

Management Board

Business and Financial Planning and Performance Management

*A paper by the Office of the Chief Executive and the Department of
Resources*

1. Purpose

- 1.1 To establish the approach to be taken to Corporate Business and Financial Planning during 2008/09 and to developing performance management across the House Service.

2. Recommendations

- 2.1 The Board is invited to agree:
 - a. That the Strategic Plan should run its course;
 - b. That there should be an integrated approach to business and finance planning, and the approach and timetable which should be adopted in developing plans for 2009/10;
 - c. That the draft Corporate Business Plan should be submitted to the Finance and Services Committee and to the Commission alongside the financial plans; and
 - d. That the best approach to performance management should be discussed with Departments as part of the next planning round, with a view to implementing a new model by the start of 2009/10.
- 2.2 The Board is invited to consider how best to identify the priorities to be followed in the planning round, and whether plans for 2009/10 should be prepared on the basis of alternative funding assumptions.

3. Strategic plan

- 3.1 The Commission adopted a strategic plan for the Commons Administration on 18 July 2005 (this is set out at Annex A). The plan, for the five years 2006–2011, set out:
 - its purpose;
 - values;
 - three primary objectives;
 - six supporting tasks;
 - six anticipated priority areas;
 - a broad statement of resources.

The Strategic Plan does not set achievement-based objectives or

criteria for measuring success.

- 3.2 Given the recent changes in how the House is managed and in the structure of the Commons Service, it is worth considering whether the Strategic Plan needs to be reviewed. There could be benefit in simplifying the current hierarchy of objectives, supporting tasks and priority areas into a single set of clear corporate objectives, against which the performance of the House service could be measured. The priority areas might benefit from review and clearer definition. A review of the Plan could also demonstrate to staff and to Members that the Board envisages a significant change of approach.
- 3.3 On the other hand, it can be argued that the Strategic Plan is still valid. The three primary objectives (support for the House and Committees / support for Members / public engagement) continue to be our central tasks. The six supporting tasks broadly capture the range of work which facilitates delivery of those primary objectives. The six anticipated priority areas (security, public information, information management and ICT, human resources, accommodation and works, and planning and management) probably remain the main areas in which change is required. Revising the Plan now would take time and would divert both staff and the Commission from other priorities.
- 3.4 **On balance, it is suggested that the Strategic Plan should run its course. Does the Board agree?**

4. Corporate Business Planning and Financial Planning

- 4.1 Under the five-yearly Strategic Plan, agreed by the Commission, is an annual Corporate Business Plan, agreed (until now) by the Management Board without reference to the Commission. To date, the production of the Corporate Business Plan has been largely disconnected (a) from the development of Departmental Business Plans and (b) from the financial planning process. As a result, Departments have developed their own objectives with little strategic direction. And business plans have been signed-off without clarity about the availability of funding.
- 4.2 **It has already been agreed that corporate and departmental business planning for 2009/10 should be integrated.** The Commission's response to Tebbit stated that "A new, more integrated, business planning system will be introduced during 2008/09 that will reflect the unified nature of the new House Service. The resulting plan will cover both corporate and departmental activities, giving a better balance between core services and strategic developments." It is proposed to produce a single plan for the House Service, focusing on the year ahead rather than reporting on performance in the previous year (that being the role of the Commission's annual report), with high-level SMART objectives and criteria for measuring their achievement.

It is proposed that this should be agreed early in the New Year, to allow time for directorates and teams to finalise their subsidiary plans (and individual FJPs) before the beginning of the financial year.

