

MEETING:	Cabinet
MEETING DATE:	11 June 2015
TITLE OF REPORT:	Corporate performance and finance business planning process
REPORT BY:	Assistant director, place based commissioning, and chief financial officer

Classification

Open

Key decision

This is not a key decision.

Wards affected

County-wide

Purpose

To agree the process for the development of the new corporate plan and medium term financial strategy (MTFS).

Recommendation(s)

THAT:

- (a) The approach outlined in this report to developing the corporate plan and MTFS is agreed; and**
- (b) The timescale for future budget monitoring and performance reports is noted**

Alternative options

1. It is open to cabinet to amend or revise the proposals, but in doing so regard must be had to ensuring that a corporate plan and medium term financial strategy are available in time for the period 2016/17 to 2019/20 so as to provide a strategic direction for the council.

Reasons for recommendations

2. Under the constitution, the council is required to have a corporate plan setting out the objectives of the organisation and a MTFS to support its delivery. These key documents provide the basis for performance management of the organisation. The recommendations will ensure the plans are in place and that appropriate monitoring takes place.

Key considerations

Corporate plan

3. The current corporate plan expired on 31 March 2015. At its meeting of 19 March Cabinet agreed to the roll forward of the current corporate plan and approved a delivery plan for 2015/16. The forming of a new administration following the local election provides an ideal opportunity to develop a new corporate plan. It is proposed that the new corporate plan will provide clear leadership and focus for delivery over the period 2016/17 to 2019/20.
4. The corporate plan, as the overarching policy document for the council, is informed by, amongst other considerations, an integrated evidence based joint strategic needs assessment (JSNA) - understanding Herefordshire, children's integrated needs assessment (CINA) and Herefordshire mental health needs assessment, and in turn, informs future service planning and budget setting.

MTFS

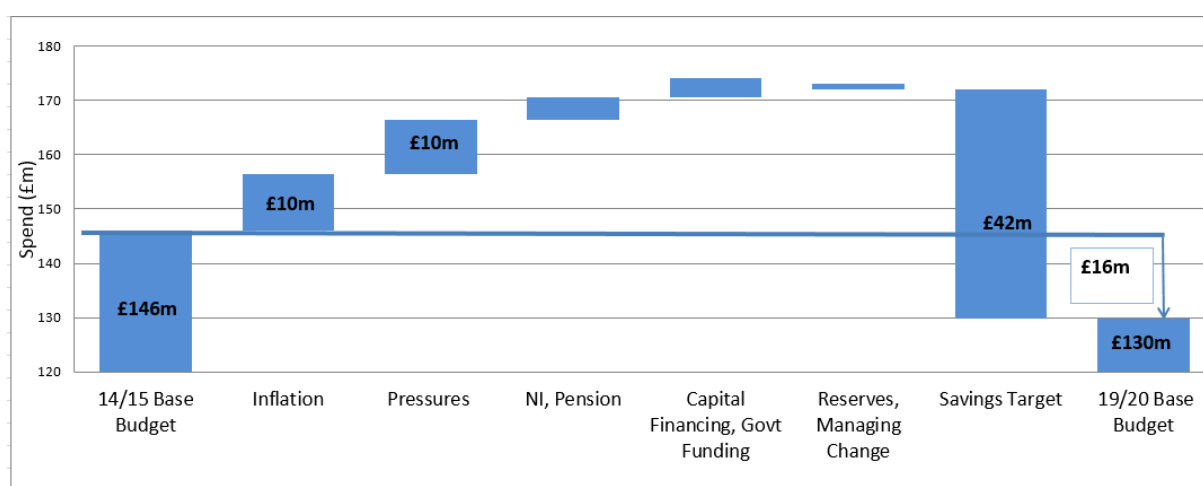
5. The MTFS, which describes the financial direction of the council and outlines the financial pressures over the period of the strategy, establishes how available resources will be allocated to services in line with the council priorities as detailed in the council's corporate plan.
6. The current MTFS 2015/16 to 2016/17 was approved by council in February 2015. This will be updated based on revised grant assumptions and savings plans over the coming months, extending the period of the strategy from 2016/17 to 2019/20. An initial draft will be taken to leader's briefing in early July, setting out some of the major decisions and choices that will need to be made by cabinet in order to inform public consultation. The plan will then be updated in September and savings stress tested, before going to a joint meeting of general overview and scrutiny and health and wellbeing scrutiny in November.
7. The budget planned for 8 July 2015 may give more certainty on reductions in funding but given the overall government target to bring forward balancing the public sector deficit and investing in the health service means that current savings plans are most probably understated. The 2016/17 target has been revised, increasing target savings from £7.6m to £10.5m and the MTFS has been extended to 2019/20.
8. The following table outlines that the overall savings requirement in the period 2016/17 to 2019/20 is £32m. This assumes the removal of central government formula grant funding from 2019/20 with the council becoming self-sufficient from business rates, council tax and specific grant allocations from that date. The proposed savings targets have been calculated using the following funding assumptions:

- Business rates income to inflate by 2% a year;
- Council tax to be increased by 1.9% a year;
- 2,000 new homes by 2020;
- Pay awards at 1% a year plus inflation rising to 2.4% a year in 2019/20; and
- Demographic growth in line with joint strategic needs assessment for Herefordshire.

9. The scale of savings which need to be found illustrate the need for further significant service cuts will therefore require the council to think very differently so as to ensure its future sustainability.

	approved savings	revised savings targets					2015/16 to 2019/20 £'000
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000		
adults wellbeing	5,460	4,200	2,800	2,600	3,200	18,260	
children's wellbeing	1,129	2,100	1,400	1,300	1,600	7,529	
economy, communities & corporate	3,596	4,200	2,800	2,600	3,200	16,396	
Total	10,185	10,500	7,000	6,500	8,000	42,185	

10. The savings target for 2016/17 to 2019/20 is summarised below:



Developing a new corporate plan and MTFs

11. The proposed approach is to build upon the priorities established within the current corporate plan. This plan was the result of previous consultations, including internal workshops and public events in 2012/13. Local people, members, community/business groups and parish councils will be encouraged to read and

comment on this document, which will guide the council's strategic direction. The principles of best practice are clear: clarity of purpose and priorities; meaningful performance measures and targets; a common process which links targets, actions, risk management and the resources to achieve them; and one which enables internal and external audiences to understand what an organisation is trying to do and whether it is succeeding.

12. A draft process and timetable for the development of a corporate plan and MTFS has been developed for consideration and is at appendix 1. The easy part is designing a process; the difficult part is operating it successfully so that it passes the only test that matters, namely whether it leads to improvements in the quality of life for the people of Herefordshire through the way in which it enables the council to be more effective in community leadership and improving public services in accordance with its priorities.
13. In brief it is proposed that:
 - the process begins in June with a series of scenario planning sessions where each directorate's budget and priority proposals will be supported by peers from similar organisations. For example, relevant independent service expertise;
 - consultation with the leadership group will begin in June to consider the priorities for each directorate;
 - an early public consultation begins in July and continues throughout the summer to identify the public priorities;
 - throughout the process all members, in particular group leaders, cabinet and scrutiny, are involved; and
 - a draft corporate plan and MTFS are available for consideration in early autumn, for final approval by cabinet in January and council in February.

Performance management

14. Formal quarterly performance reviews (QPRs) will be held, where directorates present and are challenged on their performance. These meetings will provide an opportunity for the organisation to drive improvement through a supportive but challenging environment. Separate from, but informed by, the QPR approach, corporate performance and budget reports are presented to cabinet throughout the year, having first been considered by management board and leader's briefing.
15. It is proposed that, following the production of the May performance report, future performance reports include more financial information, providing a more complete overview of performance for the council. This will be drilled down to each directorate, focusing on the commitments made in the corporate delivery plan 2015/16.
16. The timetable for the coming year is as follows:

	leader's briefing	Cabinet
May budget monitoring and performance reports	9 July	23 July
August budget monitoring report	22 October	5 November
Quarter two budget monitoring and performance reports	5 November	3 December
November budget monitoring report	7 January	21 January
Quarter three budget monitoring and performance reports	28 January	11 February

Community impact

17. The corporate plan will set out what the council intends to achieve over the period 2016/17 to 2019/20 to improve services and the quality of life for the people of Herefordshire.

Equality and human rights

18. Reducing inequalities are clearly articulated outcomes within the current corporate plan. The priorities and subsequent delivery plans will undergo equality impact assessments as an integral part of their planning and implementation.

Financial implications

19. None. The consultation and development of the plan is designed to be deliverable within the medium term financial strategy and agreed budgets.

Legal implications

20. None.

Risk management

21. The corporate plan is an integral element of the council's risk management process. Once developed and approved, any significant risk will be reported to cabinet as part of the quarterly performance report.

Consultees

22. None in relation to this report.

Appendices

Appendix A – business planning process

Background papers

- None identified.