

PRINCIPAL SCRUTINY COMMITTEE

12 January 2004

CABINET

14 January 2004

BUSINESS PLANS INFORMAL GROUP – RECOMMENDATIONS

REPORT OF BUSINESS PLANS INFORMAL GROUP – COUNCILLOR ALLGOOD

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RECENT REFERENCES:

PS51 – Business Plan Processes and Composition – 9 December 2002

PS66 – Interim Report – Business Plans Informal Group – 10 February 2003

PS103 – Business Plans Informal Group Progress – 6 November 2003

EXECUTIVE SUMMARY:

The Principal Scrutiny Committee set up an Informal Group to examine the Council's departmental business plans to see whether their format is appropriate and whether the plans are sufficiently robust.

This Informal Group has met on five occasions, studied the business plans themselves, interviewed several chief officers at both the City and County Councils, and received evidence from nearby local authorities. It requested officers to study the work of the County Council and of a nearby local authority.

The Group agreed a proposed format for the business plans and requested the Best Value Officer to draw up a sample business plan based on the proposed template for use by Winchester City Council. This was presented by the Best Value Officer and Principal Scrutiny Committee Chairman to the Corporate Management Team who have agreed the approach.

On the robustness of business plans, it is suggested that the appropriate Performance Improvement Committee examine each one in detail.

This report with several recommendations completes the work of the Informal Group and is submitted to the Cabinet for its consideration.

RECOMMENDATIONS:

That Principal Scrutiny Committee and Cabinet endorse the new Business Plans template.

OTHER CONSIDERATIONS:

11. CORPORATE STRATEGY (RELEVANCE TO):

- 11.1 'To raise performance standards in key areas of the Council's work to meet national standards and targets where these are set' *and* 'To deliver 'Best Value' in all our services.'

12. RESOURCE IMPLICATIONS:

- 12.1. None directly.

BACKGROUND DOCUMENTS:

Minutes of the Business Plans Informal Group:

7 January 2003

6 February 2003

13 October 2003

8 December 2003

APPENDICES:

A - Proposed Business Plan Template

BUSINESS PLANS INFORMAL GROUP – RECOMMENDATIONS

12 JANUARY 2004

Report Of Business Plans Informal Group – Councillor Allgood

1 Introduction

- 1.1 At its meeting on 7 October 2002 Principal Scrutiny Committee asked “that the Chief Executive provide a report on the processes and composition of departmental business plans to the meeting of the Committee on 9 December 2002 with a view to the Committee carrying out an in-depth review of the topic at a later date.”
- 1.2 At the meeting of 9 December the Chief Executive’s report was received (report PS51 refers).

2. Historical Background

- 2.1 The Chief Executive reported that the need for all departments to produce annual business plans, setting out service aims and specific objectives for the year and identifying the resources to deliver these, was recognised in the early 1990’s. At that time the annual corporate strategy that took the form of a corporate business plan was the only document to be produced.
- 2.2 In the late 1990’s the corporate strategy was reviewed. This led to the document being produced in its current form, setting out longer term aims as a broad vision for the District but not attempting to give any details of how these were to be achieved. There was no review of business plans at that time and this resulted in a substantial gap between the very broad aims of the corporate strategy and the detailed service objectives contained in departmental business plans.
- 2.3 The Local Government Act of 1999 placed a duty on the Council to produce an annual Best Value Performance Plan, containing information on the Council’s performance against key national and local objectives over the last year, and targets for improvement in future years. The new Best Value regime introduced additional audit arrangements to check both that the content of the Performance Plan met statutory requirements and also that the Council has systems in place to deliver improvements identified. This involved checks being made that departmental business plans were reflecting the overall strategic aims of the Council and the targets set in the Performance Plan. This led to a review of the content of business plans in October 2001. (Reference CAB254 Linking Corporate Objectives to Business Plans).
- 2.4 That report found there was no corporate template for departmental business plans so that each department was able to adopt a form and style best suited to its work. There was however agreement for certain sets of information to be contained in each document. In practice two broad approaches started to emerge, one being used by the service departments and the other by support departments. It was also recognised that a separate Housing Revenue Account plan had to follow a prescribed format agreed by the Government of the South East.
- 2.5 At that time it was agreed that all business plans should include information on the following aspects of services:

- (a) Aims
- (b) Links to corporate strategy and corporate business plan
- (c) Performance in previous year
- (d) Best Value Performance Indicators
- (e) Local Performance Indicators
- (f) Equalities and Equal Access
- (g) Sustainability issues
- (h) E-governance
- (i) Comparisons
- (j) Consultation
- (k) Risk assessment and management of identified risks
- (l) Service improvements/targets

2.6 Since that time the Corporate Management Team added these requirements:

- (a) A resource statement, including details of budget, staff, building assets and use of IT.
- (b) A section on Sec. 17 of the Crime and Disorder Act – duty to take community safety into account in all activities.
- (c) A departmental training strategy and budget, incorporating an Investors in People commitment.
- (d) A programme of equalities reviews.

3. The Informal Group

3.1 At the meeting on 9 December 2002 Principal Scrutiny Committee studied the advice of the Chief Executive and decided to set up a Business Plans Management Informal Group.

3.2 Membership consisted of Councillors Allgood, Higgins, Hollingbery and Knasel.

3.4 The first meeting was held on 7 January 2003 and the following terms of reference were agreed:

To review

- The value of Business Plans to the work of the Council.
- Current methodology of the composition of the departmental business plans.
- Their links to corporate strategy and performance plan.
- Their overall achievability.
- Their style and how they are best communicated – particularly to Councillors, and
- Their overall value to the taxpayers of the District.

4. Work Programme

4.1 The group met on the following occasions:

- 22 January 2003
- 6 February 2003

It then presented an interim report to Principal Scrutiny Committee on 10 February 2003 (report PS66 refers).

- 4.2 Following the local elections of May 2003, the group was reconstituted with the following membership:

Councillors Allgood, Hollingbery, Knasel and Steel.

- 4.3 The group met on the following occasions:

- 13 September 2003
- 13 October 2003 and
- 8 December 2003

It was assisted at its October and December meetings by Ian Smith, Best Value Officer.

5. Evidence

5.1 Corporate Support Officer

- 5.1.1 Jacky Adams reminded members of the processes of how various requirements and documents are drawn together to a comprehensive system of performance management. This had been set out in report PS51. This process followed a pattern from the 'top' broad strategic plans (i.e. the evolving community strategy) down to the individual targets as monitored by departmental managers. She advised that the Performance Plan contained statutory elements unlike the Business Plans.

- 5.1.2 Members were reminded that Business Plans were approved by the CMT and then by Cabinet in March for publication in the new financial year.

5.2 Director of Finance

- 5.2.1 Sheila Boden explained how the Finance Department Business Plan was compiled.

- 5.2.2 The following points were made:

- Management staff compiled the Finance Department Business Plan as a working document and as a tool for members of the relevant Performance Improvement Committee (Central Services). Cabinet members would also look for links with the corporate strategy and the Budget Book. The Business Plan was essentially a control and monitoring document that was also intended to be a part of the staff appraisal process. It was not intended that the Business Plan would be a document for the general public.
- Not all the 60 plus objectives in the Business Plan were measurable. However some of the key tasks especially those in Revenues and Benefits were monitored. The Chief Executive also sets individual targets for directors that did not necessarily appear in the Business Plan.
- There are no strict statutory elements of the business plans apart from the Housing Revenue Account plan. Finance was expected to demonstrate compliance with criteria set by the Department of Work and Pensions.

- The possibility of a corporate format for plans was noted. There were already some common elements in the various plans, especially in core values.

5.3 Director of Health and Housing

5.3.1 Bob Merrett made the following points along with Richard Botham, the Head of Business Services:

- The Business Plan is considered as mainly an officer working document although it was appreciated that the Member audience was also relevant. The use of Business Plans as a tool for Members was now more implicit as the Performance Improvement Committees required more formal monitoring. Priorities for the year were set out in the plan.
- Key business objectives were broken down into service summaries and were reflective of the diversity of the department.
- The style of the General Fund Business Plan had been formulated over an evolutionary period and compiled through a corporate group of officers. Service summaries had been included to assist staff as well as reflect the changes to the committee structures and portfolios.
- The plans perhaps did not relate to the budget book enough.
- There were no clear links between the performance plan and the budget book due to the timing of the approval and publication of the two documents.
- The appraisal process additionally fed the business planning process.