- 4.3 **It is proposed that we should also seek to integrate business planning and financial planning.** An integrated approach would allow better strategic planning, as well as resource prioritisation by the Board and by departments, and should help the Board to manage costs and ensure the achievement of value for money. The aim will be to identify costs by objective.
- 4.4 By taking an integrated approach to planning, the Board would also signal the importance to departments of developing business plans with clear and realistic costings. A high priority will be to ensure that budgets are agreed earlier, so that realistic plans can be finalised well before the beginning of the financial year.
- 4.5 The financial planning process establishes financial baselines for the following three years, whereas business plans have largely focused on the year ahead. An integrated approach should lead to more long-term business planning, though clearly plans for the second and third year will be subject to a higher degree of uncertainty.
- 4.6 An integrated approach will require close co-operation between the Office of the Chief Executive (OCE) (which is responsible for leading work on business planning), and the Financial Management Directorate (FMD) on behalf of DG Resources (who is responsible for finance planning).
- 4.7 The role of the OCE will be to ensure that both business and financial plans reflect corporate objectives, and that Departments have clear and measurable targets.
- 4.8 The role of the FMD will be, as before, to ensure that business plans are affordable and stay within the Medium Term Financial Strategy agreed by the Commission. Unless there is a change of policy from the Commission, the overriding constraint is to manage core services at a level of expenditure no higher than the ceiling agreed for 2006/07, adjusted for inflation. There is also a commitment to identify efficiency savings that can be re-cycled to finance planned investment. It is FMD's role to ensure that funding bids are subject to rigorous analysis and challenge.
- 4.9 The OCE and FMD should be able to negotiate priorities and allocations with Departments, with final decisions taken by the Management Board.
- 4.10 **Does the Board support an integrated approach to business and financial planning, along the lines suggested?**

Financial ground rules

- 4.11 Because of the difficulty in establishing budgets following the departmental restructuring on 1 January, three year baselines do not currently exist. It is proposed to use the 2008/09 budget as the starting baseline for each of the next three years against which to identify:
- Where savings can be offered back (e.g. those arising from anticipated workload reductions or where restructuring has led to efficiency gains);
 - Any bids for additional resources, identifying whether they will be permanent (i.e. across all three years) or temporary highlighting the financial years in which they will arise. Bids should identify the business consequences if they are not met or the costs were to be absorbed by transferring resources from elsewhere in the department.
- 4.12 In view of the Board's wish to control both staff numbers and costs, it is proposed that any additional staff bids must therefore be accompanied by an outline business case. Other bids, if not accompanied by an outline business case, will need to justify the additional resources requested.
- 4.13 **Is the Board content that Departments should be asked to follow these principles, or does it wish to reflect first on its strategic priorities?**

Sign-off arrangements

- 4.14 At present, the Management Board signs off the Corporate Business Plan, unlike, for example, the Commission Annual Report which is signed off by the Commission. It could be argued that the Commission has signed off the Strategic Plan and has entrusted the Management Board to implement it. In contrast, the financial plans are laid before the Finance and Services Committee in the Autumn and then the Commission in December. If business and financial planning are to be integrated, it may make sense to present the draft Corporate Business Plan to the Finance and Services Committee and the Commission, together with the financial plans; though this has a downside in requiring earlier completion and risks involving Members in the detail of management objectives.
- 4.15 **It is suggested that, if business and financial planning are to be integrated, it makes sense in future to present the draft Corporate Business Plan to the Finance and Services Committee and the Commission. Does the Board agree?**

Timetable

- 4.16 The timetable for integrated planning would be driven by the Estimate timetable and the need to leave sufficient time for the preparation of

directorates and team plans prior to the start of the financial year.

- 4.17 Certain deadlines have already been set for financial planning. The Clerk's note of 24 January commissioned **major project** bids, with outline business cases, to be prepared and submitted to the relevant strategy boards (e.g. Estate Board, JBSB) by the **end of June 2008**. They are to be reviewed and prioritised before being sent to the Department of Resources prior to the summer recess.
- 4.18 The proposal is to have all bids submitted to DR before the summer recess, to allow sufficient time for DG Resources to hold bilateral meetings with budget holders and prepare recommendations for the Board to consider in October 2008. Decisions from the Board then need to go to the Finance & Services Committee to endorse, prior to final approval of the Estimate being sought from the Commission in December 2008.
- 4.19 It is suggested that business planning should match this timetable, with outline departmental business plans submitted to the OCE by the Summer recess, for discussion and refinement by the end of September, agreement of the corporate business plan (which will include high-level departmental objectives) by the Board in October, and sign-off of departmental plans in December.
- 4.20 A draft timetable is set out below:

