

Council of Ministers Report

29 November 2007

Agenda Item: A3

BUSINESS PLAN PROCESS FOR 2009

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to discuss with the Council the process for producing a Business Plan for 2009 taking into account the views of States Members and Scrutiny Panels.

2 BACKGROUND

- 2.1 The process for the Business Plan 2008 involved a clear timetable being outlined in December 2006 and the objective is to agree a similar process for the Business Plan 2009 which takes into account the views of States Members during this year's process.

- 2.2 During the debate of the Business Plan 2008 a number of comments were made as to possible improvements to the process that States Members would like to be included for 2009. In summary these comments included the following:

- For Council of Minister's to have a clear objective to stick to the spending limits now agreed in principle for 2009 and manage any issues within those limits
- To increase the involvement of States Members generally, providing regular briefings and perhaps earlier information on the issues and challenges as they arise.
- To allow the earlier involvement and briefing of all Scrutiny Panels rather than just the Corporate Services Scrutiny Panel and to provide the draft proposals to Scrutiny Panels at the earliest possible juncture to allow as much time as possible for their consideration
- To maximise the lodging period to provide as much time as possible for consultation and drafting of amendments
- To simplify the order and content of the Proposition and decide whether all the different elements are required
- To review the order and content of the Annex in relation to the Proposition

- 2.3 A further consideration for the Business Plan process for 2009 is how to accommodate the outcomes of the current "Savings Review" being led by the CAG/PAC. It is important that the timescales of this review and its outcomes dovetail with the Council's deliberations on spending levels for 2009 and beyond.

3 COMMENTARY

Involvement of Scrutiny and States Members

- 3.1 Officers of the Chief Minister and Treasury have been liaising with Scrutiny resulting in a set of draft proposals prepared by the Chairmen's Committee.

- 3.2 The Chief Minister met with the Chairmen's Committee on 14 November and agreed an amended set of proposals and timetable for Scrutiny involvement in the 2009 Business Plan and Budget process.
- 3.3 The Corporate Services Scrutiny Panel is proposing the establishment of a "Finance Sub-Panel" of representatives from the various panels, to be determined by the Chairmen's Committee, which will focus on higher level issues such as financial forecasts, compliance with strategic plan, capital and property programmes which will allow Department Scrutiny Panels to focus on their departments issues
- 3.4 The proposal from the Chairmen's Committee is that the focus for communication and cascade of information from the Executive to Scrutiny is through the States Scrutiny Manager throughout the process.
- 3.5 The relationship with Scrutiny will be covered by a form of Confidentiality Agreement, agreed by both parties, which will allow the cascade of information to all Scrutiny members.
- 3.6 The proposals, which are attached as Appendix B, also include briefing and information to be provided to all States Members and other groups at appropriate junctures.
- 3.7 The intention would be to also continue the principle from last year's process where information provided to the Council would be cascaded to Assistant Ministers in a timely manner.

Spending Limits and Savings Review

- 3.8 During the debate of the 2008 Business Plan and the 9th Amendment from the PAC there were many comments about adhering to previously agreed limits or indeed reducing States spending. The proposition agreed in September 2007 for the Annual Business Plan 2008 contained a very clear statement that net revenue expenditure for 2009 and beyond should not exceed the limits agreed in the Plan and it would be inappropriate to exceed these limits without further reference to the States.
- 3.9 The Council will be briefed in January in respect of any emerging issues not currently funded within the 2009 spending limits, i.e. Prison base budget pressures, and will also be provided with an update on the underlying assumptions and provisions.
- 3.10 As a result of these briefings the Council would expect to identify its strategic priorities and overall spending plans for 2009 to 2011.
- 3.11 An outline programme of Council meetings and workshops is provided at Appendix A.
- 3.12 The timetable for the CAG/PAC Savings Review is as yet unclear, but if any of the initial outcomes from this important review are to be considered as part of the 2009 Business Plan process then these will need to be available as soon as possible and at least by late February/early March 2008. At this point the Council will be proposing any variations to the individual cash limits of departments in order that impacts on services can be assessed. At the same time the Council would need to consider how any savings identified by the review are included.

Make up of the Proposition and Annex

- 3.13 A number of comments were made during the debate about the order and content of the Proposition which need to be considered.
- 3.14 The current structure of the Proposition was adapted as a compromise between the previous Resource Plan and the desire, following the Strategic Plan debate, that States Members would have the opportunity to annually agree the objectives of departments. Consequently, much of what is in the Proposition is not required in the new Public Finances (Jersey) Law 2005.

- 3.15 A view needs to be reached as to whether it is appropriate to have an annual wide ranging debate on the individual objectives which tend to deflect from the approval of the annual spending limits. This comment could be said to be particularly relevant for next year's debate as there will be a new Council of Ministers in December 2008 which will have to present a new Strategic Plan to the States by April 2009. It may therefore be seen by some as curious to agree 2009 objectives as part of the Annual Business Plan debate in September 2008. Similarly, it needs to be agreed if individual Ministers should present and answer questions on both their objectives and detailed financial allocations.
- 3.16 The work on the Proposition, Annex and structure of the debate itself could be considered in the first instance by an officer working group which should include the Greffier of the States.
- 3.17 Proposals from the working group could then be discussed with the Council and then shared with the Corporate Services Scrutiny Panel or indeed the proposed "Finance Sub-Panel.