5.4 Director of Development Services

5.4.1 Denice Prestidge, Business Planning Manager, made the following points in answer to various questions:

- The Business Plan's Service Summaries provide a more detailed level of business planning for each of the Department's services, which can be large or quite small services between 40 and 3 members of staff. The service summaries are used both as a management tool and for staff communication (for example, to assist with the appraisal process).
- The main Business Plan document is more strategic in focus.
- It was accepted that a weakness of the business plan was that it was not as closely related to the budget process as it could be.
- Although it was appreciated that business plans should be 'rolling' documents, it was agreed that there should still be definite cut-off dates, specifically for targets.
- The department's training plan was included in the 2002-3 business plan to assist in preparation for Investors in People.

5.5 Hampshire County Council Business Planning

- 5.5.1 Jenny Heath presented to the group the background of corporate business planning that had been identified as requiring improvement following the recent Best Value audit and Comprehensive Performance Assessment and the processes for their revision.
- 5.5.2 It was pointed out that Members of Hampshire County Council were involved more with strategic issues than the micro management detail of resources. County's service plans appeared as enacting documents for staff with this clear specific audience in mind. County Members did not use them in their day to day work as councillors.
- 5.5.3 In its recent review of business planning the County Council:
- Developed a good practices template for business planning under CPA
 - Compared the authority's existing guidance against the template
 - Appraised seven business plans at department and unit levels
 - Summarised our findings and recommendations.
- 5.5.4 All plans contained some elements of good practice but the format and quality of the plans revised differed widely. Specific findings were:
- Links between plans and budgets could be better
 - Limited involvement of external stakeholders and staff in business plans
 - Lots of data about progress but less analysis and synthesis of key issues
 - No real sense of how big the challenge that is faced by the service
 - Too much emphasis on detailed actions and not enough on priorities.
- 5.5.5 The County Council decided that to improve the processes for business/service planning a practical approach was needed that would take account of the work already carried out by managers.
- 5.5.6 It was accepted that the terms business planning and service planning tended to be used interchangeably but interpreted differently. To achieve a common understanding it was agreed that:
- Business plans are the more detailed plans required by trading business units to show how resources are deployed to achieve a positive financial outcome.
 - Service plans identify priorities to deliver service improvements for customers.

5.5.7 Service Plan Content

5.5.8 It was agreed that every service plan will include a core of required information and may be supplemented by optional information. The style of the plans will provide a summary. The plans will be presented electronically to discourage the production of glossy publications that sit on the shelf and are seldom read. They would have direct links to the Corporate Strategy and provide evidence of how services will contribute to provide the basis for regular monitoring of progress against targets.

5.5.9 The plans would use clear and plain language, striking a balance between sufficient explanation to avoid ambiguity and lengthy explanations of process.

5.6.0 Questions that the process and the plan must address are:

- What are we trying to achieve?
- In what context? (external factors that influence outcomes)
- Where are we now?
- How will we go about it? (priorities, resources, investment)
- Action Plan (costs, duties, timescale and measurement).

5.6.1 The group was much impressed with the approach of Mrs Heath and her team and recommended to the Chief Executive that it would be worthwhile for a team of Winchester officers involved in business and service planning to meet County Council officers and report back on how the Winchester system could be improved along these lines.

5.6.2 The meetings duly took place and a report was received from the Best Value officer.

5.7 Best Value Officer

5.7.1 Ian Smith briefed the group on the activities of an officer group which had been looking at the review of Business Plans following the request from Principal Scrutiny to examine the effectiveness of the County planning process.

5.7.2 There was discussion on the key elements of a shorter business plan and the following were agreed as key elements:

- brief description of the service and its main purposes
- summary of core activities for the following year
- proposed improvements in the service
- main activities for the following year
- highest priorities for the service
- resource implications
- key performance indicators
- public consultation plans
- risks identified
- links to overall corporate objectives.

5.7.3 It was agreed that it would be sensible to test this on a department business plan. It was agreed that Community Services would be a good subject for such a test and

the Best Value Officer agreed to rework the current Community Services Plan to the new format.

- 5.7.4 This was presented to the group on 8 December 2003. Further suggestions were made to its layout to be implemented by the Best Value Officer in consultation with the Chairman of the Principal, Scrutiny Committee and senior management. The final version is attached as Appendix A.

