

## CORPORATE PLANNING PROCESS 2005-06

### PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

19TH MAY 2005

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#### Wards Affected

County-wide.

#### Purpose

To approve the corporate planning process for 2005-06.

#### Key Decision

This is not a Key Decision.

#### Recommendation

**THAT the corporate planning process for 2005-06 should be along similar lines to that operated over the past year, subject to some modifications, with the following key products and milestones:**

- i. an audit in July 2005 to test whether directorate and service plans for 2005-06 are being used effectively to manage performance;**
- ii. the full integration of budgetary, risk and corporate/service planning processes;**
- iii. a long-term programme of work to test, challenge and improve performance indicators and targets;**
- iv. an away-day for Cabinet and the Chief Executive's Management Team, at an appropriate time following the Government's announcement of its three-year spending plans in July, to agree priorities and other elements of the framework for the Corporate Plan 2006-09;**
- v. Cabinet agreement to the Corporate Plan 2006-09 in autumn 2005 to provide the basis for the preparation of the draft Annual Operating, directorate and service plans for 2006-07;**
- vi. Council approval of the Corporate Plan 2006-09 in November 2005;**
- vii. bearing in mind that extensive consultation on strategic service and budget consultation is an integral and valued part of the Council's planning process but having regard to the clear results from the extensive consultation that took place as recently as autumn 2004, there should not be a further such exercise in 2005 unless financial or other material circumstances change significantly in the coming months;**

- viii. **consider in due course whether targeted consultation needs to take place on budget issues and Council Tax levels for 2006-07, with key service levels and issues as context;**
- ix. **continue to roll out the Community Involvement Strategy, together with consideration of annual public satisfaction and follow-up surveys, taking account of the needs and wishes of Council Tax-payers and customers that emerge before taking decisions on priorities and associated budget-setting;**
- x. **Cabinet approval of the Annual Operating in March 2006, including budgets;**
- xi. **directorate and service plans to be approved in March 2006.**

## **Reasons**

The Council has put in place a corporate planning process, linked directly to its performance management framework, that enables it to be clear about its priorities and how they will be achieved, including the management of risk and the deployment of financial and other resources. Significant progress has been made in 2004-05 but, to ensure that it is fully effective, there is a need to build on the experience of the first round and tailor the 2005-06 round to current and foreseeable circumstances.

## **Considerations**

1. The first annual round of the new corporate planning process has come to an end. In putting it in place, Cabinet agreed an annual cycle, to be reviewed and rolled forward annually. The first round was conducted under PRINCE project disciplines, with a Project Board of which the core members were the Leader and the Chief Executive. The Project Board has reviewed the lessons of the first round; the Board's conclusions and recommendations for the coming 2005-06 round are reflected in this paper.
2. To help ensure that the process is fully established for the long-term, it is proposed to continue to run it as a formal PRINCE project for a further year, with the Leader and Chief Executive remaining core members of the Project Board.
3. The planning process would count for little or nothing were it not followed through into the effective management of performance. A new suite of performance reports to the Chief Executive's Management Team, Cabinet and Strategic Monitoring Committee is being developed to be in place from June 2005. This will be based on the objectives, performance indicators, targets, milestones and actions in the Annual Operating Plan 2005-06, integrating reporting on revenue and capital expenditure and risk management.
4. Service plans are intended to set out in detail what is necessary to deliver the Annual Operating Plan. They will include all Best Value Performance Indicators, local indicators and associated targets. They will provide the basis for regular performance reports to the lead Cabinet Members and to the individual scrutiny committees. It is important that we test whether they are fulfilling this vital role in the performance management framework, and it is proposed to audit this initially in July 2005.
5. Further progress was made in 2004-05 to bring together explicitly corporate, operational and service planning with risk identification and management, and financial planning. It is proposed that we should complete this task in 2005-06. This

will have particular implications for the Budget Panel process, which will need to be considered in detail in the coming months.

