Policy P601 - Strategic Financial Management - Preparation of Long Term Financial Plan

Responsible Business Unit/s	**Financial Services**
Responsible Officer	**Director Corporate Services**
Affected Business Unit/s	**All business units**

Policy Objectives

As a part of its responsibilities under the Integrated Planning & Reporting Framework, the City prepares a 10 year Strategic Community Plan, 4 year Corporate Business Plan, 10 year Asset Management Plan and 4 year Workforce Plan. To enable it to effectively and sustainably match its financial capacity with the strategic intent suggested by these planning documents, the City also prepares a 10 year Long Term Financial Plan (LTFP).

Best practice in financial management suggests that there should be a clear articulation of the different but complementary roles of Council Members and the Administration in the process by which this key financial document is prepared and integrated. The output of this process should be a transparent, responsible and well co-ordinated approach to the sustainable management of the City's financial resources.

Policy Scope

This Policy applies to Council and Officers.

Policy Statement

The LTFP provides a broad strategic overview of where the City's financial resources may be directed over the next ten years. It plays an important role in linking the City's organisational and financial capacity with its agreed strategic direction. The LTFP is to be compiled in accordance with the Department of Local Government Guidelines using a 'nature & type' classification to permit managerial and reporting comparisons between strategic objectives, budgets and actual performance.

Effective development of high-quality financial plans requires the complementary participation of stakeholders within and external to the organisation.

The principles underlying the development of this key financial document are:

- Reflecting close alignment with strategic objectives.
- Emphasising value for money and positive community outcomes.
- Responsibly balancing competing projects against limited financial and other resources.

- Developing plans which are financially, socially and environmentally sustainable.
- Having due regard to the City's ongoing financial sustainability and the impact of decisions on the Key Financial Indicators (ratios) that are used to measure local government sustainability.

The principal focus of Council in the process is strategic and to ensure alignment between the City's identified Integrated Planning & Reporting Framework documents (and the identified and agreed strategic direction indicated therein). Such deliberations are to be governed by the principles contained in the City's guiding documentation with the over-riding consideration being the benefit of the wider community.

The City's financial planning horizon should always be ten years or greater. Financial planning or budgeting activities should not be regarded as a series of adjacent one-year horizons. All significant financial decisions (including changes to staffing and initiation of capital projects) should be, where practical, evaluated over long term financial horizons.

Primary responsibility for determining the detailed line items to be included in the key financial documents resides with the administrative staff who are to give due consideration to strategic alignment, responsible budget constraints, community views expressed through appropriate community consultation, cash-flow implications and statutory requirements.

A full review of the City's LTFP will be undertaken in the year immediately after the adoption of the major review of the Strategic Community Plan, which occurs every 4 years. To allow all participants to have an opportunity to share an informed understanding of the process, the underlying principles and assumptions and aggregated financial summaries, a series of Council and Management Briefings will be held during the development of the Long Term Financial Plan.

Once adopted, the LTFP, assumptions and principles together with the aggregate financial estimates disclosed therein are to provide the framework that guides the preparation of the Annual Budget.

Updates to the Long Term Financial Plan and Corporate Business Plan are to be formally presented to Council for consideration on an annual basis.

Legislation/ Local Law Requirements

Local Government Act 1995
Local Government (Financial Management Regulations) 1996

Other Relevant Policies/Key Documents

Integrated Planning & Reporting Guidelines
City of South Perth Strategic Community Plan
City of South Perth Corporate Business Plan
City of South Asset Management Plan
City of South Workforce Plan
City of South Perth Information Technology Strategic Plan
City of South Perth Workforce Plan