Review of Strategic and Business Planning process

- 3.18 The Chief Minister's department have begun a review in preparation for the next Strategic Plan in 2009 and this in turn will review the existing business planning process. The intention is to identify draft proposals and then to share these with the Council, and then with States Members and other stakeholders. Whilst the review is aimed at preparing for the next Strategic Plan any early findings and improvements could be consider for the Business Plan 2009.

4 SUMMARY

4.1 The Council is asked to consider the report and agree to:

- The proposals agreed between the Chief Minister and the Chairmen's Committee for Scrutiny and States Member involvement in the 2009 Business Plan and Budget process, as attached at Appendix B.
- The proposed timetable of Council meetings and workshops for the 2009 Business Plan process as attached at Appendix A.
- Establish a working group of officers of the Chief Minister and Treasury to consider changes to the Proposition and Annex to bring back proposals for consideration by the Council in the New Year and invite the Greffier of the States to join this group.
- Liaise with the CAG/PAC to ensure that the timetable for the current "Savings Review" is coordinated with the envisaged timetable for the Business Plan to ensure that any savings proposals can be considered by the Council at an appropriate juncture, at least by end of February 2008.
- Note the review in preparation for the next Strategic Plan in 2009.

States Treasury

20 November 2007

Corporate Finance

CoM Meeting 29 November 2007

**OUTLINE TIMETABLE FOR COUNCIL OF MINISTERS 2009 BUSINESS PLANNING
PROCESS**

January	<p>Meetings/workshops for the Council to review the assumptions behind the existing spending limits and to confirm the long term philosophy on how to balance tax and spending.</p> <p>Also to consider the emerging issues from 2007 outturn, 2008 business plan and review the priorities for 2009. Take a view on the overall spending limits for 2009-2011 compared to the in-principle limits set in the 2008 Business Plan.</p> <p>Include briefing of Assistant Ministers and All Scrutiny Members</p>
February	<p>Ministers with their Assistant Ministers and Senior Management Teams produce high level analysis of implications for the Department over the next 3 years within overall spending limits proposed by Council. This should focus on what could be achieved with particular emphasis on the Strategic Plan. It should clearly identify the priorities and issues facing the department over the period.</p>
End February	<p>Council receives revised financial forecasts and feedback from departments on issues and priorities for 2009 and future years. Council determine any reallocation of resources between departments and confirm overall spending limits.</p> <p><i>At this stage it would be advantageous if any input from the CAG/PAC 'Savings Review' were available to build into considerations.</i></p>
Early March	<p>Departments clarify impacts of provisional cash limits for 2009 and future years.</p>
Mid March	<p>Council meets to confirm provisional cash limits for 2009 and future years and agree release of information provided by departments to Scrutiny, all States Members and Media.</p>
3rd week March	<p>Presentation to all States and Scrutiny Members and Media on 2007 Provisional Outturn, Financial Forecasts and Business Planning process so far, covering background, proposed cash limits and departments implications.</p>
March/Early April	<p>Council receives proposals for Capital, Legislation and Property programmes for 2009 and future years.</p>
End April/Early May	<p>Scrutiny Panels share initial views with the Council of Ministers who consider those views before confirming the cash limits and finalising the Business Plan.</p>

End of May	Departments submit their completed detail pages for inclusion in the Business Plan Annex including any changes agreed by Council as a result of Scrutiny responses.
Mid-June	Council receives final financial forecasts for 2009 Business Plan and finalise proposals for 2009 to 2013.
End June	Council receive and agree draft Annual Business Plan Report 2009 and agree release to Scrutiny
14 July	Presentation of draft Annual Business Plan 2009 proposals and Financial Forecasts to States Members, Business/Interest Groups, Unions and Media.
15 July	Target date for Council of Ministers to lodge draft Annual Business Plan 2009.
16 September	Scheduled date for States debate of Draft Annual Business Plan 2009.

DRAFT

States Annual Business Plan and Budget: Panel reviews

Introduction

Given that the Public Accounts Committee's review of States expenditure is considering previous expenditure based on the independent work of the Comptroller and Auditor General, all Scrutiny Panels have considered ways of improving scrutiny of the Annual Business Plan. The main outcomes are:

1. Improved understanding of the process;
2. Earlier involvement of all Scrutiny Members.

Considerations

In view of the above, the Chairmen's Committee has considered two main ways forward. These are:

1. Formation of a 'Corporate Services Scrutiny Finance Sub-Panel' probably comprising one representative from each Panel and using the financial and manpower resources of that main Panel, terms of reference to be agreed by Chairmen's Committee. A specialist adviser may be employed. This would enable feedback of ongoing work to all Panels through the Panel's representative;
2. A proposal based on the schedule prepared by the Treasury and Chief Minister's Department which would involve all scrutiny members, and indeed all States Members..

