

## POLITICS & MANAGEMENT DEAL

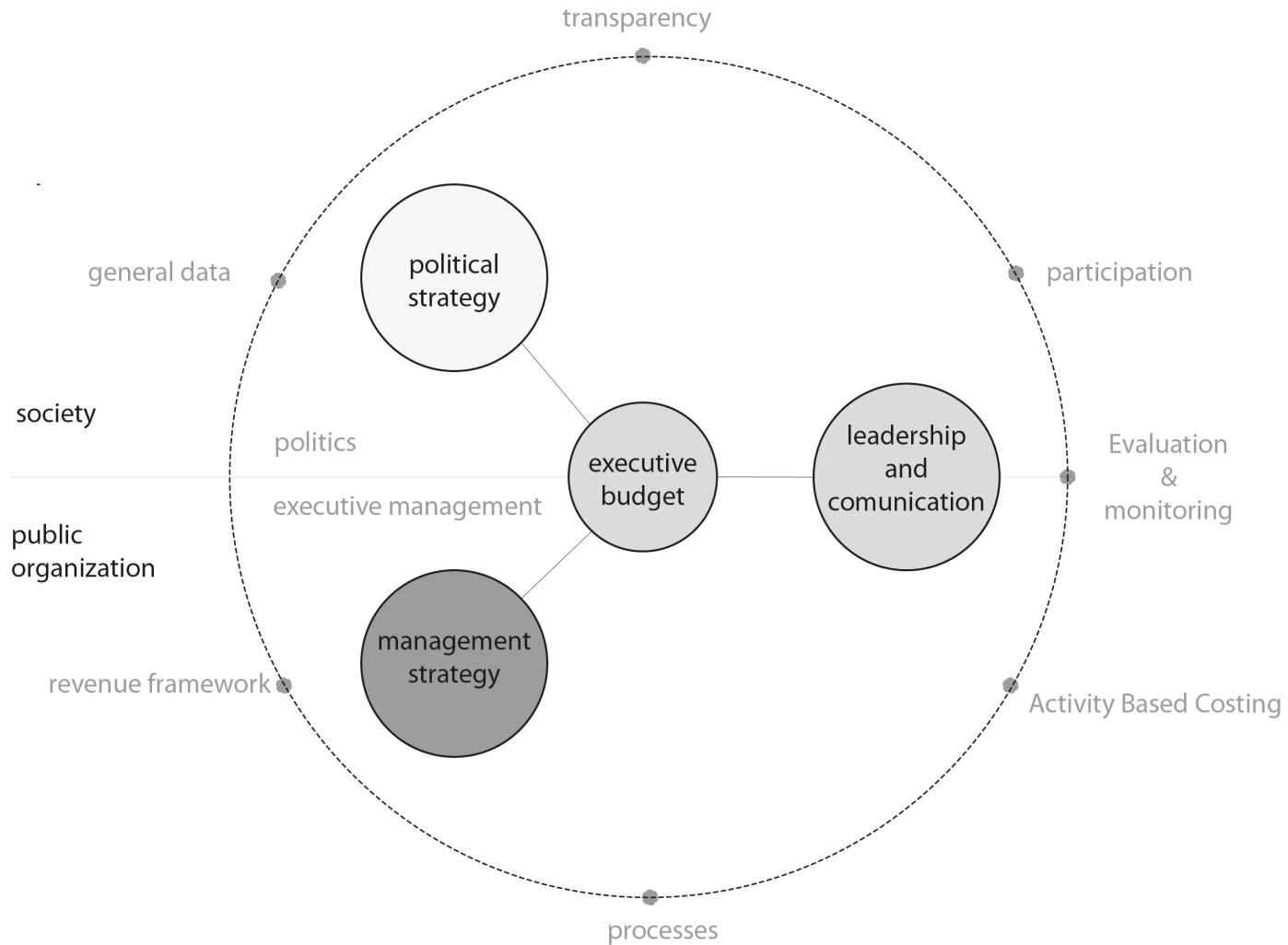
A new way of understanding politics with public organizations willing to face the challenges of the XXIst century

BBC

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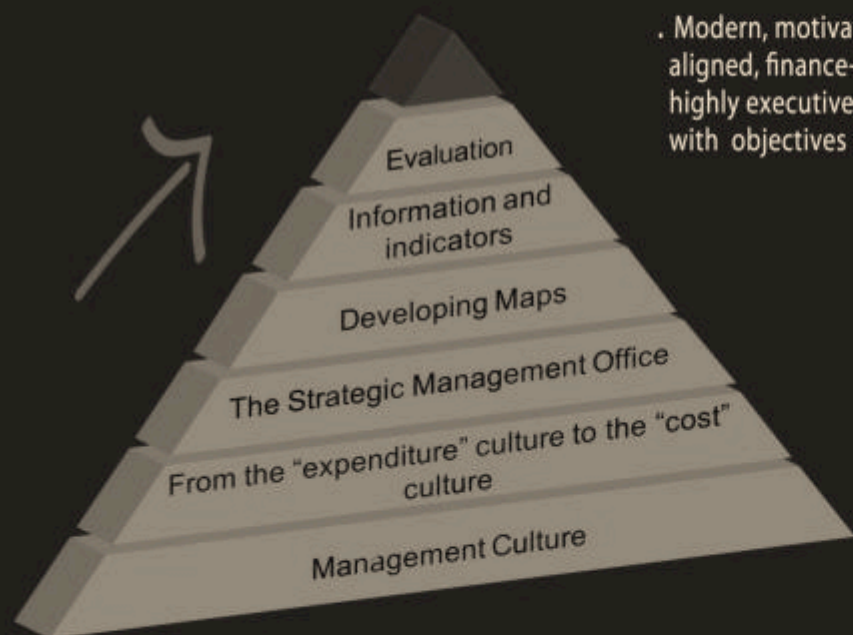
## THE BARCELONA'S POLITICS AND MANAGEMENT DEAL MODEL



