

**Guidance for
2013/14 to 2016/17 medium term financial plan (MTFP),
2013/14 to 2016/17 medium term investment plan (MTIP) and
2013/14 to 2015/16 departmental business plans**

*Note from the Director of Finance and the Strategy, Planning and Performance
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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:
 - May 2012 – 10% savings challenge meetings
 - 31 August – deadline for submission of information for forward plan challenge meetings
 - 3-14 September 2012 – forward plan challenge meetings
 - 30 September – deadline for final financial plan
 - xx December 2012 – deadline for draft business plan
 - 31 March 2011 – deadline for final business plan and budget sign off
2. The timetable for this planning round has been adjusted to take into account the work on the 10% savings exercise, and as a result the challenge meetings on the forward plans have been shifted from June to September. This does mean however that some of the preparation work for the forward plan will have to be done before or during the summer recess.
3. For this planning round there will be more emphasis on integrating workforce planning and diversity.

House of Commons Strategy and Financial Target

4. The financial and business planning timeframe now extends beyond the life-time of the current strategy (2010 – 2015). It is not anticipated that the strategic vision (“the House of Commons valued as the central institution in our democracy”) and the strategic goals (respected, effective, efficient and well-informed) will change in the medium term. To this end, plans need to be put in place to roll the strategy forward into the next Parliament. We anticipate the following sequence of events:

- The Management Board will formally consider the question of rolling forward the strategy – probably with a limited ‘refresh’ – to a date in the first half of the next Parliament (for instance, mid-2017).
 - The proposition would then be put to the Commission for formal approval in autumn 2012.
 - Following the General Election the incoming Commission would be asked to endorse the continuation of the strategy (again, until mid-2017).
 - Early in the next Parliament, the Board would then consider whether to roll forward the strategy for the full Parliament (around 2020) or to develop a new strategy.
5. The Commission agreed to reduce the Administration Estimate by 17% to £210m by 2014-15. The next comprehensive spending review is due to be undertaken by the government in 2014, however, given the timing of the next election, it may be that an interim review is undertaken in 2014 to set spending limits for 2015-16, and a fuller review is undertaken by the incoming government in 2015. Whilst the House of Commons is not covered by the spending review process, it will be mindful of the wider public spending position.
6. For the purposes of the medium term financial plan it is assumed that the target will remain at £210m in 2015-16 and 2016-17.

Financial Planning Principles and Approach

7. The House now has an approved medium term financial plan for a rolling four year period. The plan will be reviewed and refreshed on an annual basis.
8. 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 2016-17.
9. 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.
10. Departments should review their staff complement and recruitment plans and reconcile them to the salary budget.
11. The House is working towards its target of reducing the Administration Resource Estimate to £210m by 2014-15. Therefore, no new growth will be added to the MTFP unless it is absolutely essential.

12. Savings identified through the seven strands since the Commission approved the estimate for 2012-13 last December, including those identified through the 10% savings exercise, will feed into the new MTFP.
13. During 2012-13, the intention is to develop a rolling programme of more in depth budget reviews. Further guidance will be provided and areas will be selected in consultation with Departmental finance leads.

Investment planning

14. There is now an approved bi-cameral medium term investment plan for a rolling four year period. The plan will be reviewed and refreshed on an annual basis.
15. At present there are two investment portfolios, Estates and ICT, and these are managed by PEB and PICTAB respectively. During the next planning round, the intention is to incorporate a number of corporate programmes such as HRPPP and Capability, and a number of other initiatives such as the response to the review of catering by the Administration Committee, into the MTIP.
16. Where there are new programmes in the pipeline, strategic or outline business cases should be drawn up by the end of June to inform the planning process.
17. PEB and PICTAB will carry out an initial high level review of their respective portfolios in July, with a more in depth review, resulting in firm recommendations for 2013-14, in September/October.
18. This process will be supported by PED, PICT, the Finance Directors of both Houses and the Commons Portfolio Manager. Work is underway to develop a set of prioritisation criteria to assist the process.
19. The MTIP is then compiled and submitted to a Joint Meeting of the Management Boards at the end of October for approval by the Finance Directors of the two Houses.
20. The MTIP is then submitted to relevant Committees of both Houses to support their decisions on the estimate for the following year.

