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To: Policy & Resources Cabinet Committee - 27 September
2012

Subject: Business Planning 2013/14

Summary: Following '*Change to Keep Succeeding*' KCC's business planning process is now co-ordinated by the Policy & Strategy Relationships team within Business Strategy. This report details changes made to the business planning process for 2012/13, as well as highlighting the proposed changes to the process planned for 2013/14 – the first planning year in which Cabinet Committee's will be part of the planning process.

1. Introduction:

- 1.1 Effective business planning is a pre-requisite for any organisation to ensure a clear focus on delivering agreed organisational priorities across both the medium to long-term and through more day-to-day activity.
- 1.2 The centralisation of support services as a result of *Change to Keep Succeeding* changed the way business planning is now conducted within KCC. Specific responsibility for co-ordinating the production and quality assuring annual business plans, before being approved by Cabinet, now sits with the Policy and Strategic Relationships Team in the Business Strategy Division.
- 1.3 However, it is important to note that the preparation of annual business plans themselves remains with individual Directorates/Divisions. Support is provided by the Policy & Strategic Relationships team to Directorate Management Teams (DMT) on business planning through the policy 'business partner' for each Directorate.

2. Business Planning Process 2012/13:

- 2.1 There were two significant changes to the business planning process in 2012/13:
 - a. Due to the significant number of restructures across the organisation in early 2012 and running into the 2012/13 financial year, business plans were prepared primarily at the Divisional level, as it represented

the most stable tier of management / structure across the organisation at the time. However, this did have the advantage of reducing the number of business plans from circa 46 when previously developed at Business Unit level, to 23 based on the new Divisions. However, this was only an interim decision and a commitment to review the granularity of business plans for 2013/14 was made by Cabinet in April 2012.

- b. The 2012/13 Business Plans were developed using a revised business planning template, based on the planning template used across Whitehall Departments. This was intended to ensure business plans were focussed on detailing the actions underpinning the delivery of priorities, identifying accountable officers for delivery, start and end dates for actions, setting out of milestones and performance indicators with more benchmarking and floor performance information to contextualise performance targets.
- 2.2 Much of the information regarding the historical and legal basis for services, as well as the detail previously included to satisfy the requirements of the Audit Commission Corporate Assessment was excluded from business plans in 2012/13. As a result, the 2012/13 Business Plans were significantly more streamlined than plans developed in previous years.
 - 2.3 Directors and Cabinet Members have been consulted on their views regarding the changes made in 2012/13. There is strong consensus that developing Member approved business plans at Divisional level has allowed a clearer focus on strategic priorities and activity across all parts of the organisation without creating huge documents that unnecessarily detail operational and technical issues.
 - 2.4 There was also a strong view that the revised plan template was more useful and more intuitive to use than previous business plans. However, there were a number of suggestions made as to how it might be improved going forward. These included:
 - a) A need to be able to track business activity indicators but not necessarily develop targets for activity indicators
 - b) Improve the way risk management and business continuity issues are reported
 - c) The need for Divisions to reflect forthcoming activity that may require 'corporate' services support – this will allow corporate support services (such as ICT, Property, HR etc) to better forecast and plan for service demand

3. Business Planning Process 2013/14:

- 3.1 The overall intention is to build on the business planning process for 2012/13 in 2013/14 with one very significant distinction. The creation of Cabinet Committees, with the resulting emphasis on pre-scrutiny, means that they must now be involved in the development of business plans before they are approved by Cabinet, as the approval of business plans

is an annual Key Decision. This is in contrast to previous years where business plans would be first approved by Cabinet in late March/early April, and then potentially called in for review through the scrutiny process.

Timetable

- 3.2 The result of the introduction of the Cabinet Committee system is to bring the timetable for the development of business plans forward so Committees have the opportunity to comment on draft plans before they are approved by Cabinet.
- 3.3 Whilst not an absolute requirement, ideally Cabinet Committees should discuss priorities for business plans in the November round of committee meetings so that services can take account of any views about how services need to develop in the light of known legislative and other external changes, as well as financial constraints. This might also be undertaken through, or linked to, the Budget IMG process where applicable.
- 3.4 Divisions will be required to share substantive, but still draft, business plans with Cabinet Committees at the January round of meetings as this is the last opportunity for Committee's to formally consider draft plans before approval by Cabinet. It is important to recognise that as draft plans not all activity for the forthcoming year may have been finalised by January and it will not be possible to include detailed financial information as the 2013/14 budget will not yet have been approved by County Council.
- 3.5 Corporate Directors, Directors and Cabinet Members remain responsible for overseeing the development of business plans, taking account of any advice or suggestions provided by their Cabinet Committee. The final business plans will be approved by Cabinet in March/April. A timetable setting out this process linking business planning to budget planning is attached at Appendix A.