Date	To	Step
May 2008	Board	Agreement of strategic direction
Early June	Departments	Guidance issued by OCE/FMD on financial and business planning process
June/July		Initial planning meetings between OCE / FMD / Departments
By summer recess	DR/OCE	Departmental bids and outline business plans submitted
September		Negotiation on detail of plans and funding, and on SMART objectives
October	Board	Consideration of the draft Corporate Business Plan (incorporating high-level departmental objectives) and finance plans
November	F&S Cttee	Submission of financial plans (and perhaps draft corporate business plan)
December	Board	Consideration of detailed Departmental Business Plans
December	Commission	Submission of financial and business plans

4.21 Does the Board approve this outline timetable?

Alternative funding assumptions

- 4.22 The Tebbit review recommended that the Management Board should

conduct a budgetary exercise under which each Department should present its plans to the Finance and Services Committee on the basis of alternative funding assumptions, to inform decisions on future funding allocations. The Commission's response accepted this in principle though stated that it would not be feasible in 2008/09 as realistic budgetary baselines were still to be established for the new Departments. There was an undertaking to bring proposals to the Commission in due course.

- 4.23 While it would be easiest to defer for another year the requirement to present plans on alternative funding assumptions, this would miss an opportunity to reinforce early in the life of the unified Service the important of value for money.
- 4.24 **Does the Board wish Departments to prepare plans for 2009/10 on the basis of alternative funding assumptions; or should implementation of this recommendation be left to the following year?**

5. Strategic direction

- 5.1 Before the corporate planning process begins, the Board should consider what its priorities should be for 2009/10. The short-term priorities identified at the Board awayday in February (the Members' Centre, improvements in cleaning, and a package of IT improvements for Members) should be largely achieved by the end of 2008/09.
- 5.2 For example, it might wish to agree that there should be a significant increase in resources:
- To develop IT , and
 - To support the administration of Members' Allowances.

And it might want to signal that more priority should be given, for example, to:

- Records management, and
 - Business continuity.
- 5.3 If the Board wishes, the OCE could consult Board Members and put together a list of priorities for agreement at the June Board. Alternatively, the Board might meet informally to discuss this.
- 5.4 **How does the Board want to identify the priorities / high-level objectives to be followed in the next planning round?**

6. Performance Management

- 6.1 The Tebbit report recommended that the House should adopt a performance management system based on the balanced scorecard with clear criteria for achieving success. The Commission's response accepted this and stated that the Management Board would be considering proposals for the adoption of a performance management system early in 2008.
- 6.2 The OCE has taken the view that deciding on a performance management *system*, in advance of agreeing what the Board's objectives are, would be putting the cart before the horse. It suggests the following approach:
- First, define the Board's objectives (including any areas of particular concern)
 - Second, in discussion with Departments, establish indicators for measuring success in achieving those objectives
 - Third, ensure the supply of accurate information against these indicators
 - Fourth, establish the best way to present this information.
- 6.3 Departments are already making progress in monitoring their own performance, using a variety of formats. It is proposed that, as part of the business planning round, the OCE should discuss with Departments whether these departmental systems could be meshed and feed into high-level information for the Board, or whether an entirely new system should be adopted corporately. The aim would be to have a new model implemented, at least on an experimental basis, by the start of 2009/10, with refinement expected during 2009/10.
- 6.4 In addition to the Board's performance report, the OCE would monitor the performance reports produced by departments and would draw any significant matters to the Board's attention.
- 6.5 **Is the Board content with this approach?**

7. Guidance to Departments

- 7.1 In the light of decisions made by the Board, it is proposed that guidance will be drafted by OCE and FMD for issue to Departments early in June.

**Office of the Chief Executive / Financial Management Directorate
May 2008**

ANNEX

**Outline Strategic Plan for the House of Commons
Administration 2006-2011**

(As adopted by the House of Commons Commission on 18 July 2005)

Purpose

The House of Commons Service supports, informs and records the work of the House of Commons as an elected parliamentary chamber in accordance with the decisions of the House and the House of Commons Commission. It makes its work and information about that work widely accessible to the general public and contributes to parliamentary democracy by sharing its knowledge with parliaments and assemblies worldwide. It also maintains the heritage of parliamentary buildings and documents in trust for the public and future generations.

