



FINANCIAL STRATEGY

LIVE
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WORK
INVEST
VISIT

Version control

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Governance Committee	Policy and Strategy	date approved	
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Strategic Alignment

The Financial Strategy is pivotal in ensuring we have strong financial governance and robust, affordable and sustainable financial plans underpinning all Council priorities.

Consultation and Distribution Record

Consultation Process	Insert presentations made, surveys carried out etc	
Stakeholders	Contacts identified for each service	
Distribution	Corporate Management Team	

Change record

Date		Author	
Change made			

foreword

I am delighted to present the Financial Strategy for North Lanarkshire. For the first time, the strategy brings together separate but related plans and policies to deliver a one council approach to ensure we continue on our route to inclusive growth.

The strategy sets out the framework for sound financial governance, planning and management to support the objectives of the Plan for North Lanarkshire. This Strategy will ensure an integrated approach to robust financial planning which is critical to manage the scale and pace of the Council's ambitions for North Lanarkshire to be the place to live, learn, work, invest and visit.

Councillor Burrows

Convener of Finance and Resources Committee

introduction & context

1. Introduction and Background

- 1.1. This Financial Strategy sets out the overarching framework for financial governance, planning and management. The strategy outlines the approach to ensuring financial planning is fully integrated with the principles of We Aspire and objectives of The Plan for North Lanarkshire and programme outcomes. The aim is to ensure robust, affordable, sustainable and best value financial plans are developed to support decision making and prioritise the use of available resources.
- 1.2. The strategy sets out the responsibility for safeguarding public funds within North Lanarkshire Council, and the role of the Section 95 Officer, as set out in the Local Government (Scotland) Act 1973 and defined by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.3. Local Government continues to face an increasingly complex range of challenges and continuing pressure on finances including reduced funding, increased cost pressures and increased but competing demand for services. In addition it faces challenges arising from external factors including withdrawal from the EU. Therefore the financial strategy details how the Council plans to ensure sound financial governance and sustainable financial planning underpinning service delivery to meet the objectives of The Plan ambitions and transformation agenda – One Place-One Plan; A shared ambition for inclusive growth for all – where North Lanarkshire is the place to Live, Learn, Work, Invest, Visit.
- 1.4. The Strategy specifically directs;
 - Financial governance regulations
 - An integrated and holistic approach to financial planning of service delivery outcomes through robust Revenue, Capital and Treasury Management Strategies and policies, to support the Council's holistic approach to deliver the Plan for North Lanarkshire and associated Programme of Work

2. Local Government Finance

- 2.1. The relationship between the Scottish Government and Local Government changed in 2007 with the signing of the Concordat. This set out the terms of the relationship between central and local government and highlights that it is the responsibility of each local authority to allocate the total financial resources available to it (excluding ring-fenced resources) on the basis of local needs and priorities having first fulfilled its statutory obligations in addition to jointly agreed national and local priorities.
- 2.2. Following the announcement of the UK Budget, the Scottish Government set its own budget and publishes the Local Government Finance Settlement, which details the funding available to all 32 Scottish local authorities.
- 2.3. Approximately 80% of the Council's budget is supported by Aggregated External Finance (AEF) from the Scottish Government. This includes general revenue grant, specific grants and Non Domestic Rate income. The remaining 20% is made up from Council Tax and other Council sources of finance e.g. fees and charges.

3. Role of Section 95 Officer

- 3.1. Section 95 of the Local Government (Scotland) Act 1973 states that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs. This officer is known as the Section 95 Officer or Chief Finance Officer (CFO). Within North Lanarkshire Council, this responsibility lies with the Head of Financial Solutions.
- 3.2. The CFO is ultimately responsible for ensuring sound financial governance including the development and maintenance of internal financial controls and processes. Part VII of the Act sets out the requirements for Local Government Finance including: Funds, revenue and expenses; Accounts and Audit; Rating and Rate Rebates; Valuation, amongst other areas. The CFO is also responsible for ensuring robust professional financial advice to the Council and politicians, on all aspects of the Council's finances.
- 3.3. CIPFA's Statement on the Role of the CFO in Public Service Organisations sets out 5 overarching principles based on good practice and regulatory requirements in addition to professional accountancy bodies' codes of ethics and professional standards. These key principles are laid out below and reflected in the Head of Financial Solutions role and in the key financial strategies as outlined in section 5.