# CULTURE CHANGE

Involving all the  
Organization

**To a Strategy Focused  
Organization**



. Modern, motivated, innovative,  
aligned, finance-efficient and  
highly executive organization  
with objectives

## FOUR PRINCIPLES ADOPTED

1. Moving from an “expenses” to a “cost” culture organization, focussed on objectives
2. Use of strategic maps
3. Policy making and management based on data
4. Accountability to citizens

**From a bureaucratic organization**



# 1. DECIDE

politic and competitive objectives



## 2. ALIGN the organization

### ALIGNING THE ORGANIZATION

#### GOVERNMENT BOARD

- The Government Board points out the **global strategy**: Politics permeate all public policies going beyond the single interest of each area.

- **STRATEGY OBJECTIVES**

PACTE

First Level



#### BOARD OF DIRECTORS

- The Board of Directors points out the **Competitive Strategy**: a signed agreement about how to reach the political goals.

- **COMPETITIVE OBJECTIVES**

PACTE

Second Level



#### FUNCTIONAL AREA

- All the different areas are **aligned** working together toward the competitive strategy determined by the Board of Directors.

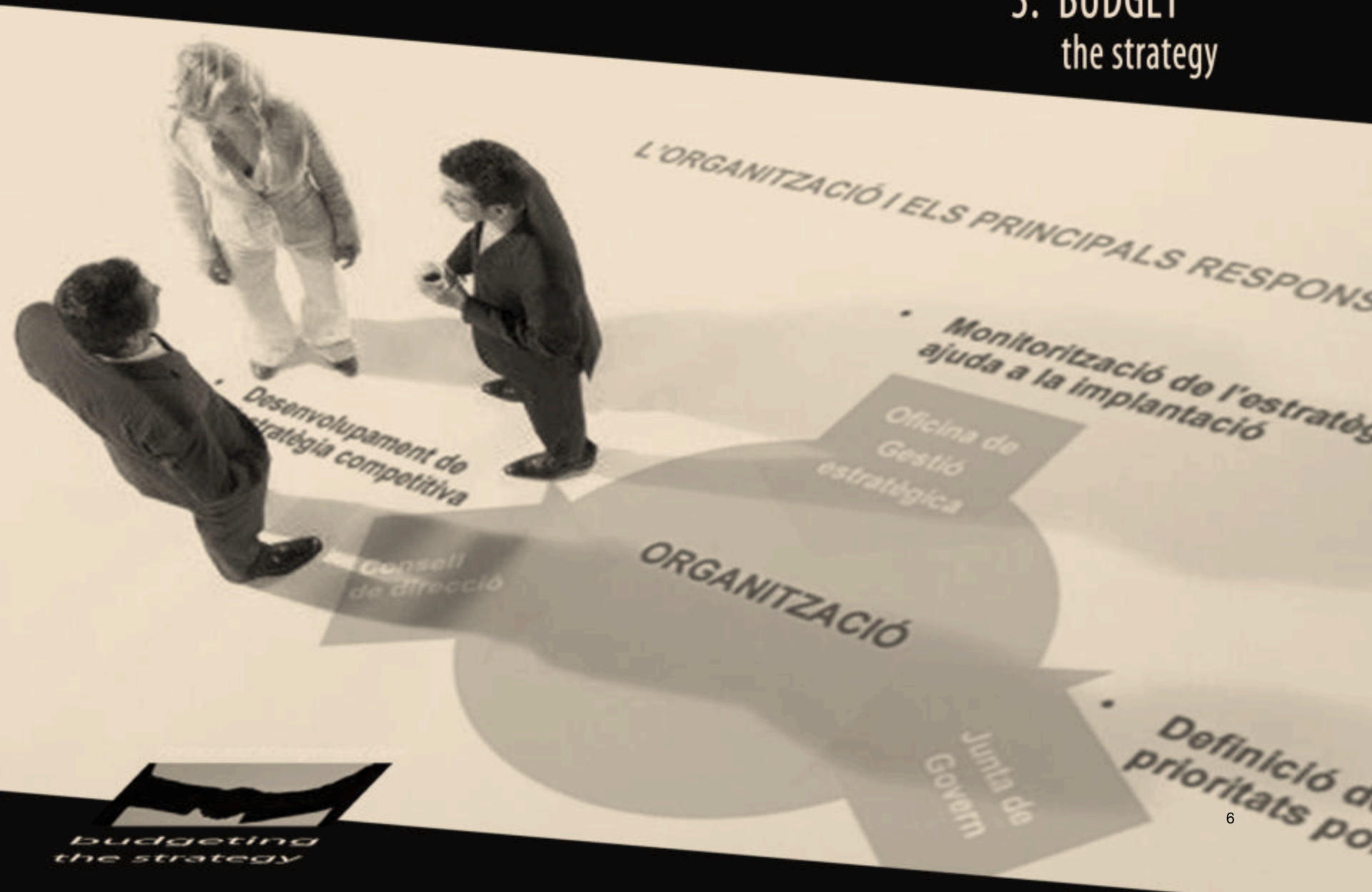
- **FUNCTIONAL OBJECTIVES**

- At this level functional goals and actions are linked to budget





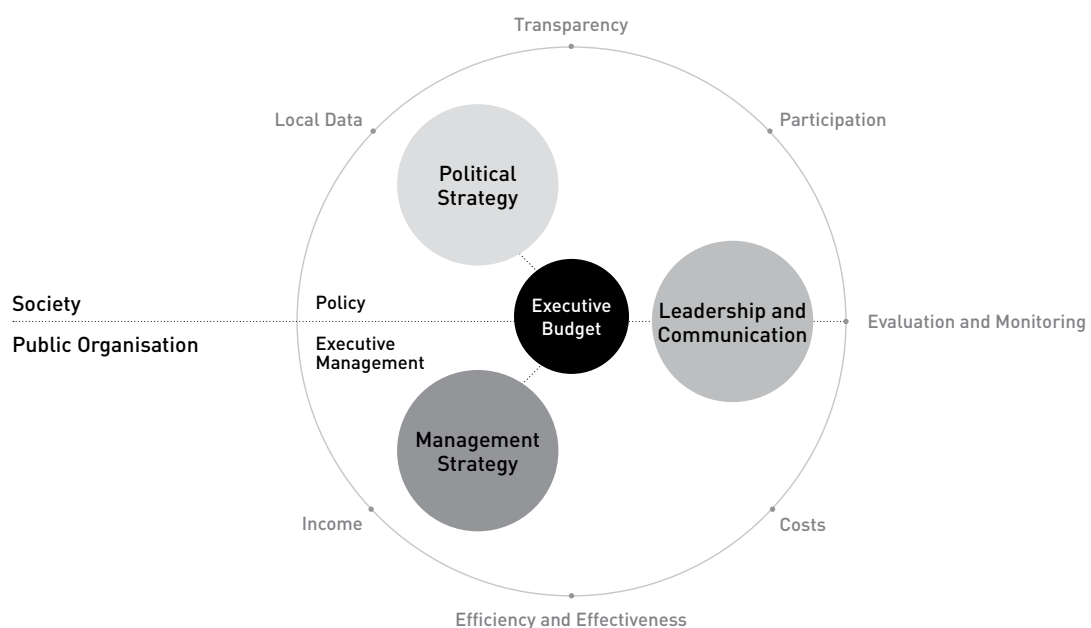
### 3. BUDGET the strategy



# Politics and Management Deal

The current socio-economic environment, with decreasing levels of economic activity, a very high level of unemployment and all the related social consequences, makes it more necessary than ever for government bodies to redefine their roles, which were established during a long period of economic prosperity, and to place on the public agenda those issues that will be of most help in emerging from the crisis and protecting those most affected by the current situation. The drop in economic activity has had a negative effect on the public finances as it has resulted in less income, together with greater pressure for expenditure related, above all, to citizen assistance services. This requires an effort to optimise resources and assign them so as to obtain the best results. The challenge is to tackle the needs of today while also looking forward, towards a sustainable and attractive future for the city.

