

ALB Planning Guidance

***Planning principles and supporting
documentation***

2011/12 to 2014/15 planning period

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Section 1: Key transition principles and requirements

- 1.1 As mentioned in the introductory document, the focus of this guidance is planning for transition and the recognition that all ALBs will be undergoing change. There are several fundamental principles and requirements that ALBs should take account of in their plans, depending on the future status of the organisations concerned:
- principles and requirements for all organisations for as long as they are ALBs;
 - principles and requirements associated with transferring functions, either in or out of an organisation; and
 - principles and requirements associated with closing an organisation.
- 1.2 All of these will apply to some organisations; others will need to be followed only by particular ALBs. We also recognise that, whereas some organisations will be producing four-year plans, for others this will not be the case. More detail is included later in this document.

Principles and requirements for all organisations for as long as they are ALBs:

- 1.3 *Communicate government policy and implement legislative changes* – it is important for all staff in all organisations to recognise and understand the drivers behind the transition programme, chiefly the coalition government's aspirations for the health and social care sector, and the associated spending controls and efficiency measures. Also, why we should do only what is absolutely necessary, and doing this transparently and cost-effectively. Organisations should ensure staff understand the principles underlying the current transition programme.
- 1.4 *Have in place effective financial management, reflecting changing or realigned functions in the context of required efficiency savings, future value for money and accountability requirements* - the minimum savings imposed by the SR is £170m (one third) over three years. This means the Grant in Aid, which the DH currently provides as income to the ALBs, will fall by at least this amount. We expect that savings from the business support functions review will contribute to achieving this target but overall we expect to reduce overall costs in the ALB sector by £250m.
- 1.5 *Adhere to central government governance and expenditure controls* – on 24 May 2010, the Chancellor of the Exchequer and the Chief Secretary to the Treasury announced action aimed at securing some £6 billion of efficiency savings in 2010-11. As part of this package of savings, the Government set out a range of priority efficiency measures affecting the civil service and the work of departments and ALBs. We expect that the measures will remain in place throughout the 2011-12 financial year. These measures involve freezes on external recruitment, new consultancy spend, new Information Communications Technology (ICT) projects over £1million, and paid-for communications, advertising and marketing activity. Tighter controls over these areas as well as procurement, property, pay and business travel have also been introduced. To help manage these controls and the demands that they place on ALBs and the Department, ALBs should include in their 2011-12 plans information about the nature, level and timing of activity affected by the controls, as far as they can be foreseen during the ALB planning exercise. This information will be refined and updated over the course of the year, as further clarity emerges.

- 1.6 *Treat people fairly and get the most from staff during a difficult period of transition* - this is one of the overarching HR principles used to develop the ALB HR Framework, due for publication in the new year. During transition, HR processes will be applied in a fair and consistent manner. Staff are an organisation's most valuable resource and it is essential that valuable skills are not lost and organisations continue to develop staff to cope with the proposed changes and meet forecast challenges. The ALB HR Framework will make clear the governance arrangements ensuring that decisions are taken at the appropriate level.
- 1.7 *Ensure cost-effective asset management* – with regard to accommodation, ALBs are tasked with reducing the costs by reduction in demand through rationalisation and headcount savings, and by increasing its efficiency and improving asset management, in line with the new National Property Controls. DH will be producing a Departmental Family Property Asset Management (PAM) plan, which will be issued in the New Year. This will identify an estates strategy that will look to rationalise the Departmental Family estate, including relocation and collocation of ALBs and the Department of Health. An overarching estates strategy should be included in each ALB plan to cover the existing business, delivery of proposed changes, compliance with statute and policy, maintaining useful life and the ALB estates portfolio value. Each estates strategy should make clear the commitment to the National Property Controls and link to the DH/ALB PAM plan.
- 1.8 *Put effective communications processes in place, secure information management and develop good knowledge-management protocols* – existing communications strategies should be reviewed to ensure they are sufficient for the needs that will be generated by the change programme and able to communicate relevant, timely information to all key internal and external audiences. It should anticipate likely questions and concerns and determine the best method of communication for particular circumstances (for example, newsletters, meetings, press releases etc). ALBs will need to work closely with DH communications colleagues to ensure consistency of message across the wider NHS/DH/ALB programme. The need to maintain standards of information security and governance requires that ALBs work with their DH sponsors and successor organisation(s) to ensure that their work to implement strong compliance with the Mandatory Minimum Measures set out by the Government Data Handling Review or NHS Information Governance Toolkit is carried forward as functions are transferred between organisations or discontinued.
- 1.9 *Find opportunities to streamline internal business support services and contribute to sector-wide savings* – all ALBs will be expected to work with the DH's Business Support Services delivery programme, which has the lead role in identifying and delivering savings and the Government's 'shared service' agenda for non-core services across the DH and its ALBs. Whilst many Whitehall ALBs have been established as entirely self-supporting, this is accepted as having created enormous duplication on non-core, 'back office' transaction services. The Government has made it clear that non-core transaction services will be required to be done through shared service solutions, with one standard replacing many different standards and many different delivery methods, to save money and achieve consistency across the public sector.

Principles and requirements associated with transfer of functions

1.10 *General principles on transferring staff between organisations* - the over-riding principle, underpinning any transfer of function as part of the ALB review, should be that staff transfer with the work; it should not be assumed however that all current functions will transfer in their entirety. This is a complex area and whether the Transfer of Undertakings Protection of Employment Regulations 2006 (TUPE) or TUPE-like principles apply, is a matter of law to be determined by lawyers on behalf of the Transferor (the organisation transferring staff) and the Transferee (the organisation receiving staff). Key considerations in any transfer of staff will be: comparability of pensions; terms and conditions including pay; the duty to inform and consult. There is an explicit expectation that DH sponsors will be fully informed of the transfer arrangements to ensure that these arrangements fit with the wider ALB transition programme. Except where DH is the transferor or transferee, it is not the role of the sponsor to become involved in discussions as to whether TUPE applies to a given transfer. This is the responsibility of the respective organisations and their legal advisers.