CIPFA Statement on the role of the chief financial officer (CFO) in public service organisations

The CFO in a public service organisation:

1. is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest
2. must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy
3. must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

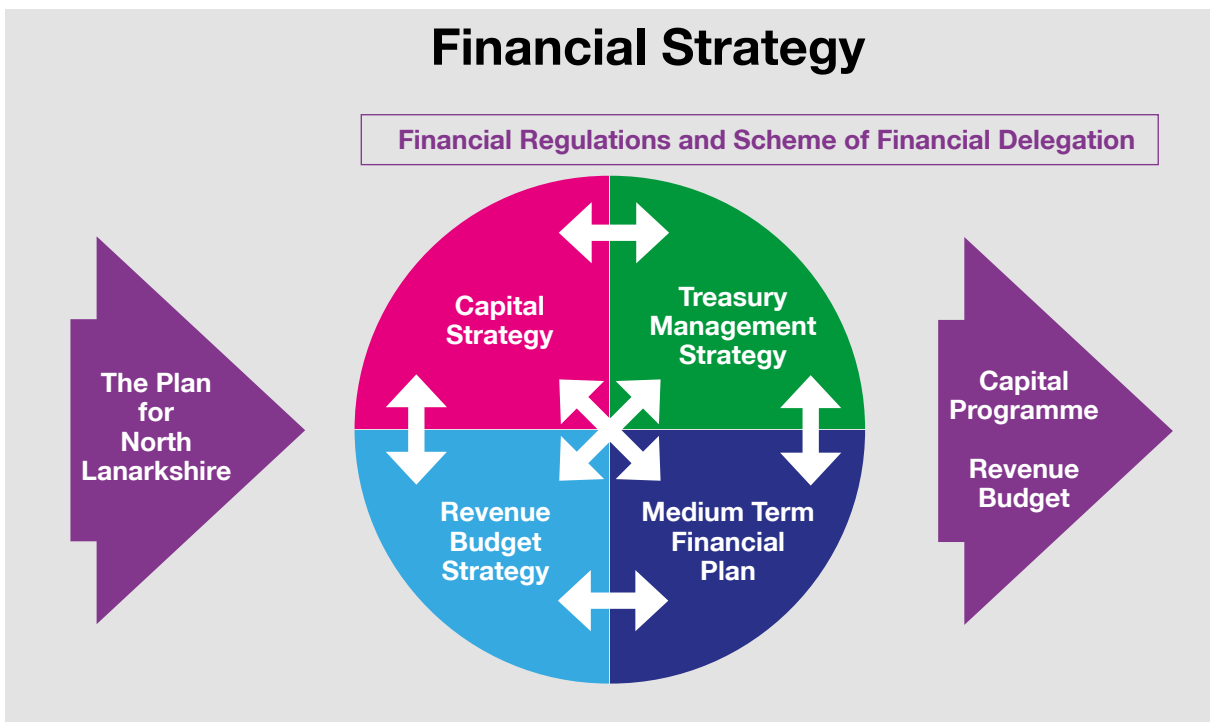
To deliver these responsibilities the CFO:

4. must lead and direct a finance function that is resourced to be fit for purpose
5. must be professionally qualified and suitably experienced.

Source: CIPFA | The Role of the Chief Financial Officer in Local Government

4. Strategic Approach to Financial Planning & Budgeting

- 4.1. As a result of the financial challenges facing Local Government and the scale and pace of the Council's ambitions, effective commitment and leadership in ensuring integration of Council planning and financial planning is critical. Robust financial strategies ensure Council planning priorities are aligned with the medium-term financial plans. A holistic approach to planning and budgeting will ensure robust, affordable and sustainable financial plans underpin Council planning priorities and will ensure finite resources are managed to maximise priority outcomes.
- 4.2. The key financial strategies underpinning the Council's approach to financial planning include the Revenue and Capital Financial strategies and associated financial plans, which are supported by the Treasury Management Strategy.





- 4.3. Longer term revenue planning has been an integral part of financial planning within the Council for some time. This enables the Council to provide a solid foundation for financial planning over an extended period and ensures the Council administration is provided with a sound platform for forward planning. The cost modelling undertaken and the assumptions made need to be reviewed annually to ensure plans reflect latest political, social and economic factors and their impact on demand for services, resources, other cost pressures and financial settlements.
- 4.4. Following the Scottish Government's announcement to provide three year financial settlements from 2019/20, the Council plans to develop and implement a three year revenue budget, which will aim to give increased certainty over the planning period. To ensure a more robust and sustainable approach to financial planning a Revenue Budget Strategy is being developed. This will provide a framework and a strategic approach to budget setting, which will enable robust and sustainable delivery of efficiencies, savings and potential growth reflecting current ambitions to generate funding for the Community Investment Fund. The strategy will also ensure better integration and a more holistic approach to delivering the Council priorities and programme of works supporting the Plan for North Lanarkshire.

