

THE REVIEW OF PERFORMANCE MANAGEMENT AND SERVICE PLANNING

1. INTRODUCTION

- 1.1 Feedback from the District Auditor, the IDeA (through the LGIP review) and the IIP Assessors has shown the organisation is well run but lacks a robust service planning and performance management framework.
- 1.2 Since the change to the new democratic arrangements, and arguably the introduction of Best Value, performance management within the Council has not functioned as efficiently as it had previously.
- 1.3 In order to address this gap senior management requested that a review of the current performance management and service planning approach be undertaken, to result in a recommendation for an improved way forward.
- 1.4 This report is a summary of a more detailed paper on the outcomes of the review and the proposed performance management approach, a copy of which is available in the Members Room.

2 EXECUTIVE SUMMARY

- 2.1 Key elements of successful service planning were identified during the review. These are outlined below alongside how the new performance management and service planning approach will address these elements:

Service plans should:	The new performance management approach:
Provide the link between corporate/ community plans and individual work programmes	Ensures that the corporate/community plans underpin all services and enables links to work programmes
Be closely linked to BV principles and demonstrate continuous service improvements	Supports the BV principles in the service plan outline. Any new guidance will stem from the sound management practices highlighted in BV Guide
Be integrated with the allocation of resources	Linked to annual and medium term financial planning, strengthened by the introduction of four-year indicative budget parcels for services
Provide the mechanism for workforce planning and development	Will incorporate this within future guidance
Clearly distinguish between member and officer roles	Achieves a clearly defined separation of roles through 2 separate sections. Part 1 is a strategic member-led element; Part 2 covers operational management of the service
Provide clarity of member policies	Enables members to set priorities through clear resource allocation and projection. It involves portfolio holders and other members directly in the development and monitoring of the plans
Be simple and flexible	Allows for flexibility around a single framework for all

3. AIM OF THE REVIEW

- 3.1 The review sought a single, integrated performance management system, cascading from the community strategy, through corporate and service plans to individuals own work programmes and performance and development interviews.
- 3.2 For the Council to continuously improve against a backdrop of increasing demands on resources there needs to be greater emphasis on well-informed decision making. Part of this is to secure a stronger link between performance information, stakeholder feedback and what is provided.
- 3.3 The review identified the need for:
- **Better co-ordination of the Council's activities through stronger planning at a corporate level** to provide:
 - greater member leadership
 - better opportunities to reflect community needs
 - better long term results through the integration of the Council's corporate objectives.
 - **A more transparent and inclusive approach to service planning** which provides for:
 - greater opportunity for Member input into the development and monitoring of the key objectives for services through the planning process
 - stronger delivery by services towards the corporate objectives of the Council.
 - **Strengthening of the Council's financial planning** to provide a framework for allocating resources to support what the Council wishes to achieve.
- 3.4 These three areas are now addressed in the following sections.

4. BETTER CO-ORDINATION OF THE COUNCIL'S ACTIVITIES THROUGH STRONGER PLANNING AT A CORPORATE LEVEL

- 4.1 The Council does not currently have a consistent approach to service planning. In some cases existing plans fall short of the aspirations set out in 2.1 and for most, there are inconsistent opportunities for members to input in terms of direction or review.
- 4.2 A fresh approach is suggested that is geared to ensure that service plans not only stem from corporate objectives but also deliver both the financial and outcome priorities of members. This approach aims to retain some flexibility between services but to have minimum requirements for **greater member leadership** that fits in with the overall strategic, service and financial planning approach.
- 4.3 The development of the Community Strategy will help inform future Council direction as it will provide a better understanding of priorities for the district and identify the best solutions to these issues. Any new approach must be flexible enough to adapt to these changing demands to provide **better opportunities to reflect community needs**.

- # 4.4 Appendix 1 outlines a proposed framework that enables the integration of the aforementioned items to ensure a 'joined up approach' to service planning and performance management in the Council. To operate effectively it will require ownership and commitment from Members and employees as well as quality and timely financial and performance information.
- # 4.5 An alternative outline of the same framework is included in appendix 2. It includes the same principles for performance management but aims to set them out in a more simple way but does not show the links between the strategic, service and financial planning elements. CMT's views are sought on the preferred approach to deliver the right message to members.
- 4.6 A system needs to be developed to effectively translate the corporate objectives into service plans and ensure that its impact can be monitored. It could for example be delivered by a balanced scorecard approach that looks at objectives from a rounded view of performance. Proposals for this are still under review and will be reported in the future.
- 4.7 The role of the Council's Performance Plan should be significant in clarifying the hierarchy of key strategic documents. There is a need for it to shift from a Best Value tag to something that converts long-term aims and objectives into shorter-term priorities. It has the potential to be a key vehicle for the Council to communicate with its public and partners on its performance against what it is trying to achieve. It is hoped that members will use the Performance Plan more directly to achieve **better long term results through the full integration of the Council's corporate objectives** at all levels of the organisation.
- 4.8 The Performance Plan offers opportunities for extensive reporting on the overall performance of the Council in terms of:
- Delivery of the Corporate Plan objectives
 - Impact on the Quality of Life of the District
 - Key national and local performance indicators
 - The impact of research on service delivery and policy
 - Overall service improvements
 - Medium term financial projections and expenditure plans