Granularity

- 3.6 It is proposed that 2013/14 business plans should again be prepared at Divisional level, with the exception of ELS where, as was the case in 2012-13, the Corporate Director believes there is a business need for the plans to be at service level. Whilst undertaking business planning at Divisional level in 2012/13 was initially a temporary solution to accommodate restructures at the time, the advantages of developing plans at this level of granularity in reducing the overall number of plans whilst maintaining scope to be appropriate for Member approval is particularly beneficial.
- 3.7 Most Divisions have underpinning Service Plans and/or Team Plans which in turn inform the development of individual action plans and personal development plans for individual officers. The list of Business Plans to be approved by Cabinet, and considered by each Cabinet Committee, is set out in Appendix B.

Commercial Services

- 3.8 Commercial Services link to the annual business planning cycle has often been complicated. Whilst structured within a Directorate hierarchy it was advised that Commercial Services should be included in the business planning process, despite much of the usual detail expected in business plans being excluded on the grounds of commercial confidentiality. Likewise, the business plan template for KCC services has never been appropriate for a commercial entity. This meant that whilst a Commercial Services business plan was approved by Cabinet, it often contained limited information beyond a list of contracts to be signed over the forthcoming year.
- 3.9 Elsewhere on this agenda the Committee will consider proposals to improve the governance and structure of Commercial Services. Legal advice in developing the revised structure and governance is that there is no requirement for a separate Member approved business plan outside of the new governance model for Commercial Services, indeed, that it would actually not be appropriate for the proposed arrangements. Subject to approval of the proposals for Commercial Services, they will not be part of 2013/14 business planning process or future annual planning rounds.

Delegations

- 3.10 The importance of business plans in providing delegated authority to officers is underlined several times in the new scheme of delegations approved by County Council. To reinforce this point, the business plan template will also include the statement "*The Corporate Director is authorised to negotiate, settle the terms of, and enter the following agreements/projects*". However, business plans do not provide automatic authority where a Key Decision is required. In order to further support the forward planning of key decisions, business plans will require activity or projects that may require a future Key Decision to be recorded in the business plan and state whether this has yet been included in the Forward Plan of Key Decisions.

Revisions to the template

- 3.11 Given the positive feedback on the use of the revised template in 2012/13 only minor changes are proposed to deal with the issues raised in feedback and outlined in paragraph 2.4. These include:
- a) Identification of potential future key decisions linked to business activity against each priority.
 - b) A more standard approach to reporting of risk and business continuity issues.
 - c) A requirement to identify where proposed activity impacts on other parts of the business, in particular 'corporate' support services, e.g. HR, Property, ICT or corporate consultation team. This forward planning is particularly important to help support services plan their activity against expected demand from services.

Performance Indicators

- 3.12 Perhaps the biggest change in the business plan template is the options available for reporting of performance indicators. This is being driven by two processes:
- a) The issue raised last year that the Business Plan template for Key Performance Indicators did not match how some data was actually measured and more options were required to present information measured on termly or an annual basis for example.
 - b) The improvements to performance management arrangements, in particular the development of Directorate Dashboards and a revised Quarterly Performance Report which is being led by Business Intelligence, Performance and Risk team in Business Strategy.
- 3.13 The revised template now provides an array of options for reporting of performance appropriate to the measurement period of the indicator being used. So it will be possible to monitor on an annual, quarterly, financial year, term-time or academic year. Consistent with the new format of the Quarterly Performance Report for financial year 2012/13, the business plans will also include Activity Indicators, which represent demand levels for services. These are not Performance Indicators as such, as KCC may not be able to directly influence the level of demand.
- 3.14 There is obviously a clear relationship between business plans and performance management. Cabinet Committees are currently in the process of reviewing the current year performance dashboards and the feedback from the Committees will help shape the selection of KPIs which are included in next year's plans.