5. Strategies and Policies

5.1. The financial strategies and policies which ensure the effective financial governance, planning and management are outlined below along with timescales for further review and development.

STRATEGY	PURPOSE	REVIEW FREQUENCY
<p>Financial Regulations & Scheme of Financial Delegation</p> <p><i>Currently Available</i> https://www.northlanarkshire.gov.uk/index.aspx?articleid=33983</p> 	<p>Financial Regulations are an integral part of the Council's framework of internal financial controls, which are designed to ensure the effective stewardship of North Lanarkshire Council funds. Compliance with these regulations ensure that public money is safeguarded and properly accounted for, and all Council financial transactions undertaken in a manner which demonstrates openness, transparency and integrity. The Council's system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Managers within the Council are responsible for undertaking the development and maintenance of the system. In addition, the Council has designated the Head of Financial Solutions as the officer responsible for the proper administration of the Council's financial affairs. The Scheme of Financial Delegation enables the Section 95 Officer to fulfil his/her responsibilities in the most effective manner, ensuring no ambiguity in relation to accountability by formally delegating operational responsibility. These regulations are the foundation for financial governance.</p>	<p>Annual – significant changes will be subject to Committee approval.</p> <p>Next Review: May 2020</p>
<p>Medium Term Financial Plan (MTFP)</p> <p><i>Currently Available</i> https://mars.northlanarkshire.gov.uk/egenda/images/att89232.pdf</p> 	<p>The MTFP sets out the financial challenges facing the Council and supports financial sustainability over an extended planning period. The financial plan reflects updates on internal and external factors including the social, economic and political environment, and the impact on demand for services and resources, other cost pressures and funding. Scenario planning to reflect risk ensures the plan ultimately forecasts the potential surplus or shortfall in funding over the planning period. This enables the Council to develop plans for use of surpluses or closing funding gaps to be addressed through the Revenue Budget Strategy.</p>	<p>Annual - 5 year rolling plan</p> <p>Next Review: September 2019</p>
<p>Revenue Budget Strategy</p> <p><i>Not currently available: Report to outline principles of the strategy to be reported to Policy & Strategy Committee, June 2019.</i></p> 	<p>The Revenue Budget Strategy currently under development will provide a framework and a strategic approach to budget setting, which enables robust and sustainable delivery of efficiencies, savings and potential growth reflecting current ambitions to generate funding for the Community Investment Fund. The strategy will also ensure integration and a more holistic approach to delivering the Plan for North Lanarkshire and associated programme of work.</p>	<p>Annual - significant changes will be subject to Committee approval.</p> <p>Next Review: Ongoing</p>

<p>Treasury Management Strategy</p> <p><i>Currently Available</i> https://mars.northlanarkshire.gov.uk/egenda/images/att90093.pdf</p>	<p>The Treasury Management in the Public Services Code of Practice requires the Council to produce and report Treasury Management policies, practices and activities on a regular and ongoing basis. This encompasses the preparation and approval of an Annual Strategic Plan, which defines the arrangements for managing the Treasury Management function. The Strategy covers the Council's debt and investment projections; expected movement in interest rates; borrowing and investment strategies; Treasury Management performance indicators; and sets specific limits for treasury management activities.</p>	<p>Annual</p> <p>Next Review: January 2020</p>
	<p>The Prudential Code for Capital Finance in Local Authorities and good financial management practice requires Councils to produce a Capital Strategy. The Capital Strategy ensures the Council takes capital expenditure and investment decisions in line with the Council's priorities, service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. In addition, the strategy outlines the approach to capital funding including recognising opportunities for collaborative working or alternative funding initiatives whilst also highlighting the risks that may impact upon the Council achieving its aims and objectives for capital expenditure and investment. The Prudential Code requires that the Council's Capital Strategy be aligned with the Treasury Management strategy. Given the ambitious capital plans this strategy will continue to be reviewed as further plans are developed.</p>	<p>Annual - significant changes will be subject to Committee approval.</p> <p>Next Review: April 2020</p>
<p>Capital Strategy</p> <p><i>Currently available:</i> https://mars.northlanarkshire.gov.uk/egenda/images/att25717.pdf</p>		

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