

EXECUTIVE COMMITTEE
Departmental Business Planning
Paper from: Jane Hough, Governance Office
For the meeting on: 15 October 2015

Purpose

1. This paper outlines proposals to improve the departmental business planning process, assisting with the 'delivery' agenda and in the spirit of the broader 'continuous improvement' agenda. Some of the specific proposals were identified as actions in an Internal Audit review of departmental business planning earlier this year, but others flow from discussions among those involved in the planning process. The intention of the proposals is to articulate an agreed 'statement of purpose' of business plans; to agree mandatory criteria to be included in departmental plans (and to give the Governance Office a clear mandate in ensuring compliance with these criteria), and to achieve closer greater alignment with the financial planning process.

Action for the Executive Committee

2. The Executive Committee is invited to **agree**:
 - (1) The statement outlining the purpose of departmental business plans in paragraph 5;
 - (2) The format of departmental business plans, in terms of mandatory criteria and good practice, in paragraphs 8-9 (templates will be developed to support the new format);
 - (3) The approval process for departmental business plans, set out in paragraph 11, and
 - (4) The timetable for departmental business planning, as indicated in paragraph 14.

Consultation

3. Business Management Directors in departments have been consulted about the conclusions of the Internal Audit report (though many of the comments and subsequent discussions were more wide-ranging than the remit of the audit). Alongside this, informal discussions with the Director General of Information Services and the Director of Finance have also helped to shape the proposals below.

Equality analysis

4. The proposed mandatory criteria include activities being undertaken by each department to support the corporate diversity and inclusion strategy.

Purpose of departmental business plans

5. In attempting to define the 'purpose' of departmental business plans the Governance Office based the following draft statement on the findings of the Internal Audit review, taking into account views expressed by Business Management Directors. The draft statement is as follows:

The primary purpose of Departmental Business Plans is to set out the business **objectives** of the Department, along with details of the **resources** and **actions** which are required to ensure that the objectives will be achieved. This information provides the Executive Committee with details of each Department's strategic direction and goals, as well as providing assurance that the Department has committed to deliver the objectives through implementing the plan.

The secondary purpose is to provide information to staff (both of the Department concerned and more widely) about what the Department does and what its future activities look like.

Departmental Business Plans should be realistic and achievable, be consistent both corporately and between Departments, and fit within the overall strategic direction of the House Service.

6. This definition is intended to capture the following elements:
- (1) **Objectives** – the intended outputs or outcomes.
 - (2) **Resources** – the budget and staff available to use within the Department.
 - (3) **Actions** – the services provided and development activities to be undertaken.
7. This statement is also intended to be consistent with the undertakings agreed between the Clerk in his role as Accounting Officer and each Head of Department via Letters of Delegation. The relevant section (paragraph 3.1) of current Letters of Delegation is as follows:

“As Head of the Department of [name], you are responsible for the delivery of the objectives of your Department as set out in your Departmental Business Plan.

You are responsible for ensuring that the outputs and outcomes which you plan to deliver with the resources for which you have delegated authority are consistent with the Executive Committee's corporate strategy and communicated clearly in your Departmental Business Plan.”

Format of Departmental Business Plans

8. It is proposed that Departmental Business Plans should include the following mandatory features.

Feature	Narrative
<p>Timescale - Departmental business plans should, like the Corporate Business Plan, be a three-year rolling plan, with greater detail expected for the first year (“firmer” plans), and indicative developments for the second and third.</p>	<p>One BMD believed that Departmental Business Plans should cover just a single year at a time. Others supported the need to plan further ahead, noting that Medium Term Financial Plans and Medium Term Investment Plans operate on a four-year rolling basis. If there is to be alignment between financial and business planning then the Governance Office believes business plans should be on a rolling multi-year basis.</p>
<p>Introduction and context –</p> <ul style="list-style-type: none"> • High-level outline of the Department’s activities (one page). • Assumptions that underpin the plan. 	<p>A separate Internal Audit review of planning assumptions is currently under way. Early discussions with Internal Audit already highlight the need to be more explicit about the assumptions underpinning business plans, so this has been reflected in the mandatory features. Further work will be required to define the format and scope of assumptions – including the relationship between corporate and departmental assumptions – once the audit is completed.</p>
<p>The Business Plan –</p> <ul style="list-style-type: none"> • Departmental objectives that link directly to delivering the corporate strategy. <i>[NB: corporate strategy is still under development]</i> • Milestones which outline major changes or developments within the department. This should include projects and programmes being run from within the department. • Continuous improvement reviews planned by the department. 	<p>This section is the ‘core’ of the Departmental plan. It should not be an exhaustive list of every activity being undertaken, but it should balance business as usual activities with new developments.</p>