6. Corporate Management Team

- 6.1 The Corporate Management Team has followed the debate initiated by Principal Scrutiny Committee on business plans.
- 6.2 On 4 September 2003 the CMT looked at this matter and accepted that Business Plans need to be shorter and sharper with the first part of the Plan setting the strategic and corporate context.
- 6.3 Following further meetings of the Business Plans Informal Group and the Best Value Officer, it was found that there was a great deal of common ground between what the member group and the officer group wanted to achieve. The Chairman of Principal Scrutiny Committee suggested to the Chief Executive that it would be valuable to obtain the views of the chief officers on the direction that is being proposed.
- 6.4 Accordingly the Chairman of the Principal Scrutiny Committee and the Best Value Officer were invited to attend the meeting of the CMT on 25 November 2003 to discuss how the matter could be taken forward.
- 6.5 It was agreed by CMT that the business plan would become a high level document which would be used by Members for performance monitoring. It was also agreed that detailed service plans would be produced as a management tool for departments. The period of time over which the service plans would be rolled out would be discussed separately.
- 6.6 It was agreed that the business plans would need to be finished by the end of February in order for the finalised budget to be incorporated into it. The business plans would then be presented to members for approval.

7 Written Evidence

7.1 East Hampshire District Council

- 7.1.1 The group requested copies of the business plans prepared by East Hampshire District Council and three were received, covering Planning Control, Housing Services and Financial Services.
- 7.1.2 The following points were noted:
- The plans ran to 13 pages on average.
 - They were written in clear language
 - They followed a common format.

7.1.3 The format consisted of the following sections:

- Brief description of the service and its purpose
- Summary of core services
- Proposed development and improvements
- Key Activities for the following year
- Service priorities
- Risk assessment Table
- Staff Development Programme
- Consultations
- Resources
- Key Performance Indicators

7.2 Test Valley Borough Council

7.2.1 Test Valley Borough Council was asked for a copy of its business plans and submitted a copy of its Planning Service Plan for 2002-6. This was a 16-page document with the following sections:

- Corporate Purpose, Values and Aims
- Corporate Programmes relating to Planning
- Planning Service Plan
- Management and performance
- Improvement Programme 2002/3

8. Provisional findings

8.1 An interim report was made to the Principal Scrutiny Committee on 10 February 2003 (report PS66 refers).

8.2 It was accepted that the seven business plans were currently in the process of being prepared for the following year and would be reviewed by the Corporate Management Team and by the Cabinet in the next few weeks. This process could not be delayed to await any proposals from the informal group. Any suggestions to be made could only be adopted for the following year (2004-5).

8.3 Nevertheless it was felt that there might be some ideas that could be put into effect immediately as part of the current planning process. Two ideas were suggested:

- An executive summary for Members
- Some improvements in the Budget Book.

8.4 Executive summary: The business plans are prepared by departments for several audiences. They are of great value to the managers in the departments and to the employees whose personal job objectives usually stem from what the department plan contains. There is a second audience – members of the cabinet who need a detailed review of each department and members of a Performance Improvement Committee who need a detailed document so they can identify areas for improvement. The documents were not thought to be helpful for most members of the Council.

8.5 The Group believed there would be value in a summary of the plans, concentrating on the most important priorities and objectives. This summary could be a two or three page document that covers the following:

- the key 6-10 objectives of the department for the following year, covering the most important things to be carried out.
- What resources the department needs to meet these objectives
- How the department monitors progress
- How these objectives can be measured.

8.6 The group recommended that such executive summaries should be prepared for each of the seven plans and that the seven summaries could be put together in a single document for use by Members.

8.7 Budget Book: It was recognised that the Budget Book is an important document for all members of the council, giving details of proposed expenditure for each activity. The figures for each activity are introduced by a short narrative. It was suggested that this section be expanded by adding a few sentences explaining what the key objectives of that service were for the following year. This suggestion was incorporated in the current Budget Book.

