

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 14 JULY 2015

EXECUTIVE – 4 AUGUST 2015

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND
SUPPORT SERVICES

CORPORATE STRATEGIC PLAN 2016/17– 2019/20 – THE PROCESS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To set out the drivers for change in reviewing the way in which the financial and business planning process will be delivered.
- To outline a new integrated process to determine council priorities and deliver a balanced budget for the next 4 years.

RECOMMENDATION FOR CORPORATE BUSINESS

SCRUTINY: That:

(A)	The proposed redesign of the council's finance and business planning process to support the later development of the Corporate Strategic Plan be noted; and
(B)	A report on the draft of Corporate Strategic Plan 2016/17 – 2019/20 be accepted onto the Committee's Work Programme for the 24 November 2015 meeting.
(C)	The Executive be advised of any recommendations.

RECOMMENDATION FOR EXECUTIVE: That:

(A)	The redesign of the council's finance and business planning process to support the development of the Corporate Strategic Plan be approved.
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1.0 Background (drivers for change)

1.1 Every year Corporate Business Scrutiny considers a refresh of the council's Corporate Strategic Plan. This sets out the strategic

priorities and key actions the council wants to deliver for that year, aligned to the overall priorities (People, Place, Prosperity) agreed by the previous administration when it was formed in 2011.

- 1.2 The development and refresh of that plan was initiated by the Executive providing officers with a clear steer on the key outcomes that need to be delivered and the direction of travel services should take for that particular year. Due to the elections and the formation of a new administration this year however there is now an opportunity for Members to consider delivery priorities for 2016/17 through to 2019/20.
- 1.3 The process of determining service priorities through the Corporate Planning Process has not always been fully aligned to discussions around setting the budget. Service planning has previously taken place on an annual basis with an annual horizon, compared to the setting of the Medium Term Financial Strategy which looked at a 4-5 year horizon. Moreover, Member engagement and approval of the annual budget (e.g. including setting of fees and charges, capital bids etc.) has tended to take place around January/ February of each year – some months after discussions around service planning (which begin in September).
- 1.4 With that in mind officers have proposed a new, integrated finance and business planning process which supports the development of a new Corporate Plan. This will set realistic service delivery objectives based on an understanding of service pressures, customer demand, workforce capacity and financial drivers.
- 1.5 This new integrated approach will enable joint discussion and alignment of the formal budget setting process with the setting of service priorities earlier in the financial year than has previously been the case. This will enable Members to agree the strategic direction of East Herts Council and the underpinning investment requirements based on needs and priorities as oppose to incrementally changing budgets on an annual basis.
- 1.6 The new process provides a unique opportunity for East Herts Council to understand how its resources and investment links to the achievement of outcomes, to anticipate and prepare for future challenges (eg. legislative change and changes in customer behaviour) and set out a 4 year Corporate Strategic Plan to deliver both Member priorities and a balanced budget.

2.0 Report

2.1 Ultimately, the aim of this integrated finance and business planning process is to deliver:

1. A comprehensive Corporate Strategic Plan, based on service outcomes
2. A clear direction of travel for the next 4 years, with the drivers and performance measures widely understood
3. A balanced budget

2.2 It is proposed that the council's finance and business planning process will be redesigned to enable:

1. A review of service areas to see how service outcomes align with financial need (ie. understanding why underspends exist)
2. An understanding of the current direction of travel and the future direction of travel for each service; based on evidence currently available including customer data.
3. An understanding of which services are statutory and which are discretionary and where services are linked; impacting each other and the levels of service provided.
4. An analysis of what would happen to a service if legislation changes, or Members redirect their priorities.
5. A review of workforce issues within each service, including role changes, skills changes, work profile, recruitment trends and succession planning.
6. Present a range of options to Members to change service provision and build resilience.

2.3 Officers will be working on stages (1-5) above throughout the summer of 2015 with a view to undertaking Member engagement (stage 6) on options and priorities during October. Over the summer however Heads of Service and Directors will be engaging with their Portfolio holders on progress and emerging issues.

2.4 To help inform discussions about priorities and financial drivers, the process of setting of the Medium Term Financial Strategy has been brought forward (being reported to Corporate Business Scrutiny July 14th and Executive 4th August). This will enable early consideration of the East Herts Council budget situation following the Chancellor's budget statement (due 8th July).

2.5 Stage (6) of this process will provide an opportunity for Members to consider a range of feasible options for the future (and the

financial implications of choosing those options). This will ensure much more robust prioritisation of council resources in a way which has not been done previously. Moreover, the outputs of stages (1-5) will also be made available to Members as reference papers to increase understanding and insight into pressures and demands on all council services.

- 2.6 In previous years an informal budget session has been run for Members during the month of October and we anticipate a similar informal session to present options. The dates and precise format of that engagement will be determined by CMT and Executive over the Summer.
- 2.7 Following member engagement on service proposals a clear steer in terms of the council's priorities will emerge and therefore the four year plan for the period 2016/17-2019/20 can be drafted. It is anticipated that an early draft can be considered by Corporate Business Scrutiny's meeting on 24 November 2015 and approval by Executive on 5 January 2016.
- 2.8 There will also be an opportunity for Joint Scrutiny to consider the Corporate Strategic Plan alongside the setting of the budget at its meeting on 19th January 2016.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

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