6. Good further progress has also been made in the selection of strategic performance indicators and the setting of associated targets in the Corporate Plan and the Annual Operating Plan. Nonetheless, in the time available it was necessary to make the selection of strategic performance indicators from those that already existed, including BVPIs, local indicators and those used by *The Herefordshire Partnership in The State of Herefordshire Report*. As a result, we still do not have, for many areas, genuinely high-level indicators that would give the Council the best means to drive its priorities and test whether they are being secured. This cannot be achieved quickly, and we will continue to need to take into account Government requirements. It is therefore proposed that a longer-term programme of work should be put in hand to develop and select indicators, aligned with the outcomes of LPSA2G, the review of *The Herefordshire Plan* and the potential Local Area Agreement. The latter should offer greater freedom to devise high-level performance indicators and targets to suit Herefordshire's distinctive needs and circumstances.
7. In parallel, we would need to continue to strengthen the rigour and challenge of indicators and targets through both the planning process and the performance management framework.
8. Time constraints in 2004-05 also meant that there was little time between the finalisation of the three-year Corporate Plan and the preparation of the Annual Operating Plan and directorate and service plans to begin to give effect to it in 2005-06. As the Corporate Plan is a strategic document, we could avoid this difficulty in future were Cabinet to agree the draft Corporate Plan as soon as possible in the autumn, taking into account the Government's three-year budget announcement in July, with Council approval being sought at its meeting in November. This would mean that the preparation of the Annual Operating Plan and directorate and service plans could begin during the autumn. They would then be finalised in the light of the Government's finalised budget announcement for the forthcoming year in December and the Council's budget decisions.
9. To set the framework for the Corporate Plan 2006-09, it is proposed that there should again be a meeting of Cabinet and CXMT members. To enable the draft Corporate Plan to be agreed as early as possible in the autumn, this would need to take place as soon as practicable following the Government's July spending announcement.
10. As part of its commitment to understanding the needs and wishes of Council Tax-payers and customers, the Council undertook extensive and multi-faceted public consultation about service and budget priorities in the autumn of 2004. This included a representative household survey. The results were clear and broadly consistent across the different means of consultation. The Council found the results very helpful and took them fully into account in agreeing the Corporate Plan and Annual Operating Plan, and in taking budget decisions for 2005-06. Unless there is a fundamental change in the financial context or other material circumstances in the coming months, there would seem to be no justification for incurring substantial cost and further troubling the general public this year.
11. Over the longer-term, however, there will be a need to conduct such strategic consultation from time to time to ensure that the Council has an up-to-date grasp of the public's views about priorities.
12. In addition, the Council can expect in the future to receive regular and more refined information about the needs and wishes of Council Tax-payers and customers from

the implementation of its updated Community Involvement Strategy, and also from proposed annual surveys of customer satisfaction, with the possibility of follow-up surveys to enable us to target service improvements.

13. Cabinet will wish to consider, in due course and in the circumstances at the time, whether there should be targeted public consultation on budget issues and Council Tax levels for 2006-07, with key service levels and associated budget issues as context. Here too, however, Cabinet will be able to take into account the clear message about the balance between Council Tax levels and services that came from the autumn 2004 household survey. It will also have regard to the commitment in the present Corporate Plan to there being only moderate increases in Council Tax in the period to 2008.

## **Financial Implications**

Were there not to be a further major public consultation on service and budget priorities, there would be savings compared with the corporate planning process in 2004-05.

## **Alternative Options**

Having put in place a comprehensive corporate planning process, possible options are about the details of how it should operate. The proposals in this paper are based on a thorough evaluation of how to maximise its efficiency and effectiveness. No alternative options are therefore proposed.

## **Risk Management**

The principal risks to the success of the corporate planning process are that the Council's priorities will not be sufficiently clear or that they will not be carried into effect in decisions about budgets and other resources, in directorate and service plans, or through there being inadequate links with effective performance management. The proposals in this paper are designed to mitigate those risks.

## **Consultees**

There are no immediate consultees. Cabinet's decisions about the recommendations in this paper and subsequently will determine the nature and extent of public consultation. It would be the intention, as hitherto, to consult partner organisations in the preparation of plans

## **Background Papers**

None identified.