8.7 These two objectives were agreed by Principal Scrutiny Committee

9. Conclusions

9.1 The Group has identified the following problems with the Business Plans of Winchester City Council:

- The plans are very long and tend to get longer and longer each year. The seven plans for the current year run to 585 pages – an average of 83 pages for each plan. This is a great deal of information to be assimilated.
- There does not appear to be any consistency in the plans – no corporate approach or house style.
- They therefore give the impression that the seven business units tend to be run independently without a great deal of corporate unifying purpose.
- It is difficult for members to see what is of high importance and what is less important.
- There is no obvious link between corporate priorities and the business plans.

10. Recommendations

1. Business plans are needed for each department in order for the value of that department's work to the Council can be clearly seen and appreciated.
2. The current methodology of the production of the plans needs to be improved so that there is a similarity in approach between the plans. A corporate template is recommended that would contain the key elements of each business plan. These departmental business plans need to concentrate on key priorities and activities. They can be supported by detailed service plans to be used as a management tool for each department. The format should follow that used in the template attached as Appendix A .

3. The plans need to identify clearly how a department is going to contribute to the corporate priorities identified by the Cabinet.
4. There needs to be a clear link with the Best Value Improvement Plan of the Council
5. The draft business plan needs to be submitted to a Performance Improvement Committee before it is submitted to Cabinet so that the relevant PIC can test the robustness of the plans and the objectives.
6. Principal Scrutiny Committee should review the plans every November to see if there are any significant problems in meeting objectives.

OTHER CONSIDERATIONS:

11. CORPORATE STRATEGY (RELEVANCE TO):

- 11.1 'To raise performance standards in key areas of the Council's work to meet national standards and targets where these are set' *and* 'To deliver 'Best Value' in all our services.'

12. RESOURCE IMPLICATIONS:

- 12.1. None directly.

BACKGROUND DOCUMENTS:

Minutes of the Business Plans Informal Group:

7 January 2003

6 February 2003

13 October 2003

8 December 2003

APPENDICES:

A - Proposed Business Plan Template



Winchester
City Council

Principal Scrutiny Committee

Business **Plans** **Management**

12 January 2004

2004/05 Business Plan

DEPARTMENT NAME

1. Brief Description of the Service and its Purpose

Text

2. Links between services and Council strategic priorities

	Strategic priority	Departmental responsibility
1	Homes and environment	
2	Green agenda	
3	Social inclusion	
4	Customer service	
5	Economic prosperity	
6	Cultural and leisure opportunities	

3. **Summary of Core Activities for 2004/05**

Text

4. **Proposed Developments and Improvements of the Service 2004 to 2009**

Start Date	Proposed Development/Improvement	In Response To	Anticipated Outcome	Contribution to Corporate Objectives
2004/05				
2005/09				

5. **Service Priorities for 2004/05** *

No	Theme; Corporate Aim/Objective	Linked To	Activity	Objective(s)/Targets/PIs	Anticipated Outcome	Resources
1	Homes and environment					
2	Green agenda					
3	Social inclusion					
4	Customer service					
5	Economic prosperity					
6	Cultural and leisure opportunities					

* Corporate/crosscutting issues above the line, departmental issues below the line

6. Resource Implications

Text

2003/04 Revised			Service Activity	2004/05 Estimate			FTEs	Notes
Exp. £000's	Income £000's	Net £000's		Exp. £000's	Income £000's	Net £000's		
202.5	(203.5)	(1.0)		222.3	(222.3)	0.0	0.4	
552.7	(49.4)	503.3		577.8	(54.9)	522.9	5.1	
177.6	0.0	177.6		184.0	0.0	184.0	2.6	
14.1	0.0	14.1		17.4	0.0	17.4	0.0	
192.8	(193.0)	(0.2)		185.1	(185.1)	0.0	5.1	
1,139.7	(445.9)	693.8	Total	1,186.6	(462.3)	724.3	13.2	

7. Key Performance Indicators

Text

(Includes national and local Pls.)

8. Proposals for Public Consultation

Planned Research or Consultation	Completion date	Purpose	Use of Feedback	Outcome

9. Risk Management

Risk/Opportunity element	Area of risk	Initial risk rating	Action required	Controlled risk rating

Risk matrix

IMPACT					
Major	2	3	4	5	5
Moderate	2	3	3	4	5
Minor	1	2	3	3	4
Insignificant	1	1	2	2	3
PROBABILITY	Remote	Unlikely	Possible	Probable	Highly Probable