

Meeting:	Cabinet
Date:	19 July 2007
Subject:	Integrated Planning 2008-09 to 2010-11
Key Decision:	Yes
Responsible Officer:	Myfanwy Barrett Corporate Director of Finance
Portfolio Holder:	David Ashton Deputy Leader
Exempt:	No
Enclosures:	Appendix 1 – Integrated Planning Framework Appendix 2 – Timetable

## SECTION 1 – SUMMARY AND RECOMMENDATIONS

This report sets out the framework for the development of the new corporate plan and medium term financial strategy for 2008-09 to 2010-11.

### **RECOMMENDATIONS:**

That Cabinet

- Approves the integrated planning framework (appendix 1)
- Notes the timetable (appendix 2)
- Notes the vision and priorities and work planned over the summer to develop the Year Ahead Statement
- Notes the financial context
- Approves the approach to developing a strategy for closing the funding gaps
- Approves the approach to consultation
- Delegates authority to the Leader of the Council to sign off the Year Ahead Statement and approve the plans for consultation on the vision and corporate priorities for 2008-09 to 2010-11

- Delegates authority to the Leader and Deputy Leader of the Council, in consultation with the relevant portfolio holder(s), to initiate any service specific or statutory consultation that may be required

**REASON:**

To promote effective medium term planning.

## **SECTION 2 – REPORT**

### **Introduction**

1. This report sets out the broad framework for the development of the new corporate plan and medium term financial strategy (MTFS) for 2008-09 to 2010-11.

### **Integrated Planning Framework**

2. Officers have developed a new integrated planning framework. The framework is designed to ensure that the Corporate Plan, Directorate Service Improvements Plans and the medium term budget are developed in an integrated fashion. The approach is outlined in Appendix 1 and members are asked to approve the framework.
3. The Council will move towards this new approach this year and fully implement it next year.

### **Timetable**

4. The timetable for producing the new corporate plan and MTFS for 2008-09 to 2010-11 is attached at Appendix 2. Members are asked to note the timetable.

### **Vision and Priorities**

5. Cabinet approved the new vision, corporate priorities and flagship actions for 2007-08 for the Council in June.
6. The agreed vision is to be recognised as one of the best London Councils by 2012, in a borough that is cosmopolitan, confident and cohesive. This vision is supported by more specific aspirations, as follows:-

Our vision must be delivered with the commitment of our staff and partners.  
Together we will:

- |    |   |
|----|---|
| V1 | Satisfy our customers                           |
| V2 | Ensure people feel safe and secure              |
| V3 | Transform our living and working environment    |
| V4 | Protect our Green Belt and Harrow heritage      |
| V5 | Listen to and care for people who need our help |

- V6 Value, empower and involve young people
- V7 Promote vibrant cultural and leisure opportunities
- V8 Provide high achieving schools at the centre of community services
- V9 Encourage, promote and retain business
- V10 Sustain a diverse and cohesive community which lives in harmony
- V11 Deliver value for money

7. Within these aspirations, the Council has adopted the following corporate priorities for the year:

- P1 Increase levels of customer satisfaction
- P2 Work with our partners to reduce crime and the fear of crime
- P3 Improve the performance of our environmental services and promote recycling
- P4 Promote policies that retain Harrow's suburban character
- P5 Improve care for adults and children who most need our help
- P6 Expand participation opportunities for Harrow's young people
- P7 Continue improvement in schools to make education in Harrow even better
- P8 Increase opportunities for participation in sports and culture
- P9 Regenerate the town centre, improve district centres and promote new businesses
- P10 Build on our existing strong and cohesive community
- P11 Improve the way we work and provide value for money

### **The Year Ahead Statement**

8. The Year Ahead Statement will be a core element in the proposed new integrated planning framework. The Year Ahead Statement will be a comprehensive document which sets out the vision and corporate priorities, the national and local policy framework, detailed performance and value for money data, and the financial position. It will provide the context for the new medium term plans.

9. A detailed piece of work will be done over the summer to review the following in each of the priority areas:

- national policy influences
- local policy influences
- consultation and survey outcomes
- performance data
- value for money data
- inspection outcomes

10. Members are asked to note the vision and priorities and the work planned in the summer to develop the Year Ahead Statement. Cabinet is asked to approve a delegation to the Leader of the Council to sign off the Year Ahead

Statement and approve the plans for consultation on the vision and corporate priorities for 2008-09 to 2010-11.