1.11 *Work with DH sponsors, change managers, transferring and receiving organisations to establish and agree transfer plans and associated transition funding arrangements* – Where transfers of functions are to be made at a year-end; transferring and receiving organisations to identify and agree, for the functions to be transferred, forecasts of the income and/or funding sources and related expenditure, with the aim that they match each other. The transferring organisation should show the transactions for the functions to be transferred in their annual accounts in accordance with the requirements of IFRS and their Accounts Direction. The receiving organisation will also need to comply with these requirements including restatement of prior year comparators.

Where transfers of functions are to be made in mid, year, transferring and receiving organisations to identify and agree for the functions to be transferred, the income/funding and expenditure values to be transferred, again with the aim that they match each other. Treatment in both organisations' annual accounts should be in accordance with the requirements of IFRS and their Accounts Direction.

Organisations are advised to consult with their external auditors to ensure correct treatment of all such transactions in their annual accounts.

1.12 *Consult with partner organisations on plans* – where functions are being transferred in or out of an organisation, it should be recognised that organisations other than those doing the transferring and receiving will have an interest. All partner organisations should be kept abreast of function changes.

1.13 *Put in place short-term hosting arrangements, if appropriate* – it may be necessary to put in place interim arrangements, particularly if the transfer of a function from one organisation to another could incur cost if delayed (for example, if an organisation is to be abolished and the winding up date is delayed because transfers of functions are unable to take place). Where practicable, interim hosting arrangements within the health and social care system will be with the NHSBSA. It is essential that DH sponsors and change managers know as early as possible about transfers that might require interim solution before final transfers can be effected. Plans should identify areas where this might be a possibility.

1.14 *Managing transfer and legacy issues around information and knowledge (e.g. records storage, libraries, intellectual property, etc.)* – knowledge and information management (KIM) issues include:

- Knowing where information is held (to ensure the maintenance of accurate and comprehensive records)
- Access to published and external information as background and evidence base for the organisation's functions (e.g. through library services)
- Avoiding loss (enabling public accountability and the ability to deal correctly with information requests)
- Making adequate provision for the transfer and possible preservation of organisational information over time.

To minimise the impact on business continuity and reduce information risk, ALBs should incorporate KIM as an integral element of their planning.

ALBs will wish to ensure that compliance with information security and governance standards is maintained as functions are transferred between organisations or discontinued. This will require that ALBs work with their DH sponsors and successor organisation(s) to ensure policies and processes are applied, information transfers are appropriate and secure, and that knowledge around governance is not lost. Arrangements for discontinuing specific functions will also need to cover residual responsibilities, archiving and destruction, as appropriate.

Principles and requirements associated with winding up an organisation

1.15 *Full winding-up plan, with costs, agreed with DH sponsors, HR, finance and other colleagues and the ALB transition team, particularly the appropriate ALB Transition Change Manager* – for organisations leaving the sector, it is crucial that all interested partners work together to ensure consistency across the change programme as a whole, and to ensure business continuity.

1.16 *Staff consultations and change communications plan in place* – it is essential that an effective consultation and communications strategy is established at the start of any organisational change programme. Trade Union and/or staff representative groups should be involved throughout the process, in accordance with statutory requirements and individual ALB consultation arrangements. Regular meetings should be held with Trade Union and or staff representative groups to review progress made against the ALB plan. Individual ALBs will be responsible for the detail of the communications and consultation strategy.

1.17 *Staff management and redundancies in line with HR framework* - it is anticipated that a significant number of posts will become redundant as a result of the transformation of the ALB sector. However, a key principle is that organisations will take every available step to retain skills, experience and knowledge and to minimise compulsory redundancies. An effective redeployment process is key to adhering to this principle and we are in active discussion with DH and NHS colleagues to agree effective pooling arrangements to ensure that staff in ALBs are not disadvantaged. The ALB HR Framework will contain further detail about redeployment, staff management, and redundancy arrangements, including governance during transition.

1.18 *Managing estates legacy issues (e.g. lease arrangements, dilapidations)* – it will rarely, if ever, make financial sense to buy out existing property lease commitments particularly in the current market. Property legacy costs should be minimised through transfer of ALB property to successor organisations wherever possible where it makes operational and business sense. Otherwise there are clear mechanisms in place through the DH Property Asset Management (PAM) and estates functions and the Government Property Unit to recycle existing property commitments within government to minimise the cost of vacant space to the Exchequer. ALBs should discuss any legacy property issues through the existing Property Asset Management processes (see Estates sections below) to agree an appropriate management strategy.

1.19 *Managing transfer and legacy issues around information and knowledge (e.g. records storage, intellectual property, etc.)* – knowledge and information management (KIM) issues include:

- knowing where information is held (to ensure the maintenance of accurate and comprehensive records)
- having the capacity to manage access to published and external information as background and evidence base for the organisation's functions (e.g. through library services)
- avoiding loss (enabling public accountability and the ability to deal with freedom of information requests)
- making adequate provision for transfer and possible preservation of organisational information over time.

To minimise the impact on business continuity, and reduce information risk, ALBs should incorporate KIM as an integral element of their planning.

ALBs will wish to ensure that compliance with information security and governance standards is maintained as functions are transferred between organisations or discontinued. This will require that ALBs work with their DH sponsors and, successor organisation(s) to ensure policies and processes are applied, information transfers are appropriate and secure, and that knowledge around governance is not lost. Winding up arrangements will also need to cover residual responsibilities, archiving, and destruction, as appropriate.

1.20 *Continue to meet obligations on transparency* – the Government's commitment to transparency will continue and the resources needed to provide the data requested will be a factor in planning. There will be a need to make clear, as functions move or are discontinued, how transition affects the way information is reported.

1.21 *Final auditing of accounts* – Organisations that are being wound up are still required to prepare an Annual Report and Accounts, which will need to be laid before Parliament within the deadlines determined by the DH summary timetable. This will require a formal plan to be agreed and monitored by their Audit Committee and close interaction with their external auditor. The organisation will be responsible for producing this document and ensuring that it satisfies the requirements of IFRS, their Accounts Direction and their external auditors. The DH will ensure that there is an appropriate Accounting Officer available to sign off the final version of the Annual Report and Accounts and will make arrangements for it to be laid before Parliament.

