

Performance and Resources Overview & Scrutiny Committee

Analysis of Medium Term Planning (Heads of Service Perspective)



Introduction

The Performance and Resources Overview & Scrutiny Committee (P&R OSC) agreed to look at the process involved for the Medium Term Planning (MTP) process. As part of the Scoping document the review attempts to find out if the 06/07 financial settlement delivered the outcomes it set out to achieve and what lessons can be learnt and recommendations made for 07/08 and 08/09

This review will act as a 'check and balance' on current MTFP processes and will make recommendations intended to inform these processes in 07/08 and 08/09.

Heads of Service (HoS) were asked to contribute to this review by providing the Committee with their experiences of the MTP process; this was achieved by the distribution of a proforma. Heads of Service were asked to complete this document to provide the committee with an understanding as to the operational MTP process, highlighting any areas they consider to be good, bad or are indifferent to throughout the MTP process.

The overall response rate from all Services areas was 70%. Three Service Areas did not respond to the questionnaire

The proforma asks all Heads of Service a total of 13 questions focussing on the MTP process. The analysis that follows is a synopsis of the responses received.

1. How do you contribute to the council priorities in the Corporate Plan?

All HoS confirmed that they were clear on how their service contributed to council priorities in the Corporate Plan. Various comments from HoS express the view that

“...Specifically my service area has directly owned targets at 4c (i through to iv) and is a contributor to a number of others...”

“... The current MTP template identifies how each activity contributes towards the Council Plan Priorities/Aims...”

“...Within my service Area B we link the corporate priorities to the service planning for the service area. There are clear links between the Councils aims as defined within Council Aim 4 and our service area...”

“...MTP template indicates the broad connection between the service/activity and the corporate plan...all services contribute to Aim 1 and 2 e.g. delivering equally accessible services...”

2. How do you determine the priorities for your service?

Of the Heads of Service responding it was clear that all recognised priorities within their service area were dependent upon local demographics coupled with consultation with Elected Members, service users and residents of the County.

“...Customer and Member stakeholder feedback is used to help determine priorities”

Comments from Head of Service also included the use of national guidance and links to the Local Area Agreement determining priorities for their service area:

“... We undertake statutory duties in line with the Civil Contingencies Act (2004), Pipeline safety Regulations (1996), Radiation Emergency Preparedness and Public Information Regulations (2001) and the safety at Sports Ground Act (1975) et al... This falls into the Safer, stronger and healthier communities objective...”

From the responses received it would seem that the exercise of setting priorities for the Service Area is not a stand alone task. The use of national guidance, meeting local demand and expectation as well as having regard to County plans and initiatives informs Heads of Service priority setting:

“...By having regard to BCC plans and initiatives & national priorities for external funding bodies.”

3. How do you allocate resources to these priorities?

All HoS commented on their services requirement to allocate limited funding across strategic priorities. Some services have greater access to external funding to others which enables a greater degree of flexibility to allocation of their resources. Comments received for HoS stated;

“...Not many resources to allocate – most £ goes on salaries and staff are the critical element to the team...”

“... By having detailed budgets linked to specific activities enables us to calculate the savings that could be made by discontinuing one activity and reallocating to a more pressing need...”

“...Revenue resources are allocated to the works budgets, staff costs and overhead costs for each of the priority activities to enable the Service to deliver upon performance targets set out in the Service Plan... approximately £3.0million of Revenue Grants is received by the Service annually from Government these are allocated to service delivery...”

“... A Programme Resource Allocation Methodology (PRAM) is used. This group meets on a monthly basis and examines new bids for resources that have approved Business cases or have been assessed as a priority item to maintain business as usual...”

