

**Annex 2**

**Guidance and Timetable for  
2015/16 to 2018/19 Medium Term Financial Plan (MTFP),  
2015/16 to 2018/19 Medium Term Investment Plan (MTIP) and 2015/16 to 2017/18 Departmental Business Plans**

*Note from the Director of Finance and the Strategy, Planning and Performance Manager, Office of the Chief Executive*

**Introduction**

1. This note provides guidance on departmental financial and business planning. A timetable for the whole planning process is shown at the end of this note, but the key dates for departments are as follows:
  - 20 June 2014 – deadline for submission of information for forward plan challenge meetings
  - 30 June – 11 July 2014 – forward plan challenge meetings
  - 29 August – deadline for programme and projects prioritisation assessments.
  - September Estates and ICT MTIP peer review challenge meetings
  - 30 September – deadline for final financial plan
  - 27 – 31 October – final meetings on financial plans
  - 30 November – first draft of corporate business plan
  - 31 December 2014 – deadline for draft departmental business plans
  - Mid-February 2015 – round-table ‘peer review’ of draft departmental business plans
  - 31 March 2015 – deadline for final business plans and budget sign off

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## House of Commons Strategy and Financial Target

2. The current three-year Corporate Business Plan (published in March 2014) covers the period 2014/15 to 2016/17 while the current MTFP extends to 2017/18.
3. The Board agreed a 'refreshed' strategy in December 2012 and this was endorsed by the Commission in February 2013. A refreshed strategy that extends into the next Parliament provides greater clarity about the medium- and longer-term priorities of the House Service. This clarity provides a firm basis on which to develop business, financial and workforce plans and therefore help mitigate the risk of poor prioritisation of financial and other resources.
4. The Board has started to discuss what the strategy for 2015-2020 might look like, and the OCE is currently developing some initial ideas for consideration in May 2014. A draft strategy will be shared with the Commission in the Autumn, and will help to underpin the financial remit for 2015/16 and beyond. The outline strategy will be further developed in 2014/15 with a view to gaining formal endorsement from a new Commission in September 2015, after the General Election.
5. The financial remit agreed by the House of Commons Commission on 3 June 2013 for the planning round 2014/15 to 2017/18 assumed zero growth in real terms and that the House would absorb day to day upward cost pressures other than inflation. In agreeing the Remit the Commission noted that there should be an on-going challenge to deliver efficiencies through a process of continuous improvement. The Commission suggested that the Finance and Services Committee should continue to look for opportunities to make further efficiencies and ensure value for money in the delivery of services. The Commission also agreed with the Committee's view that significant enhancements to scrutiny and related functions should not necessarily be funded from within existing budgets.
6. In this planning round the remit will be reviewed, with particular focus on what should be funded from within existing budgets and what should be treated as an amendment to the target estimate.

7. This year for the first time there will be a Joint Meeting of the Management Boards in May to discuss major strategic issues that will have a bearing on resource budgets and investment plans.

### **Financial Planning Principles and Approach**

8. The House has an approved medium term financial plan for a rolling four year period. The plan is reviewed and refreshed on an annual basis.
9. Departments should review all inflation, growth items and savings in the existing MTFP to ensure that they are still valid, and then roll the plan forward to 2018-19.
10. Departments should review their in year performance against the budget, and ensure that relevant issues, for instance an underspend suggesting capacity or an area that appears to be under pressure, are picked up in the planning round.
11. However, the House is working within the remit agreed by the Commission. Therefore, no new growth will be added to the MTFP unless it is absolutely essential.
12. Departments should review their fees and charges and identify any changes that are required for 2015-16.
13. Departments should review their staff complement and recruitment plans and reconcile them to the salary budget.
14. Departments should consider carefully the impact of the 2015 election on their spending and income levels.

### **Investment planning**

15. There is an approved bi-cameral medium term investment plan for a rolling four year period. The plan is reviewed and refreshed on an annual basis. This year the House of Lords Finance Director will take the lead on the review.

