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**To:** Policy & Resources Committee, 15 March 2012

**Subject:** Divisional Update – Business Strategy

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**Summary:** This paper provides an update on key issues and priorities facing the Policy & Strategic Relationships (PSR) team and the Business Intelligence, Performance & Risk (BIPR) team as part of a Business Strategy Division update to the Committee.

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## **1. Introduction:**

1.1 At the Committee's last meeting Members were able to scrutinise draft business plans from across the Business Strategy and Support Directorate (BSS) ahead of them being considered for approval by Cabinet in April. The Chairman has suggested that rather than limit a detailed discussion on Divisional issues and priorities to solely when presented with its draft business plan, the Committee should have an update from BSS Divisions on a rolling basis at each of its meetings, allowing Members a broader remit to ask questions and probe areas of interest, in particular with Directors and Heads of Service.

## **2. Business Strategy – Background:**

- 2.1 The Business Strategy Division was established in 2011 through the Change to Keep Succeeding Programme, and is made up of three separate teams. Business Intelligence, Performance and Risk (BIPR) is headed by Richard Hallett, Policy & Strategic Relationships (PSR) is headed by David Whittle and Economic Development (ED) is headed by Barbara Cooper. As Economic Development (which also covers the International Affairs Group) is a separate Cabinet Portfolio and is covered by a separate Cabinet Committee, it is not included within the focus of this report.
- 2.2 The **Policy and Strategic Relationships team** role is to help the organisation to meet the future agenda through strategic and medium term planning and policy development, and to provide assurance around delivering key priorities arising from key national legislation and initiatives. Created through the centralisation of policy teams from across the authority, the team often leads responses to key Government policy consultations and co-ordinates and provides quality assurance of the annual business planning process.
- 2.3 The core role of the team is providing professional advice and support for CMT, Cabinet and Directorate Management Teams (DMT). The team operates a 'Business Partner' model back to Directorates (although not the Enterprise & Environment Directorate, where any support requirements are covered when need arises) with senior PSR officers sitting on DMT's and attending Divisional Management Teams (DivMT) regularly. The team is also focussed externally as well as internally to develop an understanding of what is going on beyond the boundaries of Kent and build strategic relationships, providing corporate support to the Kent Association of Local Councils, Kent Joint Chiefs and other key

partnerships. The Corporate Programme Office also sits within the PSR team and provides a strategic oversight and assurance of the delivery of key corporate projects/programmes and identifies gaps in delivery and cross-cutting links between transformation programmes.

- 2.4 From April 2013 BIPR would like to be referred to as simply Business Intelligence. This section brings together three main elements. **The Research and Evaluation team** draws together key information from both within and beyond KCC. The section uses expert techniques to analyse and evaluate this information to provide insight to drive better, more-informed decision making. The team also has a post that promotes transparency and open data to improve accessibility to our information. The **Performance team** brings together performance information from across KCC in order to gain an organisation-wide view of performance and manage potential performance issues early. The team plays a key role in driving the work of the new Performance and Evaluation Board (chaired by the Cabinet Member for Business Strategy, Performance & Health Reform), which is a cross-directorate group tasked with holding Service managers to account for meeting their key performance targets.
- 2.5 **The Risk team** develops and maintains KCC's capability to effectively identify and manage risks aligned to strategic direction, performance and decision making. The team ensures that Corporate, Directorate and Divisional level risks that may prevent the Authority from meeting its key service objectives are identified by managers and that appropriate mitigating actions are put in place by those Service managers to reduce the impact or the likelihood of the risk occurring. BIPR also houses two task and finish projects - the Enterprise Resource Planning (ERP) programme and the "Middle Office" programme.
- 2.6 Gross expenditure in 2012/13 for BIPR was £1.59m with a workforce of 28 FTE, whilst gross expenditure for the PSR team was £1.45m with a workforce of 20FTE (making a total budget across the two teams of £2.04m with 48FTE).

### 3. Areas for Development/Focus through 2013/14:

- 3.1 As a whole, the Business Strategy Division has to be responsive both to the needs of the business, and invariably emerging issues facing the authority deemed to be a priority by CMT or Cabinet. The breadth of KCC activity means that the Division must have a broad focus. As such, activity is generally broad and varied.
- 3.2 However, with regards to PSR, there are a number of particular areas of focus / development over the forthcoming year that we would wish to bring to the Committee's particular attention. These include:
- a) **Health Reform:** The PSR team has played an important role, alongside other teams across the organisation, in preparing KCC for the implementation of the Health and Social Care Act 2012, of which many of the provisions are to be implemented from April 2013. This has primarily taken the form of supporting the development of the Health & Wellbeing Strategy, the Leader's Kent Health Commission and development of a locally focussed sub-architecture for the Kent Health and Wellbeing Board (HWBB), with local HWBB being developed around the boundaries of the new Clinical Commissioning Groups (CCGs) to further promote integration between health and social care. Kent is widely seen as being in the vanguard in regards to the structure of its Health and Wellbeing arrangements, with no other two-tier area currently planning to develop HWBBs below upper tier boundaries. It had originally been envisaged that, by April 2013, PSR might take a step

back from supporting the health agenda. However, given the breadth of the health reform and its links to the range of KCC services, it is clear that no one team within KCC can take sole responsibility for health, if we want to maximise the opportunities afforded through the reforms. In particular, to make the sub-architecture arrangements work effectively PSR must continue to have a role in supporting these new arrangements. This will require more resource from within the PSR team being dedicated to supporting the health reform agenda.