4. How do you construct your budget and how do you link it to expected demand for services?

Responses from HoS again varied according to the nature and type of service area. Common themes and concerns emerging were maintaining the same service whilst reducing or justifying current staffing levels, demands of reducing ones budget without a noticeable reduction in service. This might be in accordance with a service level agreements, service user / employee expectation within the Council as well as resident expectations. This is illustrated by the following comments

“... We look at what staffing we need in which area to fulfil our contract with the xxx...we make an assumption for the pay award & inflation for the 4 months which feature in the later fiscal year...we use our knowledge of what is happening in the national arena to guessimate what our funding is likely to be and budget based on this until our funding allocation is agreed...we use historical data plus knowledge of new initiatives to predict demand...we decide what it is we need to do differently, what we need to stop doing, etc and adjust the budget accordingly...we are able to look at each area of the service in depth to determine where cuts need to be made, as we budget on an activity basis and we know what each area costs and hence the impact of discontinuing something...”

“...SLAs are adjusted to reflect current demand and available budget each year. Excess demand results in prioritisation of work and delays in non-urgent work...”

“...The budget is set by finance via MTP and we have to perform within our allowance...If services demand more they have to pay for consultancy (fee) as we cannot provide in-house due to lack of capacity...”

There also seemed to be a differing opinion on the type of budget reporting system used (activity vs. zero based budgeting.) One HoS reported using zero based budgeting

“... Each year the budget for the Service Area is constructed following guidance laid down as part of the Medium Term Guidance...the figures are constructed using a zero based budgeting and takes account of the councils corporate plan priorities, and in addition, identifies those areas where additional resources will be required to deliver the

based budgeting and takes account of the councils corporate plan priorities, and in addition, identifies those areas where additional resources will be required to deliver the priority outcomes whilst sustaining adequate support for existing systems...

Whereas another HoS representing another Service Area reported that

“...The budget is created based on historic allocation and spend. We believe there are areas where zero based budgeting would be very useful but currently this is not possible through the MTP process...”

The assumption is that all HoS have an intricate knowledge of the budget process. The Finance service provide one on one support to all HoS ensuring they are competent to complete the annual MTP. There are training sessions facilitated by the Finance service to empower all budget holders with the skills to manage their services budget effectively and with confidence. This was not felt sufficient by one HoS I who stated

“...I have found that other managers know little about the budget so I have planned to set up budget training early next year...”

5. During the MTP process, what criteria do you use to determine where to make efficiencies, where to reduce services and where to bid for investment?

Responses from HoS in relation to this question relate to the desire to continue to provide the same services to all internal and external users despite the service experiencing a reduction in budgetary terms. Comments received from HoS suggest

“...Reduce Services – because of limitations on finding efficiencies any budget reductions are being funded by reducing services, less personnel resource to meet demand leading to delays in some work...”

“...My service has a very tight budget with little room for manoeuvre...decisions have been made on the basis of minimising impact to direct delivery...most of the budget is taken up with staffing it is difficult to find other efficiencies. Bids for investment are based on identified need for areas of development...”

“...Efficiency” suggests that the job will be done the same with less money...”

7. How do you assess value for money?

The majority of services are making use of the corporate value for money strategy or benchmarking against other comparable authorities. Some services are further advanced with this process, but there appears to be certain tasks that lend themselves easier to this type of process

8. How do you monitor both your performance and your budget?

All services are carefully monitoring performance, through indicators that are checked either on a monthly or quarterly basis. Some services have dedicated performance officers tasked with tracking indicators.

Generally budgets are monitored in the same way, in collaboration with IT. On a monthly basis cost centre managers are providing feedback on spend against profiles to senior managers and finance officers.

9. What processes are in place to identify and manage risks of under/over achievement both of performance and budget?

Officers use the monthly monitoring mechanisms to identify risks and then decisions are made by managers to reallocate or prioritise to stabilise spend. A number of services are maintaining risk registers to identify future potential issues so that plans can be developed to mitigate.

10. In the context of the MTP process, what are the challenges you face and what improvements would you suggest?

A number of service heads commented that the process is too long, complicated and expensive. There were comments around the fact that certain services' budgets were allocated to staffing and therefore MTP process was simply a process for cutting staff. The efficiency savings desired were generally not realised and in real terms there was simply a cut in services provided. A range of responses form HoS

'task of balancing to a cash limit is artificial and unhelpful...better to work from a realistic allocation...and make best use of allocated resources'

'Complexity of process can confuse outcomes'

'MTP favours services who do not offer up reductions'

'Paperwork over complicated and lengthy'

From the responses received 3 HoS have expressed a preference to adopt and use zero based budgeting, with a strategic steer as to what the strategic priorities are so that resources can be allocated to meet them rather than the bidding process to sacrifice services.

