COUNCILLORS’ BRIEFING

planning to succeed

service and financial planning

in local government

AUDIT COMMISSION
Promoting the best use of public money
1. Effective service and financial planning is important. Every councillor wants to see limited resources put behind local priorities. And best value will be here soon: the first annual performance plan must be ready by March 2000. This briefing note prompts you to ask a number of key questions to ensure that the planning processes in your authority support best value.

2. You will have a leading role in best value: reviewing the performance of your authority, setting clear priorities and allocating resources to them. Many authorities are already working closely with their local auditors, who will be responsible for auditing the performance plans. Those authorities with sound planning will be in a good position to focus on the requirements of performance plans; those without these essential foundations in place will struggle to meet the challenge of continuous improvement.

3. There are a number of key principles that will guide authorities through their decision-making, planning, action and review, and contribute to the delivery of best value. Service planning and resource allocation should be: open, anticipatory, intelligent, coherent and action-oriented [BOX A].

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**BOX A**

Five principles of effective planning

**Open:** giving the public a greater say in the planning of services.

**Anticipatory:** establishing and evaluating options for future service provision, based on a careful assessment of community needs.

**Intelligent:** providing information that supports a number of purposes, from decision-making to performance review.

**Coherent:** bringing together planning processes to tackle cross-cutting issues in a client-focused way.

**Action-oriented:** strengthening evaluation and review, to monitor the quality of service delivery and ensure better outcomes for local people.

*Source: Audit Commission*
4. A high priority will be to strengthen the links between corporate, service and financial planning [EXHIBIT 1].

5. The principles of best value apply to the planning of services every bit as much as their delivery. You should ask a number of questions to judge whether your authority’s service and financial planning is ready to meet its new purpose [KEY QUESTIONS].

EXHIBIT 1
Integrated planning
Best value will demand stronger links between corporate, service and financial planning processes.
Key questions for councillors

1. **Has your authority carried out a strategic review of priorities and resources?**
   A strategic review is the essential basis for the five-year best value review cycle. Many councils have broad aims and objectives, but few link these to service priorities and resource allocation.

2. **Does your authority have a co-ordinated planning framework fit to tackle cross-cutting issues and the increasing volume of statutory plans?**
   Traditional service planning, with separate service committees and departmental structures, often fails to address key cross-cutting issues, such as co-ordinated services for older people. All councils need to establish clear lines of reporting and accountability for cross-cutting themes. They also need to map all statutory plans, bringing the headlines from these together into the best value performance plan.

3. **Does your authority’s planning process include the views of partners - such as other local authorities, health bodies and other agencies - and how strong in practice is your council’s commitment to joint planning?**
   An increasing number of services need to be provided in partnership, but effective approaches to joint planning are not established in many areas. Councils need to set shared objectives with partners, overcome some of the barriers to the pooling of financial resources, and improve monitoring and review of partnership activities.

4. **Does community consultation inform service planning and resource allocation?**
   Consultation will be an essential element of best value and an important way to strengthen the accountability of councils to the communities they serve. Poor overall co-ordination of community consultation and weak links to planning processes mean that many councils are failing to get the most from the considerable resources spent on consultation. Making community consultation count in resource allocation remains an aspiration for most councils [EXHIBIT 2, overleaf].

5. **How strong are the links between service planning and setting the annual budget in your authority?**
   In many authorities, weak links between service planning and the budget cycle mean that planning is finance-driven and does not reflect changing community needs. All councils should have a single policy and resource allocation cycle that clearly links policy decisions, service planning and review, and the budget process.
Key questions for councillors (cont.)

6  Is your authority developing medium-term financial plans?
Less than half of local authorities currently have revenue plans that extend beyond one year. Now that the Government provides a three-year financial framework, all councils should be developing financial plans looking forward at least three years. This should ensure that policy choices are sustainable and the best value review cycle is properly resourced.

7  Are resources targeted on priority services and local needs?
The budget process is still largely incremental in the majority of councils. All authorities should be exploring the potential of activity-based budgeting or priority-based budgeting to target resources on key services and local needs.

8  Does your authority have an integrated revenue and capital strategy?
Few authorities have comprehensive capital strategies, which weigh the costs and benefits of the ongoing revenue commitments of capital projects against other priorities. An integrated revenue and capital strategy should ensure that capital projects support council priorities and are sustainable in the long term.

9  Have you reviewed the clarity of financial information and reporting in your authority?
Financial information will need to be presented clearly to support best value reviews. Councils need to review and improve financial information and reporting, to open up the budget process to councillors, staff, partners and the wider community.

10 Does your authority have a robust framework for reviewing performance?
Monitoring and review of service performance is a weak link in the planning cycle in many authorities. Regular and systematic review is at the heart of best value. All services should have a clear set of targets linked to the council's overall aims and objectives, against which performance can be judged. Councillors will play a critical role in performance review, as champions of continuous service improvement and a voice for the community.
EXHIBIT 2
Consultation and resource allocation
Making community consultation count in resource allocation decisions remains an aspiration for most local authorities.

"How important do you think community consultation is in influencing resource allocation decisions: (a) Ideally? (b) In practice?"

Percentage of respondents

Source: Audit Commission survey of local authority finance directors, 1998

If you want to know more:
The full management paper, Planning to Succeed: Service and Financial Planning in Local Government looks at all these issues in more detail and includes background information, case studies and specific guidance.

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