Section 2: Creating a plan

General requirements

2.1 The guidance below outlines the approach to creating a plan. The basic requirements are (these requirements will vary for ALBs depending on their future direction):

- to define and communicate a compelling and stretching aspiration for the future. For all ALBs, the transition programme agenda will predefine a substantial proportion of their aspirations over the planning period. These will need to be expressed together with locally defined aspirations for ongoing core business. These should be developed through discussions with the ALB Board, DH sponsors, the ALB Transition Team (particularly the Change Managers, DH functional leads and with other ALBs, partner organisations which may include other government departments, devolved administrations, staff and staff representatives/ trade unions and customers
- inclusion of a mission statement and agreed values (this is not required for ALBs that are leaving the sector);
- defining clear strategic objectives (covering the four year period), to be agreed by DH,, demonstrating clear links to DH's strategic objectives and priorities;
- supporting objectives that will deliver your overall strategic objectives;
- to support objectives with clear deliverables (critical success factors), measures and targets. Measures and targets should cover outcomes and benefits;
- eliminate activity not related to agreed functions and objectives;
- relate activities to measurable outcomes and benefits;
- highlight any key planning assumptions;
- performance scorecard populated with targets
- build in assessments to establish baselines to enable measurement of strategic benefits year-on-year;
- allocation of resources, workforce and money, within the plan against your key objectives; you should use this information to support your performance management framework, enabling you to track resources against objectives and projects during the year. For organisations leaving the sector the allocation of resources will necessarily be focused on that transition depending on its timetable

Key Department of Health planning requirements

2.2 In addition to the general requirements above, ALBs should include in their plans the specific requirements outlined below and in the sections that follow.

Alignment with Government policy and Departmental Objectives and Priorities

2.3 ALBs should ensure that their plans take direction from Government policy and are in line with the Department's strategic objectives and priorities. Although the planning process formalises this requirement, ALBs should interact continually with Sponsors to ensure alignment with the Department's Strategic Objectives. Where government initiatives have made recommendations that will affect the functions and/or the structure of the ALB, your plan should state this explicitly.

- 2.4 ALBs should also prioritise activities – this will help support decision making both in-year and before the start of the planning year.

Transition Activity

- 2.5 Where, as a consequence of the Transition Programme, ALB Review or other initiative, an ALB has to transfer out or receive activity, or carry out a major reconfiguration (merger or closure) during the planning period, this should be a key area for planning. The expectation is that ALBs will coordinate their planning with the Department and other ALBs affected by the transfer or closure.
- 2.6 Plans should show estimates of expenditure to be incurred from transition activity separately from the expenditure on ongoing core work. Where relevant, ALBs should ensure that partner ALBs include corresponding figures in their plans. This would include a breakdown of headcount associated with all transfers and mergers. (If this information is sensitive, it can be provided separately to the Department).
- 2.7 When implementing any major reconfiguration ALBs should ensure that they follow the requirements of the HR Frameworks for ALBs and DH, developed by the ALB Review HRF Working Group. Prior to implementation, ALBs should discuss the HR implications of any such change and the application of the frameworks with the ALB HR Consultant, Greg Gleeson. In all cases an Equality Impact Assessment should be carried out on any part of the plan that will impact on staff, customers, the public, etc.

Governance

- 2.8 Your plans should clearly set out your corporate governance objectives in line with the new accountability requirements, including how you will manage your plan and budgets and how assurance, internal control and audit activity will contribute to good governance and support the ALB's Statement of Internal Control. In particular, there should be information on how activity related to the Transition Programme will be managed and controlled internally. ALB plans should include a named member of staff who is the nominated lead for each set of objectives to promote accountability.

Organisation Design

- 2.9 The design of organisations in the health and social care system must provide best value. The benchmark organisational design principles that ALBs are expected to achieve are:
- Managerial hierarchies should be kept to a minimum, creating more empowering, challenging and intrinsically rewarding jobs
 - Organisations should typically not exceed five layers of management
 - The average span of control for a manager is typically 5, but can be between 3 and 10+, depending on the nature of task performed.

ALB submissions will be subject to review based on these principles.

Efficiency Plans

- 2.10 Plans should demonstrate how and when you propose to deliver fully the anticipated benefits that flow from greater efficiency. Sponsors and the Transition

team Change Managers will assess performance against these commitments over the planning period.

Risk Management

- 2.11 When setting objectives and targets, ALBs should analyse the associated risks, what could mitigate them and what contingency systems are in place. A Strategic Risk Register, including the key risks to achieving objectives set out in the Plan, should be reviewed regularly and underpinned by operational risk registers. A copy of the ALB's most recent Strategic Risk Register (as reviewed by the ALB's Audit Committee) should be sent with the draft plans that are returned to the Department for review. The risk register will assist sponsors and the ALBSU in assessing your draft plans.

Scorecard

- 2.12 As an output of the planning process you should prepare a Balanced Scorecard, agreed with your sponsors, that summarises the objectives, critical success factors, measures and targets for delivering key priorities, as set out in the plan. This will provide the Senior Departmental Sponsor with the basis for performance monitoring.
- 2.13 Although we have not specified a mandatory format, the ALBSU consider that the scorecard should cover a number of performance categories as follows:

Outcomes:

New services, or priorities or business as usual activity – (work done on a day-day basis).

Change and Business Improvement:

Particularly aspirational and development activity – e.g. new ways of working/efficiency projects/quality reviews.

Investment:

Setting out the resource implications in terms of budgets, staff numbers and skills required (training and development) along with the use of strategic assets such as property and IT.

Reputation:

Any work to better engage key stakeholders and to assess how an ALB knows whether it is meeting customer expectations and requirements

Organisation Chart

- 2.14 ALBs should include a current organisation chart within their plans, which should also provide a summary of the split of resources (staff and money) by directorate/division.

