in autumn 2007.

### **Key Financial Risks**

There are a number of uncertainties which may have an impact on the Council's financial strategy and for which no accurate estimates of future resource needs are yet known, including:

- **Waste disposal costs** – costs are set to rise significantly year on year and it is likely the council will have to spend significant amounts of money in the future on new and innovative ways of reducing and disposing of the County's waste.
- **Demographic growth** – Warwickshire has been classified by the government as a "rapid population growth authority". Inevitably this means increasing demands for services and hence increased costs. This is particularly acute in adult social care where the increased numbers of older people are forecast to mean increased costs of about £4 million a year.
- **2007 Comprehensive Spending Review** – Due to be announced in the autumn the Comprehensive Spending Review will provide details of medium term allocations of formula and specific grants (including Dedicated Schools Grant), likely capping levels, the level of efficiency gains the authority is expected to deliver on an annual basis and potentially a requirement to set the level of council tax over the medium term.
- **Lyons Report** – Sir Michael Lyons has undertaken a review of the functions and funding of local government. Although the recommendations have now been published, the speed at which they are progressed by the government will determine the significance of any impact on both the funding and responsibilities of the County Council.

### **Prudent levels of reserves, contingencies and balances**

We have built up our reserves and balances in line with the financial risk assessment undertaken by the Strategic Director, Resources. Our general balances are expected to be about 2% of annual net revenue spending over the medium term.

These balances allow us to deal with very unexpected financial shocks in a planned way, reducing the risk of service failure and reducing the cost of such shocks to the organisation. Balances will be maintained at least in line with the risk assessment throughout the medium term. We also have a process for managing service financial risks through the use of earmarked reserves and contingencies.

To pump prime investment in services that will deliver future savings we operate a Virtual Bank, whereby service can “borrow” money to be repaid, with interest, from future savings.

<b>Table 2: Forecast County Council Reserves and Balances as at 31 March</b>				
	2007	2008	2009	2010
	£m	£m	£m	£m
General Reserves	10.013	5.500	5.500	5.500
Earmarked Reserves	6.790	8.800	8.800	8.800
Schools Reserves	12.164	12.000	12.000	12.000
Insurance Fund	8.875	9.000	9.000	9.000
Virtual Bank	(3.796)	(3.675)	(2.600)	(2.000)
Capital Fund	1.060	0.500	1.100	1.100
<b>Total</b>	<b>35.106</b>	<b>32.125</b>	<b>33.800</b>	<b>34.400</b>

### Prudential Borrowing

We have over many years invested in assets that have a lasting value, for example land, roads, buildings and large items of equipment such as vehicles. Each year we need to spend more money to ensure our existing assets are still suitable for use in the provision of services and to invest in new assets to meet our changing needs and requirements.

Our Capital Strategy sets out a framework of how we aim to use our capital resources to invest in assets with a lasting value, ensuring all investment decisions maximise the benefits to the people of Warwickshire.

The level of planned capital investment is partially determined by the level of resources available.

- All directorates are encouraged to look for external funding prior to bidding for corporate resources.
- We continuously monitor and review our property portfolio to ensure we make the best use of the capital value tied up on those assets, taking decisions on the disposal of assets where and when it is in our best interest to do so. Any decisions made are in accordance with our Corporate Property Strategy and Capital Receipts Strategy.
- We borrow money for investing based on a set of principles called prudential guidelines. These include an assessment of affordability, efficiency, sustainability and investment returns. Our prudential guidelines are continuously monitored and agreed annually as part of the Treasury Management Strategy. However, there is a tangible revenue cost to borrowing.
- Directorates can use their own resources for day-to-day spending to directly fund capital investment. We also encourage investment that will result in savings or generate additional income in the future.

- We operate within a set of corporate performance standards that seek to regulate quality, equal opportunity, competition, sustainability, economic regeneration and a whole life-cycle costing approach to our capital investment decisions.

Table 3 below sets out our current approved capital programme for the next three years.

<b>Table 3: Approved Capital Programme</b>			
<b>Service</b>	<b>2007/08 £m</b>	<b>2008/09 £m</b>	<b>2009/10 £m</b>
<b>Capital Resources</b>			
Borrowing	47.165	23.389	25.340
Capital Receipts	26.236	10.361	-
Grants and External Contributions	61.021	30.197	5.523
Revenue	1.378	1.184	1.138
<b>Total Capital Resources</b>	<b>135.800</b>	<b>65.131</b>	<b>32.001</b>
<b>Capital Spending</b>			
Adult, Health and Community Services	3.518	0.958	0.300
Children, Young People and Families	44.294	10.967	0.439
Community Protection	2.935	1.268	1.308
Environment and Economy			
• Transport	48.257	43.849	21.449
• Waste Management	9.288	-	0.760
• Regeneration and Economic Development	4.723	0.068	-
• Other, including Countryside and Rural Strategy	2.851	0.211	0.210
Performance and Development (access to services)	0.180	-	-
Resources			
• Information Technology	1.000	0.750	0.500
• Office Accommodation and Property	18.754	7.060	7.005
<b>Total Capital Spending</b>	<b>135.800</b>	<b>65.131</b>	<b>32.001</b>