16. At present there are three main investment portfolios, R&R, Estates and ICT, and these are managed by the R&R Board, PEB and PICTAB respectively.
17. Where there are new programmes in the pipeline, strategic business cases should be drawn up by the end of June to inform the planning process.
18. PEB and PICTAB will carry out an initial high level review of their respective portfolios in July, with a more in depth review through peer review workshops, resulting in firm recommendations for 2015-16, in September/October.
19. This process will be supported by PED, PICT, the Finance Directors of both Houses, and the Commons Portfolio Manager. Work is underway to refine the prioritisation criteria to assist the process – the new criteria will be available by the end of May. A stated aim of the prioritisation process this year is to increase challenge and identify a greater proportion of ‘nice to have’ projects.
20. A prioritisation exercise for all projects included in the MTIP will be undertaken in July and August 2014<sup>1</sup> and the outcomes will be considered at the peer review workshops in September and by the relevant Boards.
21. The MTIP is then compiled and submitted to a Joint Meeting of the Management Boards in November for approval.
22. The MTIP is then submitted to relevant Committees of both Houses to support their decisions on the Estimate for the following year.

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<sup>1</sup> The process will be applied to programmes/projects outside the ICT and Estates portfolios, such as R&R and change programmes.

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## Business Planning Approach

23. The current Corporate Plan, which covers a three year period, sets the scene for Departmental business plans. Similarly, draft departmental plans will help inform the next draft of the corporate plan so that information flows ‘bottom-up’ as well as ‘top-down’.
24. The Management Board will review progress against the Strategy and the Corporate Plan at a workshop in October 2014, and highlight any themes for 2015-16.
25. Departmental business plans should:
- Be succinct – a maximum of 20-25 pages is suggested.
  - Be a three-year plan covering the years 2015-16 to 2017-18, obviously with more detail for 2015-16.
  - Flow from the strategy for the House Service, developing a “line of sight” that links high-level corporate goals to personal objectives, via departmental (and possibly directorate) objectives.
  - Be an overarching plan for the department as a whole – they should be more than a collection of directorate-level plans, although departments are encouraged, of course, to develop plans at a directorate or office level.
  - Reflect Continuous Improvement activity which is being delivered in/across departments.
  - Reflect areas of the People Strategy which are being led within departments.
  - Incorporate the performance indicators that they use currently and/or intend to use in 2015-16.
  - Enable a cross-check of areas requiring HR support against planned HR Services work.
26. A template for departmental plans will be circulated in due course. OCE will ensure lessons are learned from the 2014-15 planning round.

## **Workforce Planning**

27. Departments should consider carefully their staffing requirements alongside their financial and business plans. As a minimum this will entail reviewing the complement of posts held on HAIS, considering recruitment to any vacant posts, and comparing the position with the budget for staff.

28. More generally, Departments should incorporate in their business plans their proposals to:

- make sure organisational structures are fit for purpose,
- implement agreed savings which affect staffing levels and/or require a reorganisation of work,
- meet changing demands on the service from internal and external customers,
- provide effective learning and development,
- respond to issues raised in staff surveys and the IIP assessment.

## **Diversity and Inclusion**

29. The House Service is entering the final year of delivery of the Diversity and Inclusion Scheme 2012-15. Departments should ensure that appropriate actions for their services are reflected against the key success indicators of the diversity and inclusion action plan and their own business plans.

30. The planning process will entail monitoring progress against the existing action plan and developing new actions for future years. Plans should include consideration of how they move the House closer to our aim of embedding equality, diversity and inclusion into core business objectives.

31. Diversity champions and HR business partners should be consulted as part of the planning process.

## Challenge meetings

32. Challenge meetings are a key stage in the planning process. This year the challenge meetings to consider forward plans will take place in early July.

33. In order to improve the coverage of the challenge process there will be specific meetings or arrangements for the following areas:

- Parliamentary Security Director (PSD)
- Office of Speaker's Counsel
- Parliamentary Commissioner for Standards
- Information and Security Committee

34. As part of the meeting with DHRC there will be more emphasis on the Archives. There will also be more emphasis on the Members' Estimate.

