

(B) THE COUNCIL'S PERFORMANCE IMPROVEMENT CYCLE

Report By: Director of Corporate and Customer Services

Wards Affected

County-wide

Purpose

1. To draw the Committee's attention to the Council's Performance Improvement Cycle and to invite the Committee to continue to have regard to it in the development of the scrutiny programme.

Financial Implications

2. The performance improvement cycle will operate within the Council's Medium-Term Financial Strategy.

Background

3. The Council's Overall Performance Improvement Plan, endorsed by Cabinet, says that the Council will put in place "...a strengthened performance improvement-driven business cycle that fully integrates corporate, service and financial planning."
4. The core elements of the performance improvement cycle, approved by Cabinet, are shown at Appendix 1. The timetable shown is that intended for future years. For the reasons explained below, it is not possible to start as early as this in the current year.
5. The cycle builds on the previous corporate planning and budget processes, bringing them together to ensure that there is a direct relationship at all stages between the planning of budgets (and other resources) and the outputs and outcomes they are allocated to achieve.
6. Equally, the proposed cycle is intended to ensure that performance reports, and performance management generally, address financial and service performance in the round. The integrated performance reports that have been in place since June 2005 have already sought to do this, but the full integration of corporate, service and financial planning will provide a much better basis to do this well.
7. The cycle is recognised best practice: to secure the maximum value for money; to raise performance in the context of tight financial constraints and increased demand for essential services; and to have this recognised in external assessments.
8. To enable this to be done thoroughly and effectively, particularly so as to allow adequate time for the preparation and testing of costed proposals for the three years to come, the cycle needs to begin considerably earlier than hitherto. Key is the earlier preparation of the Corporate Plan, which it is proposed should be approved by September. This will provide the high-level framework for the preparation, in most

cases for the first time, of three-year plans for services. This will be further facilitated by Government financial settlements from now on being for three forward years.

9. The first step in the process is to launch the annual cycle on the basis of key initial assumptions and groundrules. These will cover such matters as the Council's priorities and expectations as regards areas where services need to improve; the requirements for cash-releasing and non-cash-releasing efficiency savings; and the overall financial framework within which the Council has to operate. In this initial round of the proposed annual cycle, the financial elements of the assumptions and groundrules can only be finalised once a new (and more detailed) Medium-Term Financial Strategy (MTFS), to reflect major developments such as the *Herefordshire Connects* programme, has been approved. It is the intention to have this in place by July. In future years, it is intended to issue the assumptions and guidelines in May, so that the three-year proposals can be submitted by July. This will allow more time for the interrogation and development of the proposals.
10. From time to time, but certainly not every year, it will be necessary for the Council to undertake strategic consultation with the public and stakeholders about the Council's service priorities, and the trade-off between services and the level of Council Tax. This needs to be undertaken in good time for the results to be taken into account before the Corporate Plan for the succeeding years is approved. This was done comprehensively in the autumn of 2004, with the results being taken into account in service and budget planning for 2005-06 and in the Council's most recent Corporate Plan (2006-07 to 2008-09). Given the clear messages received from that consultation and the value of there being early strategic consultation by the incoming Executive following the May 2007 elections, it is not felt that any useful purpose would be served by carrying out such consultation in 2006.
11. The cycle will culminate in the presentation to Council of the Annual Operating Plan, including the proposed budgets to deliver the outputs and outcomes in the Plan. The proposed cycle would therefore replace the previous arrangements for budget planning. Further consideration needs to be given to the detailed arrangements for wider member involvement, including through scrutiny.
12. Members of the Committee have had regard to the new cycle in informal discussions about the development of the scrutiny programme.

RECOMMENDATION

THAT (a) the new Performance Improvement Cycle be noted;

and

(b) regard continue to be had to the Performance Improvement Cycle in the development of the scrutiny programme.

BACKGROUND PAPERS

- None