The capital programmes for 2008/09 and 2009/10 above were approved by the Council in February 2007. The future years programme will be further enhanced by:

- Additional externally funded schemes for transport and other services
- Additional government funded education and transport projects
- Projects approved in line with our medium term objectives
- Purchases of vehicles, plant and equipment funded from revenue budgets

## Guideline Revenue Allocations

The benefits of medium term financial planning in a financially constrained environment, as a key tool in aligning policy to resource availability and ensuring value for money in the delivery of services, are not only relevant for the whole authority, but apply equally to individual services. Cascading the overall predicted revenue position down to directorate level improves the ability of services to plan and develop over the medium term.

The Medium Term Financial Strategy would give minimum guideline allocations for individual services as set out in Table 4 below. At this stage the 2.5% efficiency savings are not allocated to Directorates. Any efficiency savings target assigned to an individual Directorate would be a reduction in the guideline allocation.

<b>Table 4: Directorate Guideline Medium Term Allocations</b>			
<b>Service</b>	<b>2007/08 £m</b>	<b>2008/09 £m</b>	<b>2009/10 £m</b>
Adult, Health and Community Services	100.021	102.077	104.256
Children, Young People and Families	65.607	66.933	69.421
Community Protection	21.433	21.716	22.307
Environment and Economy	38.644	40.446	42.618
Performance and Development	11.153	10.903	11.180
Resources	16.207	16.814	17.189
Other Services	27.396	31.608	34.030
<b>Directorate Total</b>	<b>281.461</b>	<b>290.497</b>	<b>301.001</b>
Unallocated Resources			
Available to meet spending pressures in 2008/09		3.347	3.347
Available to meet spending pressures in 2009/10			2.925
Available to develop the authority	-	6.291	6.490
<b>Authority Total</b>	<b>281.461</b>	<b>300.135</b>	<b>313.763</b>

Notes:

1. The costs of services provided by one Directorate to another are shown in the guideline allocation of the Directorate undertaking the spending.
2. The unallocated resources figures assume a 5% increase in council tax in 2008/09 and 2009/10. Each 1% variation in council tax increase from this would increase/decrease the available resources by about £2 million.
3. The figures for unallocated resources assume the delivery of cash efficiency savings of 2½% of the budget.

## Value for Money

We have been successful in recent years in dealing effectively with increasing demands for services whilst at the same time driving up performance in our key services and hence improving value for money. Our capacity to reprioritise resources is constrained by the ring fencing of the budget for schools and pupil services that represents half our revenue spending. It is against this backdrop of increasing demands for services in the context of a constrained budget that we have worked creatively to secure value for money.

Whilst we strive to deliver high quality services, which are recognised by local residents as value for money, the government also currently requires us to make 2.5% efficiency gains annually. These are represented in the Annual Efficiency Statement and since the requirement was introduced in 2005/06, the Council has delivered, proportionately, the 6th highest efficiency gains out of all shire counties.

### What do we mean by value for money?

We have a statutory duty to deliver best value in the provision of our services. We aim to achieve value for money by efficiently delivering effective and economic services to our citizens. These are services that meet the needs of the population and our priorities and are delivered to the right place, for the right price, at the right time.

## **Objectives**

We will remain a cost effective, high performing council that spends its taxpayers money wisely by:

- Maintaining a clear focus on our citizens' priorities
- Working "smarter" and making the best use of new technologies to improve services whilst reducing costs
- Actively managing procurement across the organisation
- Driving out efficiency savings and making the best use of our assets to further invest in our priorities
- Working through an efficient organisational structure
- Making appropriate use of management systems e.g. risk management, performance management
- Ensuring we recruit the right people and retain and develop their skills
- Working with partners to achieve economies and deliver more efficient and effective services
- Actively pursuing external funding to contribute to the delivery of our priorities
- Achieving public confidence in our prudent financial management, service delivery and corporate governance through positive external audit and inspection feedback, and
- Maintaining a level of council tax such that the public feel we make good use of the money we spend and it reflects the quality of services they receive.

## **Delivering Value for Money**

We have a comprehensive range of approaches to promoting and delivering our value for money objectives which provide a degree of challenge and ensure that value for money is at the forefront of everything we do.