5. MORE TRANSPARENT AND INCLUSIVE APPROACH TO SERVICE PLANNING

- 5.1 Service planning should be a continuous process geared towards meeting certain key stages in the overall corporate planning and budgeting process. It is a medium term process that sets out how services will develop and how they will assist the organisation to achieve its corporate priorities and targets.
- 5.2 The process needs to ensure that it cascades from but also feeds into corporate objective setting and resource allocation.

- 5.3 It is proposed that service plans should follow an annual cycle. They will be made up of two parts.
- Part 1 is essentially member owned and approved, set out in a four-year rolling programme.
 - Part 2 is the day to day operational element, which forms part of the Heads of Service role in managing of the service.

5.4 The contents of the two parts are:

Part 1 content

- Outline of Service
- Key targets/objectives demonstrating links to corporate/community plan
- Resources
- Outline of partnerships if appropriate
- Analysis of medium term issues and opportunities
- Medium term consultation plans and key results
- Key Service Performance Indicators (National if relevant and agreed local PIs)
- Service Improvement Plan (SIP) to include a challenge of service delivery
- Cross cutting issues
- Overall assessment of performance.

Part 2 content

- Annual work plans for Service and/or individual teams within the Service with clear resource (time and budget) allocations for functions and projects
- Partnership development plans
- Service Development Plan
- Detailed plans for stakeholder/customer dialogue
- Detailed local PIs and/or management performance monitoring data to be collated
- Business Continuity Plans.
- Outline of potential improvements from consultation and performance with links to SIP

- 5.5 Both these parts link to other corporate issues such as Electronic Governance, Procurement, Equality/Diversity etc in order to achieve improvement on these issues across services.
- 5.6 The creation of two part service plans gives a **greater opportunity for member input into the development and monitoring of the key objectives for services through the planning process**, at a strategic level. This will involve both portfolio holders and review panels as part of their annual work programmes. This should create an annual process for members to shape services as a result of key performance information.
- 5.7 The setting of key targets and objectives demonstrating links to the corporate plan will secure **stronger delivery by services towards the corporate objectives of the Council**.
- 5.8 Service plans will form the basis of engagement within services, between services, with members and outside of the Council with partners and customers. To enable this to occur most effectively plans will need to continue to be linked to services rather than portfolios or themes. This will ensure clear responsibility and accountability to senior management and members.

- 5.9 The final number of service plans is still to be determined, however, they must be maintained at a manageable but appropriate level that will enable all services to feed into a plan. Hence all services should therefore be working towards the corporate objectives and financial priorities of the Council.
- 5.10 It is suggested that apart from a minimum annual standard there is no prescription about how often service plans come before members but that is left for agreement between the service and the portfolio holder. Review panels will also need to input into that debate as they have a real role in monitoring the performance of services.
- 5.11 This new approach provides the opportunity to achieve continuous improvement without seeing Best Value reviews as the primary mechanism for delivery. That mechanism will now be performance management and in particular the service planning process.

6. BEST VALUE

- 6.1 The new performance management framework removes the need for so many Best Value reviews and can enable a more focussed review programme in the future. The programme for Best Value reviews can now be targeted at those services that have a significant community or organisational impact and those of a cross cutting nature. The programme for the next two years is recommended for change as follows:

Previous Programme 2003/04	New Draft Programme 2003/04
Property Services	Housing Services
Democratic Services	Themed Review – Young People
Housing Services	
Legal Services	
Dibden Golf Centre	
Exchequer Services	
Communication	
2004/05	2004/05
Environmental Protection	Revenues and Benefits
Central Purchasing and Stores	Themed Review
	– to be nominated by LSP
Fleet Management	
Revenues and Benefits	
Personnel and Related Services	
Community Strategy	

- 6.2 The discipline for those services not subject to fundamental Best Value reviews is to demonstrate they have a robust service plan where the key objectives for the service and the performance management targets have been agreed through the political process.