### **Financial Context**

11. When the current MTFs was approved in February the estimated funding gaps for 2008-09 and 2009-10 were £6.4m and £7.4m respectively. In the coming weeks these figures will be updated to reflect latest information and the MTFs will be rolled forward to include 2010-11.
12. It should be stressed that funding gaps in future years move continually as the national, regional and local policy framework shifts and new information comes to light. It will therefore be difficult to arrive at a precise figure for each of the three years in the new medium term plan.
13. The key risks and opportunities affecting the funding gaps in future years are set out below:
  - Some of the issues that arose during the closure of the 2006-07 accounts have an ongoing impact
  - The assumptions about inflation will be reviewed
  - The assumptions about pension fund contributions will be updated in light of the actuarial valuation
  - Technical assumptions relating to interest rates, collection performance, and capitalisation will be reviewed
  - The degree of risk in the MTFs will be reviewed and this will inform decisions about reserves and provisions
  - The growth in demand for and cost/complexity of social care will be revisited
  - New developments at national level, for instance in relation to waste management, will be taken into account
  - The impact of some of the Council's major development projects will be taken into account
  - Opportunities for efficiencies and savings will be considered
  - In light of the comprehensive spending review, the assumptions about the increase in government grant in future years will be revisited
14. The position will be changing continually as new issues arise or existing issues are resolved. Members are asked to note the financial context.

### **Strategy for closing the funding gaps**

15. As noted above a detailed Year Ahead Statement will be developed over the summer which captures the proposed vision and priorities, detailed policy and performance information and the financial context. In light of this statement, members and officers will develop a clear strategy for dealing with the funding gaps. It is anticipated that the strategy will include a number of strands as shown overleaf. Additional strands will be added once the Year Ahead Statement has been finalised.

## Strategy for Closing the Funding Gaps

Strand	Actions
Priorities and resources	<ul style="list-style-type: none"> <li>• Ensure resources are aligned to the new corporate priorities</li> <li>• Decide what is not a priority</li> <li>• Evaluate the scope for investment in priority areas</li> </ul>
VFM	<ul style="list-style-type: none"> <li>• Consider whether the Council can reduce spending in areas where it does not provide good value for money at present</li> <li>• Consider whether the Council should conduct market testing in areas that have not been subject to any competitive or benchmarking process for some time</li> <li>• Challenge services which are provided on an internal trading basis</li> </ul>
Fundamental service reviews	<ul style="list-style-type: none"> <li>• Make realistic assumptions about outcome of reviews in financial terms</li> </ul>
Return on investment	<ul style="list-style-type: none"> <li>• Ensure that benefits from investment, particularly in new technology, are realised</li> </ul>
Organisational Structure	<ul style="list-style-type: none"> <li>• Consider whether more work on the structure is desirable</li> <li>• Review the cost of administrative support across the council</li> </ul>
Technical Review	<ul style="list-style-type: none"> <li>• Establish sustainable level of capital investment</li> <li>• Review reserves and provisions</li> <li>• Review capitalisation</li> <li>• Review collection fund</li> <li>• Review fees and charges</li> <li>• Review Dedicated Schools Grant</li> </ul>
Property Review	<ul style="list-style-type: none"> <li>• Ensure that the return on assets is maximised</li> </ul>

16. The strategy for closing the funding gaps will be designed to focus resources more effectively and avoid across the board reductions in budgets.

17. An update on the Year Ahead Statement and the strategy for closing the funding gaps will be presented to cabinet in October.

### **Governance**

18. It is proposed that an officer Efficiency Panel is established to look across all savings proposals for the council over both the short and long term. The Panel will report to the Deputy Leader on progress.

### **Consultation**

19. Following approval of the Year Ahead Statement, there will be general public consultation on the Council's proposed vision and priorities. Specific consultation on service/policy issues will need to be planned for September/October where it is required.

20. Cabinet is asked to delegate authority to the Leader and Deputy Leader of the Council, in consultation with the relevant portfolio holder(s), to initiate any service specific or statutory consultation that may be required. Where this delegation is used, the outcome of the consultation will be reported back to Cabinet for consideration to inform any decisions that are required.

21. The general consultation will include the Residents' panel.

22. The Leader and Deputy Leader have given a commitment to carry out consultation with the voluntary sector on the level of grant support next year.

23. In addition to the public consultation, there will be challenge panels with the Portfolio Holders and Overview and Scrutiny in the autumn. The role of the Open Budget Panel this year is being considered.

24. This approach ensures that any matters arising from the consultation can be taken into account before the draft budget is produced and published in December.

25. The stakeholder meetings that take place after the budget has been published in December will be for information sharing rather than consultation.

### **Risk Analysis**

26. The Strategic risk register is currently being updated. A detailed budget risk register was included in the February cabinet report and will be rolled forward in due course.