Project/Operational Plans

- 2.15 All objectives should be supported by detailed project/operational plans (the key deliverables will be included in plans). The size and complexity of the ALB will influence the way the planning framework is developed and managed. For example, for large ALBs a number of operational plans and programme/project plans may support the overall plan. In this case, the sponsor, Change Manager

and ALBSU would only need sight of the high level plan. For smaller ALBs, plans may contain all the detailed activity to deliver objectives. ALBs should be clear about how they will measure delivery against the more detailed project/operational plans.

Further advice and Information

- 2.16 General queries about this section of the guidance should be directed to Paul Hiscox at Paul.Hiscox@dh.gsi.gov.uk (telephone: 0113 254 6261) or to the relevant corporate services lead (as outlined in Section 16 below)

Section 3: Finance

Breakdown of financial plans

- 3.1 ALB plans should include a detailed Operating Cost Statement or Net Expenditure Statement for the four-year planning period to 2014/15. A high-level Statement of Financial Position and Statement of Cashflows for 2011/12 should also be provided, with clear underlying assumptions.
- 3.2 The level of detail required for the revenue position is per the relevant note in your 2009/10 published accounts.
- 3.3 The revenue position should also include an analysis by key objectives to provide transparency for prioritisation of activities. This analysis should provide an indication of the sources of income for each objective.

Transitional activity

- 3.4 Indicative grant-in-aid budgets are being used for 2011/12 based on existing operations. Financial statements should clearly identify the implications of transitional activity covered elsewhere in this guidance. Financial plans should assume bids for transition funding will only be considered for non-recurrent costs relating directly to implementation of the ALB review, e.g. redundancy costs and the costs of buying out leases and contracts.

Alignment and re-categorisation of ALB budgets

- 3.5 Treasury's alignment; Clear Line of Sight Project and the re-classification of ALBs (administration versus frontline) in the SR has budgeting and reporting implications for DH and ALBs in 2011/12. Detailed guidance and reporting implications will be shared in the new financial year.

Technical

- 3.6 Financial information should be IFRS compliant, comply with your Accounts Direction and incorporate the impact of changes in VAT rates and ALB status.

Confirmation of finances

- 3.7 Indicative grant-in-aid budgets for 2011/12 have been discussed during bilateral meetings. These budget figures are being supplied to you at the same time as this planning guidance. You should supply depreciation, provisions and indicative capital requirements with your plans.

Further advice and information

- 3.8 Queries about this section of the guidance should be directed to Paul Stocks, Head of Arm's Length Bodies Finance at paul.stocks@dh.gsi.gov.uk , telephone: 0113 254 6076

Section 4: Capital planning

- 4.1 Your plan should include sufficient information on substantial capital investments (i.e. with a Whole Life Cost exceeding £1m), whether funded through revenue, capital or a mixture of the two, to demonstrate that the proposed activity is necessary to support government priorities and is clearly linked to the ALB's strategic and business objectives. The information should also provide reassurance that the proposals are likely to represent a good use of public funds.
- 4.2 Based on this information, sponsors will consider whether they should support the capital investment plans in principle, subject to the development of business cases and their subsequent approval by DH. DH approvals arrangements are described in the Capital Investment Branch ALB Business Case Guide, which has been circulated to all ALBs. This is currently undergoing limited revisions, and when the revised text has been finalised it will be sent to all ALBs. Meanwhile, the current text is still a reliable basis for the preparation of a business case and for guidance on the business case process.

Investments and their funding requirements

- 4.3 The Department needs to understand the full funding required for capital investments by ALBs, including those projects costing £1 million or less. Therefore, we have added to this guidance an Investment funding template (Annex A) which replaces the Capital Funding Template previously used. This will identify the capital and revenue consequences of all proposed capital investments. This will enable the redesigned template to serve two purposes.
- 4.4 Firstly, the template will provide detail of any capital funding required for an investment. This detail will enable the Department to agree overall ALB capital budgets during the planning round, although draw down for specific projects will only be possible at the point of need for approved projects.
- 4.5 Secondly, the Template will alert the Department to the forthcoming pipeline of capital investments by ALBs and their financial consequences, both capital and revenue, together with the likely timing of the submission of any business case that requires Departmental approval.
- 4.6 In this context, a "capital investment" is any investment that involves expenditure on an asset, whether or not it is on the public balance sheet. It therefore includes investment in, for instance, leased property, and it may be funded via capital, allocated revenue or a mixture of the two. In each case, however, ALBs should not enter any commitment to spend money until the Department has given any necessary business case approvals.
- 4.7 Each ALB should complete the Investment Funding Template and to return it, with their draft plan, to their sponsor branch within the Department.

Further advice and Information

- 4.8 Queries about the capital investment process may be addressed to Richard Duncombe in the Capital Investment Branch, at richard.duncombe@dh.gsi.gov.uk or telephone 0113 254 5407.

Section 5: Human resources

- 5.1 As stated above, ALBs, in collaboration with the Department are preparing an ALB HR Framework, which will set out in detail the HR and Organisation Design (OD) rules and principles to be followed during the Transition Programme. ALBs are expected to follow the guidance as the minimum set of requirements, discussing the HR implications with ALB Change Managers and the ALB HR Consultant, Greg Gleeson, during planning stages and prior to implementation. Management should consult staff and their representatives about the implementation of the transition plan where this has an impact on staff. Given the significant impact of the Transition Programme on ALB staff, it is vital that planning is underpinned by robust HR and OD policies to ensure ALBs:

- operate to high standards of governance and accountability; a key priority is for there to be demonstrable consistency, equity and transparency in HR practices across all ALBs;
- retain the right people with the right skills in the right places to deliver agreed business objectives; a key priority is to minimise redundancies through, for example effective workforce planning linked to plans and redeployment activities;
- have effective processes and systems in place to support staff through change, including clear communications plans and OH and outplacement services;
- maintain effective and efficient business continuity through a clearly defined staff retention strategy; and
- deliver agreed efficiency savings where appropriate.

(It is an additional requirement that ALBs carry out an Equality Impact Assessment on any part of their plan that impacts on staff, customers, the public, etc.)

