From:	Paul Carter, Leader of the Council David Cockburn, Corporate Director of Business Strategy and Support
To:	Policy & Resources Cabinet Committee – 25 September 2013
Subject:	Business Planning - 2014/15
Classification:	Unrestricted

Summary: This paper sets out changes to the 2014/15 business planning process in response to the *Facing the Challenge: Whole Council Transformation* and a review of the 2013/14 business planning round, with the aim to create a more efficient and proportionate process.

Recommendations:

Note that Member-approved Divisional business plans will be replaced with Strategic Priorities Statements ('The Year Ahead') for each Directorate, as set out in Section 5 of the report.

1. INTRODUCTION

1.1 The current business planning process is part of an annual business and financial planning cycle, with Divisional business plans developed by Directors/Heads of Service for approval as a Cabinet Key Decision in April each year.

1.2 At the conclusion of each annual planning round, the Policy & Strategic Relationships Team in the Business Strategy Division (who have overall responsibly for coordinating the business planning process and taking business plans through to Cabinet decision) review and make recommendations to Corporate Directors and Cabinet about any changes proposed for the next business planning round.

1.3 When considering the 2013/14 business planning round, a number of issues suggest the existing business planning process is unsustainable for 2014/15, and requires significant change if it is to meet the current and future needs of the organisation.

2. FINANCIAL IMPLICATIONS

2.1 There are no direct financial implications resulting from the proposals set out in this report. However, given the time and effort the existing business planning process places on a range of individuals/groups across the authority (e.g. CMT, Members, Directors/Heads of Service, Business

Strategy Division) the opportunity savings from these proposals, although uncosted, are likely to be significant.

3. BOLD STEPS FOR KENT AND POLICY FRAMEWORK

3.1 There are no implications for Bold Steps for Kent or the Policy Framework from the proposals set out in this report.

4. REVIEW ISSUES:

4.1 In recent years the business planning process has undergone a number of changes, including moving from Business Unit plans in 2011/12 to Divisional plans in 2012/13 and 2013/14. Whilst there have been iterative improvements to streamline the business planning process, it still presents a significant burden across the authority in regards to the time and effort required to develop and approve plans. This has been particularly notable with the current year plans (2013/14) with the introduction of pre-scrutiny of Key Decisions by Cabinet Committees. This meant that Divisional business plans were considered at both November 2012 and January 2013 Cabinet Committee meetings, with the business planning process also starting much earlier in the year, extending the development, drafting and approval period to eight months.

4.2 There a number of additional issues and challenges that suggest a more fundamental rethink of business planning is required.

Facing the Challenge:

4.3 *Facing the Challenge, Whole-Council Transformation*, considered by County Council in July, sets out the scale of the transformation required across the authority which must be delivered at pace. This will involve all senior officers and Directors at some level. It is recognised that the authority needs to focus its limited resources at activity which supports transformation and the continued delivery of services. The current intensive and time consuming business planning process is incompatible with the transformation agenda, and necessitates developing more proportionate business planning arrangements.

Organisational Change:

4.4 The organisation will go through significant reform as a result of *Facing the Challenge* as services are grouped and then redesigned around the needs of the customer. This will likely mean change during the period when business plans are most intensively developed. During the 2011/12 business planning round, when the organisation was similarly going through significant change as a result of *Change to Keep Succeeding*, it was decided that business plans should be developed at the most stable tier (at the time, this was the newly formed Divisions, whilst Business Units were undergoing reorganisation). The most likely stable tier of the organisation during the 2014/15 business planning round is expected to be the Directorate level, although the 2014/15 business planning round must necessarily be flexible and adaptable to any organisational changes emanating from *Facing the Challenge*.

Delegations:

4.5 Business plans have been used as a mechanism from which delegated authority is provided to officers to take decisions necessary to deliver services or implement Member decisions, in accordance with the financial and policy framework. The Scheme of Delegations set out in the KCC Constitution allows for approved business plans to provide delegated authority that would otherwise normally be sought from Members through the Key Decision process. However, the wording in business plans can sometimes be vague, and there is some confusion within services about the appropriate use of business plans as a mechanism for providing necessary authority, which presents a potential risk to good governance and effective decision-making.

4.6 The wider issue of delegations is being considered by the Director of Governance & Law following discussions with the Leader about whether, given the existence of the Executive Scheme of Officer Delegations in the Constitution, the provision for delegations through business plans is necessary. It is therefore likely that business plans as a mechanism for providing delegations to officers will end. Given that the provision of delegations to officers has been the reason why business plans have been a Cabinet Key Decision, removing delegations would have the added advantage of taking business plans out of the formal Key Decision process, providing more flexibility in regards to the development, timing and approval of plans.

Audit of the 2013/14 business plans:

4.7 Whilst the recent Internal Audit report gave a 'substantial' audit opinion on the 2013/14 business planning round, it also made recommendations to improve the existing business planning process. However, on balance, these would require an increase in the necessary time and effort of Directors/Heads of Service and Business Strategy Division to implement fully. Clearly, in a period of transformational change and reducing resources, increasing effort on activity to deliver marginal improvements is not sustainable or appropriate.