35. Departments are asked to prepare a pack of material for the forward planning challenge meetings which will include:

- Key matters arising from in year performance/budget monitoring
- Progress against the Diversity and Inclusion action plan
- A review of current budget and MTFP, highlighting any significant issues for 2015-16 and years 2-4 of the new MTFP
- The anticipated impact of the 2015 election on services and budgets
- Delivery of savings in 2014-15 and proposals for continuous improvement activity in 2015-16 onwards

- A review of fees and charges
- Proposals for purchase of IT kit for consideration by PICT, and likely demands for ICT services
- Initial thoughts on the department's key objectives/milestones for 2014-15 and issues for years 2 and 3 in the new business plan (including relevant diversity objectives)
- Delivery of the People Strategy and workforce planning
- Any emerging programmes/projects for the Department

36. Templates for this pack will be circulated in due course.

37. For any shared services, the House of Lords budget holder should be consulted as part of the preparation for the challenge meeting.

38. The challenge panel will consist of the Director of Finance, the Head of Management Accounting, the Strategy, Planning and Performance Manager from OCE, the HR Programme Director, a representative from the Diversity and Inclusion team, a representative from PICT, and a DG from another Department. For PICT and PSD, the Finance Director from the House of Lords will also be invited. For DHRC the Head of Parliamentary Archives will be included.

39. Your Departmental meeting should be attended by your Head of Department, Heads of Directorates as appropriate, along with your Departmental Finance Business Partner and HR Business Partner.

40. The agenda for the challenge meeting will be based on the pack you provide and the issues identified.



### **Final Meetings on Financial Plans**

41. This year there will be an additional set of meetings to finalise the financial plans with each Department at the end of October. These meetings will be with the Business Management Director and Finance Business Partner. Heads of Department may of course attend if they wish. The purpose of these meetings is to draw a line under the figures and avoid a lot of last minute changes.

### **Role of the Management Board and Accounting Officer**

42. The Management Board, including the Accounting Officer, will be asked to note progress on planning and approve documents at key stages. The Board also receives monthly performance reports throughout the year, so that it can track progress against the in-year plans.

43. The Accounting Officer will be briefed on the outcome of the forward planning challenge meetings. Significant issues for the Corporate Plan and Departmental financial and business plans will be brought to his attention along with any strategic issues and/or bi-cameral issues. The Accounting Officer may of course attend challenge meetings as he sees fit.

### Timetable for financial and business planning 2013-14 to 2016/17

When?	Who?	What?
April – June	Programme leads	Strategic/outline business cases for new areas of investment
20 June	Departments	Challenge packs to be submitted
30 June -11 July	All	Challenge meetings
17 July	Director of Finance	First report to Management Board on medium term financial planning, including update on technical assumptions
14/21 July	PEB/PICTAB	High level review of portfolios in the MTIP, bids in the pipeline etc
3 September	F&S	First review of MTFP
September	Departments	Refinement of estimate for 2015-16 and financial plan
29 September/ 13 October	PEB/PICTAB	Review of investment portfolios
xx October	Management Board	Workshop to review progress against Strategy and Corporate Plan
9 October	Management Board	Approval of MTFP for submission to F&S
22 October	F&S	2 <sup>nd</sup> Review of MTFP
27 – 31 October	Final meetings with Departments	Agree final financial plans
November	House	Debate

When?	Who?	What?
6 November	MB	Approval of estimate for 2015-16, MTFP and fees and charges for submission to F&S
12 November	Joint meeting of Management Boards	Approval of MTIP
End of November	OCE	First draft of corporate plan
4 December	Management Board	Review draft corporate plan
10 December	F&S	Approval of estimate for 2015-16, MTFP, MTIP and fees and charges for submission to Commission
15 December	HOCC	Approval of estimate for 2014-15, MTFP and MTIP
31 December	BMDs / Business Managers in departments	First drafts of departmental plans
During February 2015	OCE and departments	Review of departmental plans
End of February 2015	OCE	Complete corporate plan
March 2015	Management Board	Sign off corporate plan
March 2015	Commission	Approve corporate plan
End of March 2015	BMDs / Business Managers in departments	Complete departmental plans
End of March 2015		Budget book published Budget sign off process complete