- 5.2 The planning round is therefore an opportunity to review your current HR priorities and targets to ensure that they are fit for purpose. HR priorities for the coming year should be included in your Plan. Your plans should also cover planned HR efficiencies based on key HR targets (for example, staff turnover, sickness absence, training and development, appraisal processes and recruitment). All ALBs should also follow the rules and principles produced for the Business Support Functions Review, including ratios for the cost of Business Support functions and procurement process for outsourced HR services such as Occupational Health.

Headcount

- 5.3 ALBs should continue to be actively involved in efficiency planning. Whilst there are no specified headcount targets as part of overall efficiency plans, headcount increases have to be funded so the Department would not expect to see an increase in the overall ALB headcount during the Transition Programme. There may be some cases where an individual ALB's headcount increases during 2011/12, for example as a result of a merger by absorption or a new start up, but in all cases ALBs should agree headcount increases with their Sponsor as part of their planning before making the planned changes. ALBs should demonstrate that previous efficiency gains are maintained and, to this end, the normal monitoring returns to DH will include headcount data.

Further advice and Information

- 5.4 General queries about this section of the guidance should be directed to Greg Gleeson at greg.gleeson@dh.gsi.gov.uk or telephone 0207 972 3781.

Section 6: Estates

Estates Planning

- 6.1 Overarching estates strategies should be led by the needs of the business and should be included in ALB plans. These strategies should indicate how the estate supports the existing business and how it needs to change to reflect any changes in the business. If changes are proposed, it should be made clear how these changes are going to be delivered and over what timescales. Compliance with statute and policy, maximising the useful life of properties by timely maintenance and maintaining the value of the ALB estates portfolio as a Government asset should also be considered. Each Estate Strategy should make clear the commitment to the National Property Controls and will feed into the DH/ALB Property Asset Management Plan. If ALBs have any proposals in respect of their estate that have not already been included in their Estate Strategy these should set out within your planning return.
- 6.2 The Government Property Unit's Benchmarking Service's current average target for space per full time equivalent (FTE) is 10sqm and ALBs should aim to use this figure in their own space utilisation efficiency plans. It should be noted that the new National Property Controls are looking for a target for space of 8sqm per FTE. The Efficiency Standards for Office Space Report provides more information on benchmarking:
http://www.ogc.gov.uk/documents/Efficiency_Standards_for_Office_Space.pdf

Further advice and Information

- 6.3 The DH Estates team will be available to support ALBs in producing their estates strategies. Should an ALB wish to take advantage of this support, or discuss this section of the guidance in more detail, they should contact either:

John Ryder at john.ryder@dh.gsi.gov.uk or on 0113 254 6389; or

Chris Hardy at chris.hardy@dh.gsi.gov.uk or on 0113 254 5126; or

Magnus McDonald, magnus.mcdonald@dh.gsi.gov.uk or on 0113 254 6806; or

Steve Durrance at stephen.durrance@dh.gsi.gov.uk or on 0113 254 6157.

- 6.4 Support is also available to Heads of Estates/Estate Managers/Facilities Management through the ALB Estates Forum, which will meet bimonthly during the transformation period (contact Magnus McDonald for details).
- 6.5 If ALBs consider their properties are capable of re-modelling to increase efficiency and require professional help to achieve this, there are a number of professional consultancies available from OGC Buying Solution Framework Commissions. Again, full details can be obtained from the OGC Service Desk or from chris.hardy@dh.gsi.gov.uk on 0113 254 5126.

Section 7: Government efficiency

- 7.1 On 24 May 2010, the Chancellor of the Exchequer and the Chief Secretary to the Treasury announced the action that the Government would be taking to secure some £6 billion of efficiency savings in 2010-11. As part of this package of savings, the Government set out a range of priority efficiency measures affecting the Civil Service and the work of departments and ALBs. We expect that the measures will remain in place throughout the 2011-12 financial year.
- 7.2 These measures have involved placing freezes on external recruitment, new consultancy spend, new Information Communications Technology (ICT) projects over £1million, and paid-for communications, advertising and marketing activity, and the introduction of tighter controls over these areas as well as procurement, property, pay and business travel. The measures had immediate effect and represented a change to our delegated authorities from the Treasury and the equivalent authorities for our ALBs.

Information required for exceptions to the controls

- 7.3 To help manage these controls and the demands that they place on both ALBs and the Department, ALBs should include in their plans information about the nature, level and timing of activity affected by the controls, as far as they can be foreseen during the ALB planning exercise. This information will be refined and updated over the course of the year, as further clarity emerges.
- 7.4 ALBs should provide a schedule, split by quarter, of programmes of work for which they anticipate submitting a business case to the department for the procurement of services, indicating the type of service(s) required. A schedule template is included at Annex B. The completed template should be submitted to sponsors with the draft plan. ALBs should include information on progress against this schedule as part of their performance reports for review by their sponsors at their quarterly accountability meetings.

Section 8: Procurement and contract centralisation

8.1 DH and its ALBs are responsible for well over £750 million in third party expenditure¹ per annum and a high quality procurement function will ensure that appropriate controls are in place whilst driving best value for money. Good progress has been made over the past 2 years in developing a professional network for procurement through the ALB Procurement Forum. However, a more structured approach is required as we move towards 2011/12 and beyond. Procurement across central Govt is evolving at pace, with a focus on mandating the aggregation of demand on commonly bought items, and sharing processes to reduce costs and increase efficiencies². The Department intends to more centrally control, resource and monitor procurement, and ensure adherence across the Department and its ALBs to the emerging central Govt procurement operating model. There will also be an increased focus in moving procurement to act as an intelligent client in driving improvements throughout the supply chain.

Procurement strategy and planning

- 8.2 ALBs should have in place the necessary capability to ensure procurement activities are undertaken both in line with financial controls, and able to demonstrate value for money. ALBs should have at least a high-level procurement strategy in place as part of their plan, which articulates how business requirements will be met through procurement, the positioning of the procurement function within the overall ALB structure, functional objectives, and a summary work plan. Work plans should refer to the requirement for ALBs to comply with the emerging central Govt procurement operating model, and recognise the ALB procurement function will work with the Department in achieving this through the Procurement Centre of Expertise.
- 8.3 Aligned to the strategy and as part of their planning activities, ALBs should now include details of any substantial procurements and contract renewals of significant value in year. Details should include the value of the procurement and proposed procurement route, taking into consideration the Cabinet Office efficiency controls and the requirements in respect to transparency, both covered elsewhere in this document in more detail.

