

NATIONAL INSTITUTE FOR HEALTH AND CLINICAL EXCELLENCE

SPECIAL HEALTH AUTHORITY

BUSINESS PLAN 2007 – 2008

Guidance Notes

Financial parameters for 2007 08 business planning

- 1.1 At last week's SMT the business planning timetable for 2007 08 was discussed. This paper sets out the overall financial parameters for the business planning. SMT is reminded that the Institute received a 3 year allocation to take it up to 2008 09. This settlement was based on 2006 07's allocation being set as the new baseline with no increase apart from 2.7% inflation allowance. Any growth in activity was to be funded through internally generated cost improvement.
- 1.2 The table below summarises the current budget for the Institute and projects this forward over the period of the known allocation. In the current year the Institute has non recurring budgets of £835k that have been allocated to specific projects. It also has a residual reserve of £377k which has not been allocated. In addition there is £1,050k brokerage which it was allowed to carry forward from 2005 06. These figures do not include any allowance for the developments around disinvestment that are currently being considered.

	2006 07	2007 08	2008 09
	£000	£000	£000
pay	11,689	12,837	13,421
non pay	17,357	18,133	18,490
non recurring allocations	835		
unallocated reserve	377	183	58
brokerage	1,050		
income	-900	-900	-900
total DH funding	30,408	30,253	31,070

- 1.3 As a result of internally generated cost improvements the Institute was able to fund all the developments that were included in the 2006 07 business plan within its baseline allocation. These new activities were planned to start part way through 2006 07 and therefore only incur a part year cost. This has resulted in the generation of non recurring funds available in 2006 07. The forward projections assume that all the new activities will be fully operational and therefore incurring full year costs. They also included allowances for pay and non pay inflation and for a fully operational own lease Manchester office.
- 1.4 The key thing to note is that the forward projection for 2007 08 shows that except for a small reserve of £183k all the currently available funds

are already committed. This means that unless new funding is made available or internally generated through savings on current budgets, there is very limited scope for any new developments beyond those already planned.

- 1.5 In the current year the Institute has resources that are currently uncommitted these include the brokerage and reserve totalling about £1.4m. There may be some call on these funds as part of the arrangements for the initial funding of the proposed disinvestment activities. However it is likely that the Institute will end the current year with an under spend. It may be possible to agree brokerage with the DH for all or part of this under spend. There is therefore a reasonable chance that there will be further opportunities to include bids for non recurring funds in 2007 08 and directorates and centres should consider this in their business planning. One-off investment initiatives that result in longer term recurring savings which can be used to fund developments are likely to be given priority.

2. Overall Structure of the Business Plan

- 2.1 We intend to keep the format of the document along the lines of the previous year, as far as possible, although we will also need to take account of updated guidance for the ALB Sector on the format of business plans which we expect to be issued by the Department of Health Business Support Unit in September 2006.

Title	Comment	Sign off
Introduction	To include a small number of key objectives agreed with DH sponsors	MS to draft, AS/AD sign off
Policy Context	Policy context and challenges and opportunities	MS/ND to draft, AS/AD sign off
Planning Framework	Include planning principles and more detailed review of specific objectives including new initiatives, improving efficiency, development and partnership working with reference to ALB targets.	MS to draft, AS/AD to draft and sign off
Centre and Directorate Analysis	Outline of key activities, outputs and staffing drawn from output from the resource meetings and subsequent outline plans submitted by each individual team and including service improvement plans.	Directors to draft, MS to edit, AS/AD to sign off
Resource Management	Drawn from individual plans and based on what has been agreed at the recent resource planning meetings with Ben and Andrea. Proposals will be linked to ALB targets.	MS/BB to draft, AS/AD to sign off.

Risk Assessment	Drawn from individual plans and existing risk register	Directors to draft own areas, MS to collate and sign off by AS/AD
Appendices	Quarterly milestones, individual work programmes, budget structure and key personnel	MS to co-ordinate

3 Centre/Directorate Analysis

Centres	Author	Additional Sign-off
Health Technology Evaluation	Carole Longson	Andrew Dillon
Clinical Practice	Mercia Page	Andrew Dillon
Centre for Public Health Excellence	Mike Kelly	Andrew Dillon
Directorates	Author	Additional Sign-off
Clinical and Public Health Directorate including Information Services.	Peter Littlejohns	Andrew Dillon
Implementation Systems Directorate	Gillian Leng	Andrew Dillon
Communications Directorate	Louise Fish	Andrew Dillon
Planning and Resources Directorate	Ben Bennett – Finance and IT Norma Williamson – HR Mark Salmon – Corporate Services Marcia Kelson – Patient and Public Involvement To be coordinated by MS and reviewed by AS	Andrew Dillon

4 Template for individual Centre/Directorate Plans

4.1 Key activities – objectives and milestones

Identify the key business objectives that relate to your work programme and the quarterly milestones that will demonstrate achievement of these objectives.

4.2 Workload analysis

This will form the basis of the appendices that provide the detail of the workload analysis and should consist of a list of outputs and publication dates.

4.3 Human Resources Plans

Details of how the establishment will change in 2007-8 as discussed in the resource planning meetings with Ben and Andrea.

4.4 Non-Pay Budgets

Details of how the non-pay budgets will change as discussed in the proposed resource meetings with Ben and Andrea.

4.5 Efficiency plans and quality targets

How the work programme intends to improve efficiency/productivity over the period and any proposals for service improvements.

4.6 Risk Analysis

The identification of the key risks to achieving business plan objectives. These will be added to the organisation risk register and monitored by the SMT and the Audit Committee throughout the year.

4.7 Other Issues

Are there any other issues you think should be taken into account in the business plan, in other work programmes or across the Institute as a whole?

5. Timetable

5.1 The Business Unit has set out the following draft timetable for the preparation of Business Plans to all ALBs.

Date	Activity
3 Aug 2006	Business Planning Feedback Workshop
20 Sept 2006	Sponsor Event
26 Sept 2006	Launch of business planning guidance
29 Sept 2006	Issue provisional budgets and revised targets to ALBs
22 Dec 2006	Draft 07/08 business plans and three year plans received
31 Jan 2007	BSU feedback to ALBs on drafts
23 Feb 2007	Plans reviewed and agreed between DH (Sponsors and BSU) and ALBs
30 Mar 2007	Budgets confirmed

5.2 The Business Support Unit are requesting a draft report by 22 December. To achieve this, the following schedule is proposed

Date	Activity
September 2006	Resource meetings with the Head of Finance and Planning and Resources Director
10 th October 2006	SMT to discuss all bids for new resources and investment across all Centres and Directorates
13 th October 2006	First draft of individual plans from each Centre and Directorate completed
18 th October 2006	Outline of key business objectives for 2007-8 considered at the Board Strategy Meeting
27 th October 2006	First draft of the Business Plan circulated to SMT for comments by 3 November
9 November 2006	Outline of key Corporate and Business Plan objectives presented at the Partners Council Meeting
15 November 2006	Second draft of the plan reviewed at the Board Strategy Meeting
17 November 2006	Circulate second draft to DH (and WAG) and to all staff to receive comments by 30 November
20 December 2006	Presentation of key Corporate and Business Plan objectives to all the staff at the business planning seminar in December where each of the teams will reflect on the previous year and present their objectives for the year ahead.
22 December 2006	Final draft despatched to DH and the ALB Business Support Unit
21 March 2007	Final agreed draft plans signed off by the Board at its public meeting

The SMT is asked to note and approve the arrangements for the production of the business plan.

Ben Bennett
Associate Director Finance and IT

Mark Salmon
Associate Director Corporate Services

September 2005