We assess the value for money of our services in three ways:

- The cost vs. performance analysis of services using spend per head and performance across all BVPIs, and those included as corporate headline indicators, relative to all shire counties
- A review of the Audit Commission Value for Money Profiles, and
- An analysis of spend per head compared to shire counties showing performance relative to the median and the upper and lower quartiles

This assessment reflects the absolute position at any point in time and, as far as possible, the trends over recent years.

The result of this analysis is a programme of value for money reviews. These are being undertaken to generate cash savings to increase the resources available for direction to our priorities over the medium term. The reviews to be undertaken in 2007/08 are:

	<b>Review</b>
<b>Wave 1</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Libraries</li> <li><input type="checkbox"/> Children and Families Services (including non-school education as a separately identified element)</li> <li><input type="checkbox"/> Economic and Community Development</li> <li><input type="checkbox"/> Support Services (information gathering and activity analysis)</li> </ul>
<b>Wave 2</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Trading Standards</li> <li><input type="checkbox"/> Culture and Heritage</li> <li><input type="checkbox"/> Support Services 1 (cost cutting proposals)</li> <li><input type="checkbox"/> Support Services 2 (cost cutting proposals)</li> </ul>

Once these reviews have been completed the annual update of our value for money assessments will determine those services to be included in the review programme in future years.

### **Responsibilities for Value for Money**

The responsibility for delivering value for money lies with all members and staff and is not restricted to those with resource or financial management responsibilities. Responsibility for value for money is devolved to an appropriate level and the responsibilities of Members are set out in the terms of reference for both the offices they hold and the committees and panels of which they are members. The Strategic Director, Resources is responsible for reviewing the Value for Money strategy on an annual basis and the methodologies to be used in consultation with Strategic Directors' Management Team prior to their approval by Cabinet.

### **Partnership Working**

We see effective partnership working as the key to tackling many of the challenges facing the County. Whilst most parts of Warwickshire can properly be seen as being relatively prosperous, there are many residents living in both urban and rural areas who experience significant levels of deprivation. These complex issues cannot be addressed by any one agency working in isolation and demand joined up and focussed delivery through partnership.

### **Warwickshire Local Area Agreement**

In Warwickshire we aim to tackle those issues which have the greatest impact on the quality of life of local residents through our Local Area Agreement. We intend that the continued development of the Local Area Agreement will start off a longer-term continuous process of improvement that will bring greater benefits to Warwickshire people and communities year-on-year. The outcomes from our Local Area Agreement focus on those that are best delivered through partnership approaches and the link to the medium term financial plan ensures there are sufficient resources in place to deliver the outcomes.

The level of pooled and aligned funding directed towards the delivery of the Local Area Agreement outcomes is £53.931 million in 2007/08. This is shown in Table 5. Of this £21.465 million are resources the County Council has committed to pool/align to deliver the agreed outcomes. The Local Area Agreement is a fluid and responsive document, subject to on-going review. We would expect to see increasing levels of funding directed through the Local Area Agreement as it develops over the medium term.



<b>Table 5: Resources included in the Local Area Agreement in 2007/08</b>			
LAA Functional Area	Pooled Funding £m	Aligned Funding £m	Total Funding £m
Children and Young People	7.376	11.923	19.299
Safer Communities	0.767	4.813	5.580
Stronger Communities	-	0.266	0.266
Healthier Communities and Older People	-	4.645	4.645
Economic Development and Enterprise	-	22.323	22.323
Climate Change and the Environment	1.118	0.700	1.818
<b>Total</b>	<b>9.261</b>	<b>44.670</b>	<b>53.931</b>

Note:

1. These are the levels of pooled and aligned funding included in the LAA as currently approved. As figures are refined during 2007/08 and the confidence in delivering improvements in services through the LAA structures grows it is expected these figures will increase.

### Enhanced Two-Tier Working

To build on the partnerships emerging through the development of our local area agreement we are committed to moving forward with enhanced two-tier working in Warwickshire. Based upon robust business cases plans demonstrating that partnership outcomes will be attained we are committed to pursuing:

- A set of integrated front door access arrangements for all our services.
- A shared back office service solution between as many public agencies and local councils as possible.
- The joining up of services locally to ensure greater accountability at all levels.
- The integration of services delivered to the public across organisational boundaries.
- The integration of plant, equipment and building solutions across the public sector bodies is a "given".
- The use of an integrated Workforce Planning Strategy.
- Integrated governance arrangements for a range of place and people specific services, beginning with a number of pilots.
- Solutions that go across the county boundary in those areas where this would increase service efficiencies and enhance effectiveness.

We aim to begin working on those elements of the collaborative programme that have not yet started from April 2007. Alongside this work we aim to develop a collaborative financial strategy for the County to manage the challenges of the 2007 Comprehensive Spending Review.