Centralising Category Procurement²

8.4 As part of the Coalition Government's priority to reduce the financial deficit, Cabinet Office has commenced a new programme of work, which will result in a single procurement model for central Government and its ALBs. Adherence to the programme, named Centralising Category Procurement (CCP), will transform how Government buys common goods and services. The Department and its ALBs are mandated to comply with the requirements of the programme, and ALBs should ensure this is built into their planning. CCP incorporates nine categories as follows;

- Energy
- Telecoms & Networks
- Professional Services

¹ Source: KPMG Business Support Functions Review May 2010 (DH and 5 largest spending ALBs only)

² The Centralising Category Procurement programme (CCP) is being led within Cabinet Office by the Efficiency & Reform Group, and is mandated for all central Govt departments and their ALBs

- Fleet
- Office Supplies
- IT Commodities
- Print and Print Management
- Advertising and Media
- Travel

- 8.5 Any procurement activity that falls within these categories is in scope. All ongoing/new requirements should be directed through existing Cabinet Office-approved framework agreements as part of the existing control measures introduced in May 2010, and ALB Procurement Leads have already been briefed on the existence of CCP and the expectation that future ALB demand is channelled into the programme through the Department's Procurement Centre of Expertise (PCoE). Cabinet Office is planning to migrate all demand within these categories, to the new central Govt procurement models during 2011/12. ALBs will therefore no longer need to set up their own contracts if defined in the categories outlined above.
- 8.6 ALBs must ensure internal backing (management support) exists for their procurement leads to fully engage and support the Department's PCoE in driving compliance with the CCP programme. Your forecast plans for procurement should be included in your planning return using the template at Annex B.

Other procurement activities (not in scope within CCP)

- 8.7 It is expected that ALB procurement leads should be engaged in ongoing dialogue with PCoE regarding any ongoing spending requirements as part of the existing control measures introduced in May 2010.

Procurement information and category coding

- 8.8 The Department and its ALBs are expected to provide procurement data in support of both regular and ad-hoc data requests from Cabinet Office. These requests are centrally coordinated within the Department and every effort made to minimise disruption. The Department and its ALBs operate a number of systems that do not lend themselves to consistent categorisation of expenditure. ALBs should note that PCoE is leading work to assess the position and drive improvements in this area, and ALB procurement leads are expected to support the activity as required.

Further advice and information

- 8.9 The Department's PCoE team is available to provide advice and support to ALBs, including help with developing their procurement strategies and advice and guidance on the CCP programme and procurement activity that falls within the nine category areas.

Neil Griffiths
neil.griffiths@dh.gsi.gov.uk or 0113 254 6116

Joyce Angoma
joyce.angoma@dh.gsi.gov.uk or 0207 633 7678

Victoria Eaton
victoria.eaton@dh.gsi.gov.uk or 0113 254 5390

Section 9: Business Support Services initiative

9.1 The Coalition Government has made the creation of cost-saving shared services (both within Departments and across Whitehall) a key requirement of its strategy to cut the costs of public services. The Department of Health Spending Review settlement and distribution of budgets have relied on significant savings coming from within the Department, with its new public health body and ALBs being required to participate and conform to a shared service agenda for non-core, 'back office' services. There is a determination to standardise service specifications and reduce the number of different places where these services are delivered. The remit to review non-core service provision for potential savings from a shared service proposition remains wide.

9.2 The following criteria have been applied to identify transaction activities considered as falling within scope:

- what work is non-core to a body's purpose?
- what work is common to a number of bodies either within the DH family or within the central public sector?
- whether the expenditure for this non-core, common work has the potential for significant net savings achievable by first aggregation and subsequently by re-engineering the specifications and processes.

9.3 Four main transaction areas have been identified for early transition into a shared service proposition:

- estates;
- procurement;
- HR transactions;
- financial transactions.

(Other non-core, transaction areas will be developed and included with the scope of this programme following evaluation of their savings value and shared service potential. Examples of these might be legal services, systems/IT, customer services and communications.)

9.4 The approved Business Services Design Principles (shared recently through Flora's weekly update) proposes there should be fixed points or requirements that should be achieved in the shared service initiatives, in addition to achieving substantial savings:

- a shared service delivery should not harm the ability to deliver an entity's core purpose, but equally, the excuse that each ALB is different and cannot participate in shared service initiatives will be challenged robustly;
- a single specification standard throughout a department and its ALBs will be expected and in some cases this will be dictated by or emulated from a central government initiative;
- full participation in the shared service initiative for non-core activities will be a requirement for all departments and their ALBs;

- the pace of change will need to be fast in order to maximise the savings within the SR period;
- aggregation of non-core services is only the first element within this initiative; service standardisation and process re-engineering and outsourcing will all be considered to achieve further savings.

It is important that your planning returns on Estates, HR, Procurement and Finance transactions reflect the shared service delivery options being developed.

Further information and advice

- 9.5 General queries about this section of the guidance should be directed to Melanie Kay at melanie.kay@dh.gsi.gov.uk or telephone 0113 2546735 or 0207 633 7676.