27. The main changes to the risk profile relates to waste management – which derives from the Chancellor's budget in March – and major projects.

### SECTION 3 - STATUTORY OFFICER CLEARANCE

Chief Finance Officer	<input checked="" type="checkbox"/>	Name: ...Myfanwy Barrett..... Date: ...28 June 2007.....
Monitoring Officer	<input checked="" type="checkbox"/>	Name: ...Jill Travers..... Date: ...28 June 2007.....

### SECTION 4 - CONTACT DETAILS AND BACKGROUND PAPERS

**Contact:** Myfanwy Barrett, Corporate Director of Finance, 020 8420 9269

**Background Papers:**

Report to Cabinet on the Medium Term Budget Strategy, February 2007

**IF APPROPRIATE, does the report include the following considerations?**

1.	Consultation	YES
2.	Corporate Priorities	YES
3.	Manifesto Pledge Reference Number	N/A

## Integrated Planning Framework

Cabinet is asked to:

1. Note the details of the new planning process which is being proposed
2. Note in particular the new timescales which will apply to key parts of the process and changes to the roles of Corporate Directors and Portfolio Holders detailed in the new model

### Context for Change

The council has made significant developments over the 3 years to its performance management, service planning, risk management and budgeting processes. However it is recommended that further improvements be made to reflect best practice and to respond to the Corporate Assessment.

The Corporate Assessment noted some strengths in the existing processes:

*‘the council has a good understanding of its local communities...it regularly assesses local views through consultation with a range of key stakeholders’*

*‘a clear performance management framework is in place across the council and applied very well in some areas’*

*‘the corporate performance framework operates across the council using a system of scorecards to provide clear links and accountability for corporate objectives down through directorate plans to team level and individual plans’*

However a number of areas to improve were also highlighted:

*‘Harrow has developed a medium term vision with partners but does not articulate a clear vision of Harrow in the long term’*

*‘the Corporate Plan reflects the areas of the community strategy but it is too broad in nature and addresses improvement in the short to medium term’*

*‘there is a lack of clear outcome targets in plans supporting priorities’*

*‘service planning structures are complex...a complex structure of plans links the community plan and Corporate Plan through directorate and group level plans to team plans’*



Appendix 1 – Integrated Planning Framework  
*'long term performance improvement has been weak as measured by CPA service blocks'*

In addition best practice suggests that the council should make a number of improvements to its planning processes:

- Improve the level of integration in our financial, performance, service planning and risk management processes
  - Incorporate the financial position into delivery scenarios and the setting of targets and prioritisation of plans
  - Help the council to be more intelligence led in making savings
  - Better understand the links between our financial position and our risk profile (at a time of very low reserves)
  - Improve the links to our workforce planning
  - Adopt key plans alongside the budget
- Improve the operation of the 'golden thread' so that individuals and teams can clearly see how they feed into the vision and corporate priorities
  - Increase the level of consistency across the organisation with which processes are applied (while taking account of local differences as required)
- Give Members a clearer role and clearer accountabilities in the process
- Start the planning process earlier in the year so that analysis of policy and performance can drive the setting of vision and priorities, which in turn are set early enough to drive the service planning process
- Improve the effectiveness of consultation so that this is taking place at a point where real engagement is possible
- Increase the intensity of our improvement planning process in the light of our performance position

There has also been ongoing dialogue with the Leader and Deputy Leader to bring Portfolio Holders more closely into the service planning and performance management processes, with clearer targets and accountabilities.

Summary of Proposed Process

## Appendix 1 – Integrated Planning Framework

### Hierarchy of Plans

The overall hierarchy of plans is shown in the diagram below:



As shown the Sustainable Community Plan is the key document which guides the vision and priorities being set by the council.

The Corporate Plan and Medium Term Financial Strategy describe in summary what the council is going to do over the medium term to deliver its commitments under the Sustainable Community Plan. It is supported by Service Improvement Plans for each of the Corporate Directors.

Each Corporate Director will in turn have monitor Delivery Plans and budgets at the service level.

Finally the IPADs will continue to provide the linkage through to setting individual objectives and accountabilities.

### Development and Monitoring Processes

A summary of the proposed processes is shown in the diagram in Appendix 1.

#### Plan Development

The **Sustainable Community Plan** and **Local Area Agreement (LAA)** precede the Corporate Planning process each year and should conclude in June with a

## Appendix 1 – Integrated Planning Framework

refreshed LAA. This provides the critical HSP context into the council's own planning process.