Meeting with Chief Minister

A meeting of the Chairmen's Committee with the Chief Minister was held on 14 November and the following proposals were agreed:

1. The Chairmen's Committee will determine the make up of the proposed 'Corporate Services Scrutiny Finance Sub-Panel' which will focus on higher level issues such as financial forecasts, compliance with strategic plan, capital and property programmes
2. The States Scrutiny Manager will be the main point of contact for the relationship between Scrutiny and the Executive. The Scrutiny Manager is also intended to cascade relevant information to the all Scrutiny members.
3. A general Confidentiality Agreement will be drafted and agreed covering the cascade of information during this process from the Executive through the Scrutiny Manager to all Scrutiny Members.
4. A timetable for briefings and exchange of information throughout the draft Annual Business Plan 2009 and Budget 2009 process was discussed and agreed as attached.
5. The attached timetable recognises that the 2009 Budget will need to be completed by 5th December 2008 by the 'old' States as the following week the 'new' States Members are sworn in, followed by the election of the Chief Minister, Council of Ministers and other appointments.

Agreed Proposal for Improved Scrutiny of the draft Annual States Business Plan 2009 and Budget 2009 processes.

- i. **December** Publication of detailed Departmental Business Plans for 2008 together with outline for 2009-2010 as per Annex to the ABP
- ii. Treasury officers to provide explanation of Business Plan process to all Scrutiny members. This would include releasing a copy of a CoM paper outlining the 2009 process to Ministers.
- iii. **January/February** All Panels discuss 2008 departmental Business Plans and Scrutiny work programme with relevant Ministers. During this time Panels will be able to identify specific issues and areas of concern which may affect the following year's spending priorities.
- iv. **End of January** Briefing for all Scrutiny Panels on CoM initial approach to balancing tax and spending for 2009-2011, providing background to existing forecasts including any changes to base assumptions.
- v. **End February** Briefing for all Scrutiny Panels and other States members on initial overall indicative spending limits and any changes to the approved overall expenditure limits set by the States. This briefing would also incorporate information from earlier presentation at end of January.
- vi. **3rd week of March** All Panels and States Members receive a further presentation details of financial forecasts, initial funding/tax assumptions plus provisional cash limits for departments for 2009.

At this point a report illustrating the impact of provisional cash limits on departments for the Business Plan 2009 will be available to all Panels and States Members Individual Panels are able to discuss proposed cash limits and high level spending priorities with relevant Ministers. Panels may also pursue specific issues already identified.

The intention is that a presentation of this information would also be made public at this time.
- vii. **Early April** Capital, legislation and property programmes for 2009 will be available and distributed to Scrutiny Panels.
- viii. **End April** Scrutiny Panels should have developed a view on departmental spending plans and present comments to their relevant Ministers.

- ix. **Early May** Council of Ministers considers Scrutiny comments. Departments may make late adjustments to Business Plan submissions by taking account of any Scrutiny Proposals accepted by COM.
- x. **Mid June** Briefing for all Scrutiny Panels and States Members on final revision of financial forecast, spending limits and tax/funding assumptions for Business Plan 2009.
- xi. **Early July** Advance copy of draft Business Plan Report 2009 released to Scrutiny Manager for cascade to all Scrutiny Members after approval by CoM, this would be 11 weeks prior to Debate. (This copy would be subject to final edits by Chief Minister/Minister for Treasury and Resources prior to lodging).
- xii. **14 July** Presentation of draft Annual Business Plan 2009 proposals and financial forecasts to all States Members, Business/Interest Groups, Unions, Media immediately prior to lodging.
- xiii. **15 July** Draft Annual Business Plan 2009 lodged "au Greffe" 9 weeks prior to debate.
- xiv. **July/mid Sept** All Panels to consider their response on the proposed Business Plan. All Panels may present a report to the States on issues of concern accompanied if considered appropriate by amendments.
- xv. **2 September** Deadline for Amendments to Draft Annual Business Plan 2009.
- xvi. **16 September** States debate on Draft Annual Business Plan 2009.
- xvii. **Early October** Draft proposals for 2009 Budget released to 'Corporate Services Scrutiny Sub Panel' after approval by CoM in advance of lodging and up to 8 weeks prior to Budget debate.
- xviii. **20 October** Briefing for all States Members, Business/Interest Groups, Unions and Media, immediately prior to lodging of 2009 Budget.
- xix. **21 October** **Minister for Treasury and Resources** lodges 2009 Budget.
- xx. **November** Post lodging of Budget, 'Corporate Services Scrutiny Finance Sub Panel' may hold public hearing with TRM on taxation proposals in Budget and present a report to the States.
- xxi. **18 November** Deadline for Amendments to 2009 Budget proposals.
- xxii. **2nd – 4th December** States debate on Budget 2009

2009 BUDGET has to be wrapped up by 5th December as following week New States Members are sworn in, followed by Election of Chief Minister and Council and other Chairmen etc.