Section 10: Protecting the corporate memory

- 10.1 Transition arrangements in the coming months will raise a number of knowledge and information management (KIM) issues for teams in ALBs, whether preparing for closure, merger or function transfer.
- 10.2 Uncertainty over if, and where, information is held once individuals have moved on and teams have disbanded could have a negative effect on maintenance of an accurate and comprehensive record of key business decisions and actions. In turn this loss of knowledge will have impact public accountability and collective ability to deal with freedom of information requests. To minimise the impact on business continuity and reduce information risk teams should incorporate KIM as an integral element of their planning.
- 10.3 ALBs will also need to make sure that the capacity to manage access to published or external information as background and evidence base for the functions for which the ALB is responsible is preserved through the transition and if necessary arrangements made to transfer library collections.
- 10.4 ALBs will need to consider their responsibilities for ensuring that digital information continues to be available through organisational transition and as technologies change (digital continuity).
- 10.5 To minimise the impact on business continuity and reduce information risk, teams should incorporate KIM as an integral element of their planning.
- 10.6 The DH KIM team have produced a knowledge capture checklist, which was designed to help colleagues manage KIM aspects of programme closures. ALB colleagues may find it useful as a starting point for their own planning. It is available on Delphi, the DH intranet, via GSI:
http://www.delphi.dh.gsi.gov.uk/delphi/KnowledgeandResearch/KnowledgeManagementinDH/KMresources/DELPHI_100017296
- 10.7 Alternatively Connecting for Health has developed a Knowledge Harvesting tool, available from:

<http://nww.connectingforhealth.nhs.uk/km/resources/assets/knowledgeharv/index.html>

- 10.8 ALBs will find the Department's checklist and section three of the information governance guidance provided above will help planning for forthcoming changes. Colleagues may also find it useful to refer to The National Archive's *Machinery of government changes: guidance on transfer of records, information and knowledge* and their guidance on Digital Continuity, available from: http://www.nationalarchives.gov.uk/documents/machinery_of_government.pdf

Further advice and information

- 10.9 For further information or to request a copy of the checklist if you do not have GSI access contact Karen Lewis at Karen.Lewis@dh.gsi.gov.uk, telephone 0207 972 5900.

Section 11: Third sector compacts

- 11.1 The 'Third Sector' describes the range of organisations that occupy the space between the State and the private sector. These include small local community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and co-operatives. Third sector organisations share common characteristics in the social, environmental or cultural objectives they pursue, their independence from Government and the reinvestment of surpluses for those same objectives.
- 11.2 The Compact is an agreement between government and the third sector in England to improve their working relationship for mutual advantage, supported by five codes of practice on:
- funding and procurement;
 - community groups;
 - BME groups;
 - volunteers; and
 - consultation.

(it applies to all government departments and their national agencies, including ENDPS and other ALBs.)

- 11.3 ALBs should actively consider the role of, and implications for, third sector organisations in relation to their business objectives - whether elements of their plans could potentially benefit from third sector engagement or involvement, as well as how any of their planned activity will impact on organisations in the sector. Consideration should take full account of the principles and undertakings set out within the Compact and its codes, and plans should address how the Compact is reflected where appropriate.

Further advice and information

- 11.4 Details of the Compact and its five codes are available at the www.compact.org.uk. The Third Sector Partnership team within DH is available to offer support and advice on its application. For further details contact Carolyn Heaney at Claire.Phillips@dh.gsi.gov.uk or telephone 02079725022.

Section 12: Information and communications technology

- 12.1 The ALBSU has been working with ALBs to identify opportunities to deliver IT efficiencies through appropriate sharing of provision and good practice. Previously, DH monitored savings achieved through a process of benchmarking. Taking into account the significant changes that the ALB landscape faces we will not be running specific benchmarking for the planning period.

IT Strategy

- 12.2 Each ALB is expected to maintain an IT Strategy for the planning period. IT Strategies should describe clearly:
- how the provision of IT will support the ALB's business, particularly taking into account the forthcoming period of transition
 - how the ALB will look to leverage investment made by Connecting for Health and the DH, and where possible other ALBs and other emerging bodies
 - what plans the ALB has to leverage the ongoing work to procure a central ICT Service for DH and the ALBs, particularly the IMS3 Initiative.
- 12.3 As usual, the ALB will be expected to maintain the usual level of rigour in the areas of information assurance and sustainable development. IT Strategies for the ALBs should all be expressed in practical terms and plain English to describe clearly how the strategy will be delivered.
- 12.4 The key elements of the IT Strategy should be reflected in the ALB's overall plan

IT projects and programmes with significant IT elements

- 12.5 The approvals process for ICT projects is subject to the Cabinet Office's ICT moratorium, which has become significantly more rigorous since it was first communicated. Project managers should provide for additional time in their planning to allow for the new and evolving approvals to be secured. Early engagement with DH and relevant governance bodies is critical.

Further advice and information

- 12.6 The ALBSU IT specialist will be available to support the ALBs in producing their IT Strategy. The team will also work closely with ALBs and sponsors to assist in the plan development and will review the IT section of their plans for appropriateness and deliverability. Please contact Paul Newman: paul.newman@dh.gsi.gov.uk; 0113 254 5862 with any queries.

Section 13: Information governance

- 13.1 ALBs should prepare to report on information governance by 31st March 2011. Those ALBs using the NHS Information Governance Toolkit will provide returns through the toolkit. Those using the HMG Security Policy Framework and/or the HMG Information Assurance Maturity Model to assess compliance with Government standards will provide returns individually by agreement with the DH Information Assurance team.

13.2 Looking ahead, ALBs will wish to ensure that their work to implement strong compliance with the Mandatory Minimum Measures set out by the Government Data Handling Review or NHS Information Governance Toolkit is carried forward as functions are transferred between organisations or discontinued.

13.3 Organisations involved in the transfer of functions should:

- discuss information security and governance policies and processes with their DH sponsors and successor organisation(s)
- jointly assess what information will be needed to fulfil any functions being transferred
- ensure that information both structured and unstructured is transferred by secure means
- include information governance compliance statements in their handover
- transfer staff training records so the successor organisation knows who has received IA training
- share good practice information governance so the successor organisation can take advantage of development work.

13.4 Organisations winding up existing functions should:

- work with DH sponsors to identify DH or equivalent posts with residual responsibility
- jointly assess what information will be needed to fulfil that responsibility
- arrange secure transfer of: i) the information needed to fulfil the residual responsibility; ii) any information to be transferred to permanent archives
- arrange secure destruction for remaining information relating to the function
- produce a document outlining the actions taken

13.5 Where functions are being wound up with no agreed destination for the information relating to them, the organisation should:

- arrange secure destruction for the relevant information
- produce a document outlining the actions taken.