Following this, it is important that service based **consultation** takes place where possible in the run up to June each year so as to feed in to a **Year Ahead Statement** and the setting of vision and priorities. Such consultation should therefore be scheduled in the Service Improvement Plan to take place at this time of year.

The planning year starts with a **Year Ahead Statement** being adopted by the July Cabinet. This sets the vision and key Corporate Priorities for the year ahead and is used to drive the overall planning process. It is informed by an analysis of performance and delivery in the past year, contextual policy developments, outputs of consultation, commitments in the Sustainable Community Plan, inspections etc. Preparation for the Year Ahead Statement includes a joint CMT and Cabinet away day.

The vision and priorities are then consulted upon in August and September through the Citizens Panel before being confirmed. The outputs of the annual Mori Quality of Life Survey will also become available at this time to support the consultation.

**Service Improvement Plans and the Corporate Plan** start being drafted in September and are taken to a **Challenge Panel** in November at which senior officers and members will look at where performance is being driven across the council and where money is being invested and saved. Targets will also be challenged through this process.

The outputs of the **Challenge Panel** with **draft Corporate Plan** and **draft Service Improvement Plans** would go to **December Cabinet** alongside the draft budget and would be presented by the Portfolio Holder before being sent to **Scrutiny. Final Service Improvement Plans** and the **final Corporate Plan** would then be adopted by **Cabinet in February** each year following the settlement from Government and to coincide with the budget. A second Challenge Panel would be held if the Government settlement delivered significant change.

In January there would be consultation feedback to stakeholders on how their earlier feedback had been incorporated into the Corporate Plan and Medium Term Financial Strategy.

The Corporate Plan would then be published in April and the Best Value Performance Plan published in June.

Additionally, in 2007, the Council has developed the new Corporate Improvement Programme, which consists of a top 40 flagship projects, and a further 60 – 80 improvement projects. It subsumes relevant capital projects. This programme will be embedded into the current service plans for 2007/08, and where relevant rolled forward into 2008/09.

## Appendix 1 – Integrated Planning Framework

The above processes also take account of the need for the council to prepare statutory and partnership plans. Whilst the timing of these may not directly coincide with the council's internal planning processes, there remains a need for the council to manage itself as a business. Therefore any improvement plans addressing statutory inspections need to be input into service plans. Sometimes, there may be unavoidable duplication of processes due to different timings.

### Plan Monitoring

Formal monitoring by Cabinet will take place quarterly. **Improvement Boards** will meet to monitor performance and will consider performance indicators, progress on the service improvement plan, risk and financial position. These boards will be chaired by the Chief Executive and will involve Director leads, Portfolio Holders and the respective performance teams.

A **quarterly report from the improvement board** should go to **Cabinet** and be considered alongside the Strategic Performance Report when Cabinet is sitting as the Performance Board. The report should also go to **Scrutiny** and be presented by the Portfolio Holder with responsibility for overall performance improvement, supported as necessary.

### Portfolio Holder Accountability

In this model Portfolio Holders will be more closely tied in to the development of the Corporate Plan and Service Improvement Plans as they will be responsible for presenting them to Cabinet and Scrutiny.

It has also been recommended to Members that clear **Accountability Statements** are implemented for Portfolio Holders with review every six months.

### Individual Performance

The IPAD forms are currently being revised however IPADs should continue to take place in April of each year to set priorities and in October to run a six month review.

### 'What do I do Guides'

A set of 'what do I do guides' are included in appendix 2 to show individuals what they will need to do at each point of the year. These are included for:

- Cabinet
- Portfolio Holders
- CMT
- Corporate Director
- Head of Service

## Appendix 1 – Integrated Planning Framework

### Next Steps

The new planning process is defined in a detailed Reference Manual describing how the process runs which is supported by a set of guidance templates and toolkits to help managers, planners and performance staff with each stage of the process.

These changes will be communicated across the council both at normal local management meetings in the period July – September and through a set of workshops organised to support the changes.

Member Development training in September 2007 will also include a module relating to the new performance management framework and its implications for members.

**Timetable for Planning Process**

Activity	Meeting	Date
Year Ahead Statement approved	Cabinet	19 July
Consultation on priorities		September/October
Consultation on specific policy/service decisions		September/October
Review of draft plans	Cabinet Challenge Panel	October/November
Scrutiny of draft plans	Overview and Scrutiny Challenge Panel	October/November
Draft Corporate Plan and MTFS approved	Cabinet	13 December 2007
Information meetings with Stakeholders	Various	January 2008
Final Corporate Plan and MTFS approved	Cabinet Council	14 February 2008 21 February 2008