4. Business Plan Guidance:

- 4.1 As has previously been approved by the Governance and Audit Committee, new management guides are being produced as a replacement for Statements of Required Practice (SORP's). A new management guide on business and financial planning has been produced, which includes a checklist for managers that summarises the information that needs to be considered for business plans. This suite of documents can be found on KNet on <http://knet/ourcouncil/Pages/MG3-Business-and-financial-planning.aspx>

5. Recommendations:

- 5.1 Policy & Resources Cabinet Committee is asked to NOTE the changes to the business planning process for 2013-14 as set out in this report.

Appendices:

Appendix A: Strategic Budget and Planning Timetable 2013/14

Appendix B: Proposed 2013/14 Business Plans by relevant Cabinet Committee

Background Documents:

- Divisional Level Business Plans 2012/13 – available at http://www.kent.gov.uk/your_council/council_spending/financial_publications/business_plans_2012-13.aspx
- Business Planning Management Guide
- Business Planning Template 2013/14
- Business Planning Template 2013/14: Guidance Note

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Appendix A:

KCC STRATEGIC BUDGET AND PLANNING TIMETABLE 2013/14

TIMELINE	CRITICAL MILESTONES FOR STRATEGIC BUDGET PROCESS	CRITICAL MILESTONES FOR DEVELOPMENT AND APPROVAL OF BUSINESS PLANS
JUNE	CABINET/CMT consider forthcoming budget and initial Medium Term Financial Plan (MTFP) Strategy Outturn reported to Cabinet	
JULY	Draft Budget and MTFP for public consultation finalised	
SEPTEMBER	Consultation on high level Budget proposal & Cabinet Committees consider consultation feedback First Quarter Monitoring to Cabinet & Dashboard reporting to Cabinet Committee	Divisional Units to COMMENCE development of 2013/14 business plans
OCTOBER	Leader makes Autumn Budget Statement	Divisional Units to ENGAGE and CONSULT with Cabinet member on development of their business plan
NOVEMBER	Provisional Local Government Finance Settlement & CABINET/CMT informally consider forthcoming budget and MTFP proposals Dashboard reporting to Cabinet Committee	Cabinet Committees CONSIDER key activity which should be included in business plans
DECEMBER	Budget and MTFP finalised following Local Government Finance Settlement Second Quarter Monitoring to Cabinet	Divisional Units to undertake ongoing development of business plan whilst activity/budget details not yet finalised
JANUARY	Consideration of final budget by Cabinet Committees Draft Budget and Draft MTFP considered and endorsed by CABINET Dashboard reporting to Cabinet Committee	Cabinet Committees consider draft business plan - without budget and activity details at this stage Divisional Units to SUBMIT draft business plan to Cabinet Member for approval.
FEBRUARY	Budget and MTFP debated and APPROVED by County Council Precepts and Council Tax issued to Districts by end of month	Divisional Units to SUBMIT draft business plan to Strategic Business Advisor for quality assurance of plan
MARCH	Council Tax Bills issued by Districts Third Quarter monitoring to Cabinet	Divisional Units to complete FINAL business plan with budget and activity details
APRIL		Business plans APPROVED by CABINET

Appendix B: Proposed 2013/14 Business Plans by relevant Cabinet Committee

Environment, Highways & Waste Cabinet Committee:

E&E - Kent Highways
E&E - Planning & Environment
E&E - Waste Management

Communities Cabinet Committee:

C&C - Service Improvement
C&C - Customer Services
C&C - Communication, Consultation & Community Engagement

Social Care and Public Health Cabinet Committee:

FSC - Learning Disability & Mental Health
FSC - Specialist Children's Services
FSC - Older People and Physical Disability
FSC - Public Health
FSC - Strategic Commissioning

Education Cabinet Committee:

ELS – Advocacy and Entitlement
ELS – Educational Psychology
ELS – Fair Access
ELS – Provision Planning & Operations Service
ELS – Special Educational Needs
ELS - Standards and School Improvement
ELS - Skills and Employability

Policy & Resources Cabinet Committee:

BSS - Finance & Procurement
BSS - Information and Communication Technology
BSS - Property and Infrastructure Support
BSS - Human Resources
BSS - Governance & Law
BSS - Business Strategy

Economic Development Cabinet Committee:

BSS – Economic & Spatial Development