Further advice and information

13.6 Organisations should involve DH sponsors where necessary. The DH Information Assurance and the Departmental Security team will be pleased to provide advice if required. Please contact

Veronica Fraser; veronica.fraser@dh.gsi.gov.uk; 020 7972 1754
Steve Wells, steve.wells@dh.gsi.gov.uk; 020 7972 6073

Section 14: Key contacts

ALBSU Contacts:

14.1 For general advice on how this guidance affects your organisation, please contact the ALBSU Team in the first instance. Contact details are provided below:

Naresh Chohan (Head of ALBSU)

Email: Naresh.Chohan@dh.gsi.gov.uk
Telephone: 0113 254 5544

Paul Hiscox (Senior Adviser)
Email: Paul.Hiscox@dh.gsi.gov.uk
Telephone: 0113 254 6261

Other functional lead contacts:

14.2 For questions on specific aspects of ALB planning, please contact the following lead:

ALB Planning

Naresh Chohan (Head of ALBSU)
Email: Naresh.Chohan@dh.gsi.gov.uk
Telephone: 0113 254 5544

Finance and NHS Shared Services

Paul Stocks, Head of Arm's Length Bodies Finance
Email: paul.stocks@dh.gsi.gov.uk
Telephone: 0113 254 6076

Human Resources

Greg Gleeson, HR Consultant
Email: Greg.Gleeson@dh.gsi.gov.uk
Telephone: 0207 972 3781

ALB Capital Planning Process

Paul Hiscox (Senior Adviser)
Email: Paul.Hiscox@dh.gsi.gov.uk
Telephone: 0113 254 6261

Estates Planning

John Ryder, Head of Accommodation and Building Services
Email: John.Ryder@dh.gsi.gov.uk
Telephone: 0113 254 6389

or

Chris Hardy, High Performing Properties Programme Manager
Email: Chris.Hardy@dh.gsi.gov.uk
Telephone: 0113 254 5126

Information Communication Technology

Steve Mordey, IS Commercial Manager
Email: Steve.Mordey@dh.gsi.gov.uk
Telephone: 0113 254 5139

Gateway Further guidance is available via the DH External Gateway team at [MB-Gateway](#).

Sustainable Development

John Ryder, Head of Accommodation and Building Services
Email: John.Ryder@dh.gsi.gov.uk
Telephone: 0113 254 6389

Or

Julia Armstrong, Sustainable Operations Manager

Email: Julia.Armstrong@dh.gsi.gov.uk
Telephone: 0207 972 6082

ALB Transition Change Management Team contacts:

Gemma Pearce
gemma.pearce@dh.gsi.gov.uk
Tel: 020 7210 4355 (Tues Wed Thurs)

Mike Yates
mike.yates@dh.gsi.gov.uk
Tel: 020 7210 5067

David Bramley
david.bramley@dh.gsi.gov.uk
Tel: 0207 210 4963 (Tuesday to Thursday)
Tel: 0113 254 6619 (Monday and Friday)

Bola Ninalowo
bola.ninalowo@dh.gsi.gov.uk
Tel: 020 7210 4900

Annex A
Investment funding template

Detail each of your current and planned capital investment projects on the template below.

1	2	3	4	5	6	7
Project Title and lifecycle position in 20011/12 (See note 1)	Project Whole Life Cost £000 (See note 2)	Project 11/12 spend £000 (See note 3)	Project 12/13 spend £000 (See note 3)	Date of DH approval of Full Business Case (where applicable) (See note 4)	Date on which Business case due to be submitted to DH (See note 5)	Description of Project (See note 6)
Project A						
Project B						
Project C etc						

For projects under £1m (whole life cost)

Please ignore columns 5 and 6. Sufficient information should be provided in Column 7 to enable DH to take account of the proposals during the planning process. These projects are subject to internal ALB approval under the delegated arrangements described in the Capital Investment Branch (CIB) Business Case Guidance.

For projects over £1m (whole life cost)

Fill in all the columns as applicable (see notes below).

Notes

- Lifecycle position examples could be 'Yr1 of 2', 'Yr 2 of 3' or '20011/12 only'
- For Whole Life Costs, see the definition in the CIB business case guidance. Please break down the whole life costs for each project into capital expenditure, revenue cash expenditure and revenue non-cash expenditure (capital charges and depreciation).
- Please break down project spend in each of these years to show capital expenditure, revenue cash expenditure and revenue non-cash expenditure (capital charges and depreciation).
- Applies to projects with previous approval only.
- Please provide the date on which the next business case will be submitted (if over £1million whole life cost) and indicate (if over £5million whole life cost) whether it is a Strategic Outline Case, Outline Business Case or Full Business Case. Will not apply to projects with an entry in column 5.
- Will not apply to projects with an entry in column 5. For other projects, this column should contain sufficient narrative to cover the following:
 - the ALB's (DH supported) strategic objective(s) and how the investment underpins/supports them;
 - what will be delivered by the project (description of the IT, Estates etc.);
 - highlight proposals that may be considered as novel or contentious and, therefore, subject to HMT approval even though they fall within the Department's normal delegated approval limits.

**Annex B:
Procurement business case forecast**

Template for forecast of business cases for the procurement of services in 2011/12

ALB	Enter Name:		
Quarter when service is required (in ascending order)	Name of Programme of Work	Category of required service (see note 1)	Business case will be submitted (month)

- (1) Categories are :
- Construction
 - Energy
 - Facilities Management
 - Fleet
 - Food
 - ICT
 - Office Solutions
 - Professional Services
 - Travel

**Annex C:
Document return list**

Please complete this template cover sheet and return it with your business plans and associated documents to your DH sponsor by 28 January 2011, copied to Tracy Dibdin in the ALBSU (Tracy.Dibdin@dh.gsi.gov.uk)

Name of ALB:	
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Key Documents to return:

	Document	Attached
1	Draft plans for 2011/12 to 2014/15	Yes / No
2	Copy of the ALB's most recent Strategic Risk Register (as reviewed by the Audit Committee)	Yes / No
3	Completed Investment Funding Template (Annex A)	Yes / No
4	Completed Procurement Business Case Schedule (Annex B)	Yes / No
5	Estates strategy for the planning period	Yes / No

(Please note that items 2 to 5 are not actually part of your plans)