Values

The House of Commons Service seeks to serve the House of Commons, its Committees and Members, and the public, with honesty, probity and political impartiality; strives to achieve high ethical standards, value for money and professional excellence in all that it does; and seeks to be responsive to changing requirements. As an employer, the House of Commons Commission is committed to maximising the personal development of House staff, to valuing diversity and the contribution of all individuals, and to equality of opportunity.

Primary objectives

The House Service's primary objectives (in order of priority) are:

To provide the advice and services that enable the House and its committees to conduct their business effectively.

To provide the advice and services that enable individual Members (and their staff) to perform their parliamentary duties effectively.

To promote public knowledge and understanding of the work and role of Parliament through the provision of information and access.

Supporting tasks

In support of the primary objectives the House Service also seeks:

To provide a skilled and motivated workforce; giving recognition and reward for achievement and ensuring that all staff realise their full potential regardless of level or background; and promoting diversity.

To provide a healthy, safe and secure physical environment in which the business of the House can be effectively conducted; this includes accommodation, office services, catering and security.

To plan and manage all of the House's resources to a high standard,

achieving value for money and matching current public service standards including in the areas of risk and change management and environmental protection.

To maintain the heritage and integrity of the Palace of Westminster and other buildings, objects and documents for the benefit of future generations.

To ensure that information is well-managed in pursuit of the primary objectives, in part by exploiting technology effectively.

To maintain a good working relationship with the House of Lords, particularly in the provision of shared services; and to share information and best practice with other parliaments and assemblies, and to co-operate with other organisations that can assist the House Service in its work.

Priorities for the planning period

Over the planning period there will be an on-going requirement to develop services and up-date working practices. This will result from the changing demands of the House, external factors such as new legislation, and the continuing need to ensure that resources are managed in an effective and efficient manner. In this context, plans will have to adapt to changing circumstances. However, against this background, the anticipated priority areas for the period 2006-2011 are:

Security

A priority for the current planning period will be to ensure that security arrangements are appropriate to the assessed level of threat and that contingency and business continuity plans are developed and maintained so as to reduce the impact of any disruption caused by a terrorist attack or other unplanned incident.

Public information

Members as elected representatives have primary responsibility for maintaining links between Parliament and the public, but there are areas where an impartial House Service can and should support this by making the work and role of Parliament better understood. Development, and better co-ordination, of public information, visitor and education services will be a priority area for the planning period: major projects in the early years will include a radical redesign of the Parliament website and, if approved by the House, a visitor centre.

Information Management and ICT

In the previous planning period the House made substantial investments in new information systems including the House Administrative Information System (HAIS) and Parliamentary Information Management Services (PIMS). In addition, the creation of the Parliamentary ICT function will promote unified approaches that are designed to pay dividends. A priority for the current planning period will be to exploit those investments to introduce improved services and more effective ways of working. This will be done in the context of a more coherent approach to information management.

Human Resources

The provision of the high quality services required by the House and its Members depends to a large degree on the availability of an appropriately skilled and motivated workforce. Priorities for the current planning period will be: improved mechanisms for career development within a competencies framework; ensuring that the House Service benefits from diversity in its workforce; and the enhancement of management skills at all levels.

Accommodation and works

Space on the Parliamentary estate is at a premium. During the planning period it will be necessary to take a strategic look at how space is used to ensure a good alignment with the delivery of primary objectives. It will also be necessary to develop a long-term investment strategy that will provide accommodation that is fit for purpose and is maintained to an appropriate standard.

Planning and management

A priority for the planning period will be to further develop systems of management and internal control in line with best practice, so that the House is able to comply consistently with legal and financial requirements and demonstrate that resources are being managed in an efficient and cost-effective way.

More detailed strategies will be developed in each of these six priority areas to provide a basis for planning over the period to 2011. These strategies will set out what the Board aims to achieve by the end of the period, milestones towards delivery and an assessment of risk (ie things that might prevent delivery). During the planning period progress will be quantified and reported against.

Resources

Subject to decisions of the House, the Board of Management aims to manage core services at a level of expenditure no higher than the ceiling previously agreed for 2006/07, adjusted for inflation. The Board will continue to review existing services to identify efficiency savings that can be re-cycled to finance planned investment. However, additional resources could well be required to meet future security requirements and a number of high-value works projects that are fundamental to the maintenance of parliamentary estate.