- 6.3 The Best Value Guide has always been viewed as a guide to sound performance management principles. It will form the basis of the new guidance and will become one part of an overall guide on performance management and service planning. This should ensure that the principles of best value are integrated into the core of any future guidance. The key aim of the new guide will not result in a totally new set of principles and guidance but will build upon and refocus much of the information already available.
- 6.4 It is proposed that the bulk of the guidance will be available electronically on Forestnet to enable it to continue to develop as we learn from the new framework. The key content, roles and responsibilities will not change and can be distributed as a hard copy to enable a basic understanding of the framework and provide a link to the web based guidance for officers and members. Training and guidance for the new framework and guide will be arranged in the future.

7. STRENGTHENING OF THE COUNCIL'S FINANCIAL PLANNING

- 7.1 The Council produces two main financial plans. These are the medium term financial strategy and the annual budget. Feeding from these are other plans such as the capital strategy and the asset management plan. All these documents focus on the General Fund. The Housing Revenue Account is separated as it has a statutory business plan and strategy that provides the its own guidance and direction.
- 7.2 The Medium-Term Financial Strategy should be linked to corporate plans and strategies including capital strategy. It currently operates as:-
- A four year projection of resources
 - A planning tool to assist the setting of longer term objectives and actions
 - A tool estimating the longer-term impact of major decisions
- 7.3 At the core of a sound service planning and budgeting system will be a planning mechanism that is guided, but not governed, by likely available resources and a budgeting system that allows for policy priorities to be reflected in the allocation of resources. The process contains a degree of flexibility in order that it can cope with the ever-changing circumstances that face local government.
- 7.4 Clear service priorities that are set by Members, in liaison, with officers at the start of the planning process will inform service plan development and help set the framework for the financial strategy.
- 7.5 Strategic and service plans need to set out actions and targets in a way that facilitates the financial consequences to be assessed. Service plan intentions need to be as specific as possible in order that they can inform the budget process.

- 7.6 Like most local authorities the resources at this Council are limited and the future is always going to be financially challenging. We therefore need to improve our resource allocation process in order to use them most effectively. Only then will we be able to confidently say that the Council allocates resources in accordance with corporate priorities. It is therefore essential that the quality of decision making at this single point is well informed and that the implications of approving or not approving allocations are fully understood.
- 7.7 To achieve greater alignment of corporate objectives, the service planning process and resource allocation it is suggested that the Council consider introducing medium term budget parcels for services. When fully operational this will provide **a clear framework for allocating resources in accordance with the priorities the Council have set.**
- 7.8 A budget parcel broadly sets out the level of resources that the service could expect to be allocated over the period in question. The levels of resources should be determined by two factors, the corporate objectives of the Council and the overall resources that the Council has available or is prepared to pass on to the tax payer. It needs to be flexible enough to deal with unforeseen changes to circumstances.
- 7.9 There are numerous approaches to this principle ranging from very prescriptive to very loose arrangements. As this would be a significant step for this Council it is envisaged that an incremental approach would be adopted. These parcels could be reviewed annually but should set out the indicative resources for each service over the four-year period of the corporate plan and result in greater certainty for planning and improvement throughout the Council.
- 7.10 This would enable services to align their service planning proposals to the same timeframe and in the broad knowledge of the resources that they are likely to be allocated. This will give services the opportunity for evaluating proposals for resource changes be they positive or negative over a longer period than the current annual expenditure planning process. It should lead to more strategic service delivery options being considered and implemented.

8. FINANCIAL IMPLICATIONS

- 8.1 The proposals contained in this report should result in the better use of resources including finance but contain no proposals for additional expenditure.

9. ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS

- 9.1 The proposals provide an opportunity for issues such as the environment and crime and disorder to be better integrated into a wider variety of service plans than at present.

10. RECOMMENDATIONS

- 10.1 That the Cabinet agree the proposals for Performance Management and Service Planning as detailed in the report;
- 10.2 That the Cabinet agree the two presentations showing the integrated approach to the Strategic, Financial and Service Planning Framework, as set out in both Appendices 1 and 2;
- 10.2 That the principle of adopting budget parcels to enable four-year financial projections be approved (paras. 7.8 – 7.10), and that a more detailed paper on the implementation of a scheme be prepared for a future meeting of the Cabinet.
- 10.3 That the revised Best Value Review Programme be approved (para. 6.1).

