

Policy P601 Preparation of Long Term Financial Plan & Annual Budget

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 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.

Local Governments are also required to prepare an Annual Budget in accordance with relevant statutory requirements each year. 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 these key financial documents are 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 all business units.

Policy Statement

The Long Term Financial Plan 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 Long Term Financial Plan 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 complimentary participation of stakeholders within and external to the organisation.

The principles underlying the development of these key financial documents 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 budget decisions on the Key Financial Indicators (ratios) that are used to measure local government sustainability.

The principal focus of Council Members in the process is 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 Code of Conduct with the over-riding consideration being the benefit of the wider community.

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.

In recognition of the integral role which community consultation plays in the local government process, the views of the community obtained through statutory consultation, community surveys or other appropriate consultation mechanisms throughout the year are to be taken into consideration in determining the direction of the Long Term Financial Plan and Annual Budget.

Once adopted, the Long Term Financial Plan and aggregate financial estimates disclosed therein are to provide persuasive guidance in the preparation of the Annual Budget.

To allow all participants to have an opportunity to share an informed understanding of the process, the financial parameters and aggregated financial summaries, a series of Council Members and Management Briefings will be held during the development of the Long Term Financial Plan & Annual Budget.

No formal decisions will be taken at these concept briefing sessions – the emphasis is entirely on sharing information and understanding. All decisions are to be taken at formal meetings of Council properly convened in accordance with the Local Government Act.

To ensure the effective and timely co-ordination of the key corporate planning and financial documents, a Financial Planning Timetable is to be presented by the Director Corporate Services at the commencement of the process each year.

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

P604: Use of Debt as a Funding Option

DC601: Preparation of Long Term Financial Plan, Annual Budget & Annual Financial Report