Service heads suggested that the process was simplified and shortened, with further clarification provided at the start.

11. What real term growth were you allocated in 2007/8 and what did this deliver against? – revisit this tomorrow

Real term growth and its delivery varied according to the Service Area. HoS reported the following

- £1.1million to focus on improved outcomes for local people and improved performance against the targets.
- £2million
- Youth Offending Service: As Per table
- Funding to support High Wycombe library
- 1% growth for winter maintenance and gullies

12. Did you re-allocate any of the headroom against any other activities?

Lee's inclusion

One HoS only responded to this question by commenting that use of an alternative supplier freed up some of the original headroom to use on other priorities

13. What are the two biggest challenges for your service?

Various comments were received from HoS in terms of the challenges they faced. These included:

- Demography – rising population numbers and rising demand as we are a demand-led service and this is not recognised by the MTP process. (There is a lack of appreciation that the overall level of funding available for us nowadays leaves very little headroom for Members to allocate resources to their priorities rather than mandatory and essential expenditure and in reality our grammar school system and associated transport policy absorbs most of that scope for exercising local priorities.)
- Within my service virtually all of our budget is spent on staffing. The MTP cash limit requires me annually to identify savings in the form of posts to delete which necessarily means identifying a significant proportion of my staff team as potentially expendable. I have the choice of either concealing this from them or each year demoralising a proportion of the work force by allowing them to feel unwanted. This has caused me to lose good individuals. I would like the MTP process to recognise that my service areas is the engine room for identifying and delivering efficiencies for those two major spending departments and the concept of identifying high efficiency levels each year undermines our role.
- Recruitment of care staff.
- To ensure a robust preventative and stay safe service which continues to improve from under-performing in 2003, to performing adequately in 2007 and moving towards a strong and safe performance in the future and that supports improved life chances for our most vulnerable children.
- To maintain sufficient support services for schools in the context of changing funding and a changing role of the Local Authority as a Children's Service authority. This is especially important in the context of a 'floor authority' and our ability to pursue a reasonable Capital programme.

- Surviving as a service grouping with a significant 'low priority' element.
- Long term planning when there is uncertainty of budgets, having to plan year on year
- Time limited grant funding, trying to mainstream services.
- Going through the annual, destabilising challenge/defence of library budgets with short term fixes, which has seen staff morale plummet.
- Getting corporate understanding of the large part that the Service can play in assisting other parts of the organisation meet their targets.
- Budget restrictions make it impossible to carry any kind of contingency plan to meet any in-year demands or to develop new areas of work.
- Recruitment of staff is a major problem because it takes a long time and we are often unsuccessful first time around. This is due to the cost of living and applies to all Home Counties.
- Another huge challenge lies in trying to offer a universal service while targeting specific groups and needs
- Waste, Planning for Waste
- We also have the corporate challenge of BCC carbon footprint.
- Satisfying public demand for all transport services in the context of a reduced capital programme and cash limited revenue budgets and specifically satisfying public demand for road and pavement maintenance work.

- Avoiding reductions or cessation of services to accommodate increasing financial pressures that cannot be met through efficiency savings or increased income.
- Meeting the increasing growth in demand for ICT services from the service areas.
- Managing the increasing risks brought about through security breaches in an environment that is seeking enhanced partnership working, shared services and open government.
- Pathfinder – Service Area M is part of the Support Services Project
- Dealing with increased demands – e.g. GC2C, increased complaints, increased committee support needed without additional funding.
- CPA requirements mean the need for a strategic property management team, if these are to be achieved. If not it is possible we will not be a 4* service / local authority.
- Services need to work with us to determine which can be co-located / delivered differently to provide capacity for capital receipts. Currently Service Area O 'charged' with finding over £100m receipts from portfolios to pay for the waste project and with the Maintenance Backlog of just over £80m the pressures are enormous if these are to be achieved.