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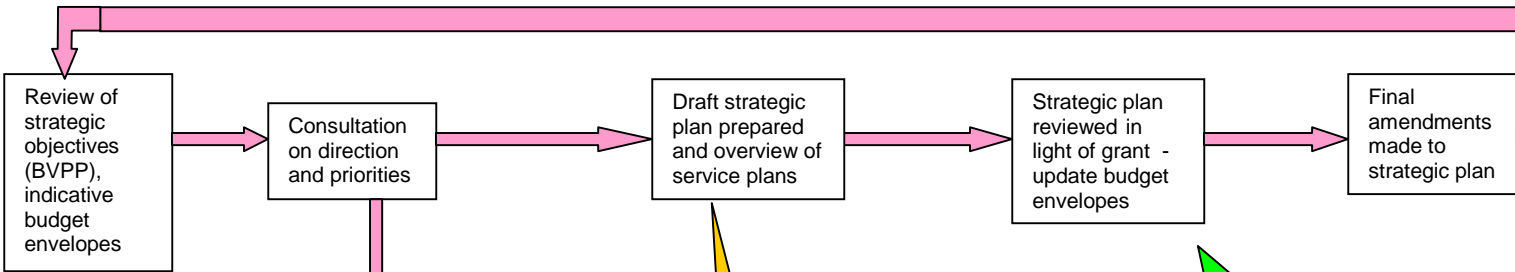
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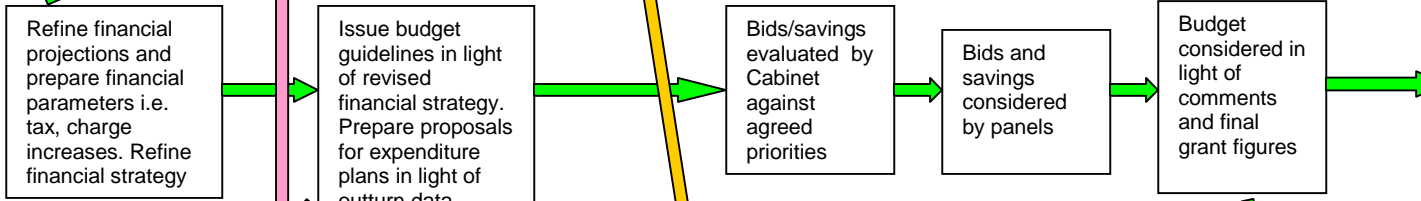
The Integrated Approach to Strategic, Financial and Service Planning Framework

March May June July Aug' Sept' Oct' Nov' Dec' Jan' Feb'

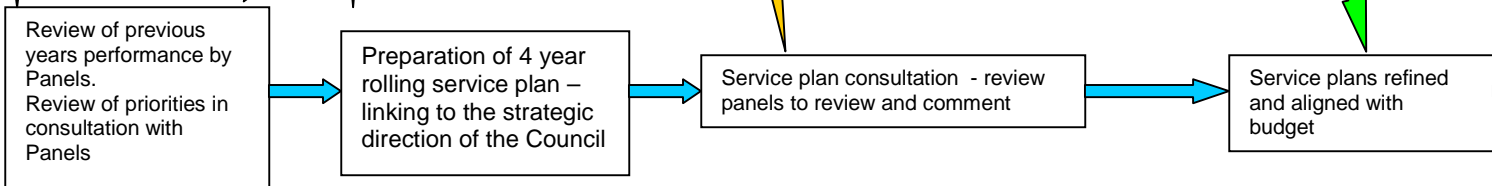
Strategic Planning Process



Financial Planning Budget Setting Process



Service Planning Process



ALTERNATIVE TIMETABLE FOR AN INTEGRATED APPROACH TO STRATEGIC, FINANCIAL AND SERVICE PLANNING

	STRATEGIC PLANNING	FINANCIAL PLANNING	SERVICE PLANNING
May	Review strategic objectives as set out in Performance Plan, review budget envelopes	Review financial projections	
June		Refine financial strategy	Review of previous years performance to Panels. Review priorities in light of performance
July	Consult on priorities	Review outturn position Issue budget guidelines	
August			Update/refine 4 year rolling service plan
September	Draft new Performance Plan and overview of service plan priorities	Prepare expenditure plan proposals	
October		Bids/savings considered by Cabinet	Consult Panels on updated service plan
November	Performance Plan priorities reviewed in light of resources –update budget envelopes	Cabinet proposals considered by Panels/Committees	Service plans refined and aligned with budget
December		Budget considered in light of grant proposals and comments from panels	
January			
February	Final adjustments to Performance Plan	Budget finalised, council tax set and resources matched to service plans	Final adjustments to service plan targets. To be included within individual work programmes
March			
April	Performance Plan approved		