<p>The People Plan –</p> <ul style="list-style-type: none"> • Summary of the department’s current staff structure (numbers/payband mix) • Planned changes to staff structure (recruitment, down-sizing etc) • Major initiatives for staff, including – <ul style="list-style-type: none"> ○ Department-specific learning & development ○ Activities to support delivery of the People Strategy ○ Activities to support diversity and inclusion ○ Departmental action plans flowing from Staff Survey 	<p>People are an integral resource and there should be a comprehensive ‘People Plan’, combining workforce planning, learning and development, and contributions to corporate people initiatives.</p>
<p>The Financial Plan –</p> <ul style="list-style-type: none"> • Summary of the agreed four-year MTFP for the department: <ul style="list-style-type: none"> ○ In <i>draft</i> plans, this should show the agreed plan from the previous year, along with proposed changes/new submissions. ○ In <i>final</i> plans, this should show the newly-agreed plan. 	
<p>Performance and Risk –</p> <ul style="list-style-type: none"> • Performance indicators used to monitor delivery of services. • A summary of the risks which could affect delivery of the plan. 	<p>During 2016/17 the Governance Office will review the range of corporate performance measures and risks needed to report the Executive Committee and Commission on delivery in the light of adopting a new strategy for the House Service. Part of this work will be to ensure that there are suitable links between corporate and departmental information, along with the necessary escalation / delegation mechanisms.</p>
<p>Interdependencies –</p> <p>Departmental business plans should outline where they are dependent on the activities and/or resources of other departments. This may include, but not be limited to, the successful completion of a programme or project led by another department; the provision of new ICT software or hardware; website development; accommodation planning and/or office moves; HR support for restructuring; procurement activity.</p>	<p>This section is not intended to cover the day-to-day services that each department relies upon (e.g. DFin to process supplier invoices and run payroll, Facilities to do routine maintenance, PDS to provide Service Desk function).</p>

9. There are other aspects of 'good practice' which departments are encouraged to adopt for the business planning process, including:
- (1) Use of plain English, ensuring that the business plan is comprehensible and relevant to the staff of that department and not just a 'management document'.
 - (2) Use of diagrams and tables, particularly for numerical information.
 - (3) Using internal communications channels to raise awareness of the business planning process.
 - (4) Ensuring that line managers are familiar with the contents of departmental plans, so that staff can link personal objectives in their IPR to wider departmental objectives.

Assurance

10. The Governance Office will review draft Departmental business plans in January-February of each year and ensure that they comply with the mandatory criteria outlined above. Any omissions or areas of non-compliance will be shared with the relevant Business Management Director, who will then be expected to update the plan and ensure it is fully compliant before being finalised.
11. Heads of Department are asked to make the following undertaking in their Letter of Delegation:

“As [Job Title] you have personal responsibility for delivering the objectives of your Department, as approved by the Executive Committee in your Departmental Business Plan.”

The Governance Office notes that while the Management Board has considered papers outlining progress with departmental business plans in the past, it has not actually given formal sign-off to plans as the Letters of Delegation indicate. To ensure that the business planning process is fully consistent with this undertaking, it is proposed that final Departmental business plans should be brought to the Executive Committee for formal approval in April 2016. If paragraph 14 is agreed to, then Executive Committee approval would be sought in March each year from 2017 onwards.

Closer alignment with the financial planning process

12. The planning guidance issued by the Department of Finance and the Governance Office for departmental challenge packs in summer 2015 reflected actions arising from the Internal Audit review. Nevertheless, some BMDs still felt that the two processes were still rather disjointed and could be integrated further.
13. In practice, the information already requested from departments for challenge meetings each July already constitutes a draft business plan – although it is not described as such and the information is currently dispersed under a number of separate headings. It is therefore proposed

that the template for 2016 challenge packs should be restructured, so that a draft business plan forms one of the main sections. It should be emphasised that this will not require additional work from departments, but will be a re-packaging of information already provided.

14. This approach would mean that draft business plans are aligned with draft financial plans (and bids for new money) before the summer recess. Once financial bids are agreed in December 2016, departments would finalise their business plans – potentially by the end of February 2017. This would help avoid a bottleneck of work in departments in late March, since many of the people who lead on business planning also have financial responsibilities and are busy with year-end work.

Financial and procurement implications

15. There are no financial or procurement implications arising from these proposals.

Risk implications

16. These proposals help to mitigate two key risks owned by members of the Executive Committee:
 - Risk 4 – Not having the right staff capability or capacity to deliver
 - Risk 6 – Ineffective prioritisation and management of financial resources

House of Commons/House of Lords implications

17. At present, the business planning process occurs earlier in the year for Lords offices than it does for Commons departments. While the proposals in paragraphs 12-14 would not achieve complete alignment they would reduce the timing gap. The most immediate beneficiary of this would be the Parliamentary Digital Service, who presently have to try and deliver one sets of plans to two different timetables.

Communications

18. Once agreed, the Governance Office will ensure that changes to the business planning process are communicated to BMDs and Business Managers in departments.

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