Member engagement:

4.8 It had been hoped that the move towards pre-scrutiny of business plans by Cabinet Committees would improve backbench Member engagement with the process, which hitherto had been limited. In practice, feedback from across all the Cabinet Committees in regards to the 2013/14 business planning round, was that Members found it complicated, bureaucratic, with far too much technical detail and paperwork. Even if business plans were no longer a Key Decision and were not *required* to go to Cabinet Committees, any new process should be more Member-friendly and should focus on engaging backbench Members through Cabinet Committees in a strategic discussion about annual priorities.

5. PROPOSAL FOR 2014/15 BUSINESS PLANNING ROUND

5.1 Given the above, it is clear that a new approach is required. On the assumption that business plans will no longer be a mechanism for delegation to officers and therefore no longer a Cabinet Key Decision, it is recommended that the 2014/15 business planning round should replace Divisional level business plans with an annual 'Strategic Priorities Statement' for each Directorate (this could be similar to the 'Year Ahead' publications produced by each directorate for the KCC Member Induction process).

5.2 Strategic Priorities Statements would:

a. Be agreed by each Cabinet Member and Corporate Director (following consultation with the relevant Cabinet Committee) after budget County Council in February, with all plans then collectively agreed by Cabinet before the start of the new financial year
b. Be published online in the interests of transparency
c. Set out:

   (i) How each Directorate will contribute to delivering 'Bold Steps for Kent' and *Facing the Challenge: Whole Council Transformation* for the year ahead
   (ii) Key priorities for each Division within the Directorate for the year ahead
   (iii) A short statement summarising high level actions and signposting to detailed delivery plans (e.g. transformation programme plans, project plans, action plans, category strategies, commissioning plans etc)
   (iv) Levels of resource available for each Directorate (e.g. budget, FTE establishment)
   (v) Key Directorate risks (linked to the Directorate Risk Register)
   (vi) Workforce development priorities for each Directorate
   (vii) Key Performance Indicators and targets linked to the Quarterly Performance Report and Directorate Performance Dashboard

5.3 Given the streamlined process and reduction in the total number of plans, Business Strategy could take a more pro-active role in supporting the development of Strategic Priorities Statement with each Directorate Management Team.

Performance Indicators and Targets:

5.4 Business plans have traditionally also been the mechanism by which services obtain Cabinet approval for the targets for the year ahead against their key performance indicators. The 2013/14 business planning process highlighted the importance of strengthening this mechanism, to ensure robust performance management arrangements for the council and clear transparency on what is to be achieved.

5.5 In order to provide clarity and consistency (essential for effective performance management) it is recommended that 2014/15 business plans should only include, as default, the relevant performance indicators and targets set out in the Quarterly Performance Report (QPR) considered by Cabinet, or the relevant Directorate Dashboard considered by Cabinet Committees. If services believe there is a requirement to include new or revised indicators in the QPR or the Directorate Dashboard then these changes should be reflected through the Strategic Priorities Statements. The selection of indicators and the targets will continue to be subject to consultation with Cabinet Committees and quality assurance from Business Strategy.

Business Planning at Divisional and Unit Level:

5.6 It is important to note that these proposals **do not remove** the need for business planning to be undertaken at the Divisional or Business Unit level, merely that Member-approved business plans, which adhere to a corporate standard, will now be developed at the Directorate level. Directors and managers will still have to undertake some form of business planning to run their business efficiently and effectively, but also to ensure objectives in Personal Action Plans link to the priorities in the Unit, Division or Directorate to support the Total Contribution Pay (TCP) process.

5.7 However, there will be no corporate standard, template or requirements for business plans below the Directorate level, with Directors, Heads of Service and managers free to use business planning tools and practices that best meet their own requirements.

5.8 This new approach **does not remove** the requirement to follow corporate risk management and business continuity standards. The requirement to maintain a risk register and business continuity plan at Divisional / Business Unit level is an essential part of the internal control framework.

6. BENEFITS OF THE PROPOSAL

6.1 The key benefits of the new 2014/15 business planning process include:

- A more concise and succinct statement of how KCC is delivering its strategic priorities – focused on the highest organisational priorities
- Reduction in time and management burden to create 25 divisional/unit level business plans, re-focusing this resource on delivery and management action rather than process
- Freeing up managers to put appropriate team and individual actions in place, without being constrained by a corporate process
- More consistent and appropriate performance indicators and targets reported to Cabinet and Cabinet Committees
- A more appropriate level of detail to enable Cabinet Committees to engage in the Outturn Monitoring process, making it easier to hold officers to account for delivering organisational priorities

7. RECOMMENDATION:

7.1 To note that Member-approved Divisional business plans are replaced with Strategic Priorities Statements (‘The Year Ahead’) for each Directorate as set out in Section 5 of the report.

Background Documents:

- Internal Audit of Business Planning Process Report – 2013/14
- KCC Constitution - https://shareweb.kent.gov.uk/Documents/council-and-democracy/CONSTITUTION.pdf

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