Business Planning Approach

21. 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'.
22. The Management Board will review progress against the Strategy and the Corporate Plan at a workshop in October, and highlight any themes for 2013-14.
23. Departmental business plans should:
- Be succinct – a maximum of 20-25 pages is suggested.
 - Be a three-year plan covering the years 2013-14 to 2015-16, obviously with more detail for 2013-14.
 - 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 areas of the Savings Programme which are being led from within departments.
 - Incorporate the performance indicators that they use currently and/or intend to use in 2013-14.
24. A template for departmental plans will be circulated in due course. OCE will ensure lessons are learned from the 2012/13 planning round and the outcome of the Internal Audit review of business planning, due to take place before the summer recess.

Workforce Planning

25. Departments should consider carefully their staffing requirements alongside their financial and business plans. As a minimum this will entail reviewing the complement on posts held on HAIS, considering recruitment to any vacant posts, and comparing the position with the budget for staff.
26. 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.

Diversity and Inclusion

27. The House Service launched its new Diversity and Inclusion scheme on 1 March 2012, and has also developed a diversity and inclusion action plan. Departments should ensure that appropriate actions for their services are built into both the diversity and inclusion action plan and their own business plans.

28. The planning process will entail monitoring progress against the existing action plan and developing new actions for future years.

Challenge meetings

29. Challenge meetings are a key stage in the planning process. This year there will be around of challenge meetings in May to review 10% saving proposals, and a second round of meetings in September to consider forward plans.

30. 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 2013-14 and years 2-4 of the new MTFP
- Initial thoughts on the department's key objectives/milestones for 2013-14 and issues for years 2 and 3 in the new business plan (including relevant diversity objectives)
- Workforce planning
- Any emerging programmes/projects for the Department

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

32. For any shared services, the House of Lords budget holder should be consulted as part of the preparation for the challenge meeting.
33. The challenge panel will consist of the Director of Finance, the Strategy, Planning and Performance Manager from OCE, the Director of HR, a representative from the Diversity team, and a DG from another Department. For PICT, the Finance Director from the House of Lords will also be invited.
34. Your Departmental meeting should be attended by your Head of Department, Heads of Directorates as appropriate, along with your Departmental Finance Manager and HR business partner.
35. The agenda for the challenge meeting will be based on the pack you provide and the issues identified.

Role of the Management Board and Accounting Officer

36. 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.
37. 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.

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April 2012

Appendix 1

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

When?	Who?	What?
27 April	Departments	Deadline for submitting 10% savings proposals
May	All	10% savings challenge meetings
April – June	Programme leads	Strategic/outline business cases for new areas of investment
July	Director of Finance	First report to Management Board on medium term financial planning, including update on technical assumptions and outcome of 10% exercise
July	PEB/PICTAB	High level review of portfolios in the MTIP, bids in the pipeline etc
31 August	Departments	Deadline for information for forward planning challenge sessions
3-14 September	All	Forward planning challenge sessions
September	Departments	Refinement of estimate for 2013-14 and financial plan
October	Management Board	Workshop to review progress against Strategy and Corporate Plan
October	PEB/PICTAB	Review of investment portfolios
31 October	Joint meeting of Management Boards	MTIP
November	F&S	Approval of MTFP/MTIP for submission to the

When?	Who?	What?
		Commission
End of November	OCE	First draft of corporate plan
xx December	Management Board	Review draft corporate plan
Xx December 2012	BMDs / Business Managers in departments	First drafts of departmental plans
Xx December 2012	HOCC	Approval of estimate for 2013-14
xx January 2013	Management Board	Review departmental plans
During January 2013	OCE and departments	Review of departmental plans
End of February 2013	OCE	Complete corporate plan
xx March 2013	Management Board	Sign off corporate plan
xx March 2013	Commission	Approve corporate plan
End of March 2013	BMDs / Business Managers in departments	Complete departmental plans
End of March 2013		Budget book published Budget sign off process