- b) **Commissioning Framework:** As the authority moves towards a greater focus on strategic commissioning the need for a more clearly defined commissioning framework, which sets out what is meant by strategic commissioning, outlines core principles behind strategic commissioning and how strategic commissioning activity might be discharged, is considered to be required. This 'policy' gap in commissioning effects nearly all areas of KCC services, and the need for a policy framework outlining the authority's approach to strategic commissioning will support the 'one council' approach to KCC business. PSR will be working with service Directors with responsibility for commissioning to develop a framework which fills the identified policy gap for consideration by CMT and Cabinet.
- c) **Children's Services:** A particular area of focus for the PSR team is providing policy support for children's services agenda in Kent, including directly supporting the Integrated Children Services Board which is used to discharge the Children Services Accountability Framework approved by County Council last year. The team has produced an Integrated Children Services vision and strategy, which is shortly due to be signed off by the Cabinet Member, which will generate further work as it supports the delivery of more detailed policy and plans to support more systemic and holistic approach to improving children's services. The team is also leading on the development of a revised approach to child poverty, linking that work into the wider partnerships agenda through Tackling Disadvantage sub-group of the Kent Association of Local Councils. The Children & Families Bill recently laid before Parliament is the most significant piece of planned legislation facing local authorities in this parliamentary session, and a key task will be to provide both parliamentary monitoring and impact analysis to help the wider organisation plan for the changes the Bill will introduce. Supporting the children's services agenda remains an important priority for the PSR team, and has recently taken on additional dedicated resource to help support this priority.
- d) **Welfare Reform:** PSR was responsible for taking through to Cabinet decision late last year KCC's approach to managing the localisation of the DWP Social Fund from April 2013 onwards. The team is currently supporting Customer & Communities in delivering the pilot scheme for 2013/14, and will also play a lead role (alongside the Research and Evaluation team) in reviewing the pilot and identifying the future options for delivery of the Social Fund beyond year one (FY 2013-14). The welfare reform agenda, in particular the roll out of Universal Credit, remains an important part of KCC understanding potential demand for its services, and maintaining a strong understanding (working with the Business Intelligence function) of welfare reform changes (including any further changes as a result of the Comprehensive Spending Review) which will be important to support the organisation plan for future service demand.
- e) **Business Planning:** The Committee will be aware that the PSR team is responsible for the coordination of the annual business plans for approval by Cabinet. Next years planning round (for FY 2014/15) will be the third year

that Business Strategy has had this responsibility and we will continue to make iterative improvements in the process by undertaking an early review of the last business planning round (FY 2013/14), whilst also building in any findings from the audit of business plans to be undertaken by the Internal Audit team from this April. Without prejudicing what the review (and audit) may conclude, it seems clear that there are two significant areas of focus for improvement. The first is how Members are engaged across all Cabinet Committees in how business plans are developed and approved (given they are a Key Decision). Whilst this year's arrangements for engaging with Cabinet Committees on business plans were adequate (especially as it was the first year that business plans had been to committees prior to approval by Cabinet), it is felt that the arrangements might be improved upon (what form this improvement may take is not yet clear). Secondly, it is necessary to design into the business plan template a section which more specifically identifies where officers may be seeking to utilise the business plan as a means for approval to act under the revised Scheme of Officer Delegations approved by County Council last year.

- f) **Further developing the Corporate Programme Office:** Given the very strong service focus within KCC it is perhaps not surprising that the organisation has chosen to deliver significant transformational change from within services themselves, rather than deliver change centrally through a single corporate transformation resource. Whilst this shows significant trust and empowerment of the senior leadership within services, given the scale of the pressures and risks involved, the need for some form of oversight and assurance is considered important. The Corporate Programme Office first reported to CMT in September 2012, and has successfully built itself into the assurance arrangements for key project and programmes delivering change across the organisation. It is however clear that there needs to be a far more rigorous development of the Corporate Programme Office capacity to deliver assurance to CMT and Cabinet on the progress and risks in the delivery of key transformational programmes, but also of the need for a general improvement in the quality of project and programme management across the organisation, particularly in regards to benefit identification and benefit realisation. Developing a programme to enhance project and programme management to deliver change across KCC, alongside enhanced assurance processes for CMT and Cabinet, will be a key priority over the next twelve months.

3.3 With regard to **Business Intelligence**, there have been regular updates to the Committee on Performance, Risk and the Enterprise Resource Planning (ERP) Programme, so Members will already be familiar with the work of these teams and these updates will continue in the new financial year. There are also other areas of focus / development over the forthcoming year that we would wish to bring to the Committee's attention. These include:

- a) **Are people/families moving into Kent as a result of benefit changes?:** In support of the work that PSR is doing on the impact of welfare reform, the Research and Evaluation team is putting in place arrangements to assess whether there are any changes to migration into (largely from London) and within Kent, as a result of the cap on benefits. A baseline of pre-benefit change migration patterns is being established by looking back at 2010/11 and 2011/12 and this will be compared with 2012/13 and 2013/14 onwards to see whether migration is changing significantly post the benefit changes. This will help predict future Service demands and give an indication of whether Government funding allocations need to be adjusted as a result of the benefit changes.

- b) **Customer experience:** Corporate Board has asked for more information on the quality of experience of our Service users, to be included in our performance monitoring. The Research and Evaluation team will be engaging an external firm to help us assess whether our current customer surveys are fit for purpose and whether the results from these surveys are robust enough to be included in our future performance reporting.
- c) **Performance Evaluation Board:** The Performance team is arranging for a review of the operation and effectiveness of the Performance and Evaluation Board. The Board was set up in spring 2012 to hold Service Managers to account for meeting their performance targets. This review will ensure that the Board is operating in an optimal way and therefore effective in driving performance improvement across the Authority.

#### 4: Divisional and Team Risks:

4.1 Each team within the Division is required to hold and regularly update its own team risk register, which then feeds the development of the Directorate and Corporate Risk Registers. Most of the risks on the PSR register relate to issues raised in section three above, however, there are also a number of risks in regard to team resilience which the Committee may wish to note:

- a) **Inability to manage demand for policy support from DMT:** The business partner arrangements, referred to in paragraph 2.3, have generally worked very effectively to build strong relationships between the PSR team, Directorate Management Teams (DMT) and wider KCC services. However, given the scale of change, both internally within the organisation to transform services given the financial pressures on the authority and the wider policy change affecting public services driven by the coalition Government, the demand for policy support internally is significant. Yet, the team also has clear role in understanding and influencing the external policy environment, engaging at the national level to influence and shape debate. Care needs to be taken that supporting internal demand does not restrict the team's ability to deliver its externally facing role.
- b) **Diminution of service policy expertise limits PSR future capacity and capability:** PSR has a dual role to provide strategic policy support to the organisation but also provide more in-depth service focussed policy support through DMTs. This requires the team to maintain capacity and capability that is both a mix of generalist policy and service policy specialists. Within KCC there is some diminution of service specific policy expertise that presents a risk that future service policy might not be sufficient for the team to undertake its dual function.
- c) **PSR grading structure impinges on the ability to recruit and retain staff:** Change to Keep Succeeding established PSR with a structure that operates at a KR10, KR12 and KR14 grading structure. However, a number of other teams from across the authority whose skill sets are similar to PSR (in particular Service Improvement in Customer & Communities and Strategic Commissioning in Families & Social Care Directorate) generally operate a KR11, KR13 and KR15 grading structure. This differentiation has driven some turnover within the team, and more broadly presents a risk to ongoing ability to recruit and retain staff attracted by higher level posts requiring similar skillsets within KCC.

4.2 In **Business Intelligence** the main areas of risk are:

- a) **Under-performance in key areas is not being identified early enough:** Identifying and addressing performance shortfalls quickly is key to the continuing success of the Authority. Not doing so, may result in serious Service failures. This risk is addressed through the performance reporting and there are now Directorate performance dashboards in place, which are reported to the Performance & Evaluation Board and Cabinet Committees on a regular basis. The Quarterly Performance Report contains details of key performance measures and early warning indicators.
- b) **Failure to embed a structured and coherent approach to risk management across the organisation:** It is important that the risks that may prevent KCC from delivering its Service objectives, are managed as part of the day to day business across the Organisation. Risks need to be identified and appropriate action taken to manage the likelihood of those risks occurring or to lessen the impact if they do occur. A dedicated risk team is now in place and monitoring mechanisms have been refreshed. There is close engagement with Corporate Board and Directorate Management Teams and progress on mitigating actions is reviewed and challenged by the Risk team and escalated to the Performance and Evaluation Board if required.
- c) **Business Intelligence is not involved in the provision of evidence to support key strategic decisions for the Authority:** The Research and Evaluation team is developing links with the Corporate Management Team, Cabinet Members, PSR and Finance to ensure that evidence to support key strategic decisions is available and understood. Wider business intelligence including performance and risk information as well as research must be used to support effective decision-making. Robust evaluation of the impact of strategic decisions is also key to ensure that we are doing the right things.

## **5. Recommendation:**

5.1 Policy & Resources Committee is asked to note and comment on the update report.

## **Background Documents:**

- Business Strategy, Divisional Business Plan (Draft) 2013/14, Policy & Resources Cabinet Committee,

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