In this context, Barcelona City Council proposes the creation of a management model to bring together its political objectives and management through executive budgets and strategy maps to align the organisation and facilitate implementation. Ultimately, the aim is to be able to improve public services through the design and implementation of strategy.





The scope of the model covers the following areas:

**Political strategy.**

The objective is to define the global strategy linked to the political programme in line with the organisation's economic and financial framework.

**Leadership and communication.**

The Council Executive is initiating and leading the cultural change involved in the new management model.

**Management strategy.**

This consists of defining the management strategy in accordance with the political strategy and aligning the organisation as a whole.

**Executive budget.**

This facilitates political and executive dialogue and provides a tool for monitoring the strategy and providing it with resources.

For this reason, a new planning and management model has been designed with three main features:

- 1. Emphasis is placed on the clear and aligned identification of objectives and priorities in the different levels of the organisation.**
- 2. It links available resources to the defined priorities.**
- 3. It measures the extent to which objectives have been attained through a set of indicators.**

- 1. Emphasis is placed on the clear and aligned identification of objectives and priorities in the different levels of the organisation,** from the Council Executive to the Management Offices and Technical Departments. The cascading deployment of the objectives on which the model is based – from the city objectives defined by the Council Executive to the strategic objectives of the Management Offices and the functional objectives of the departments – guarantees its focus and aids coordination of efforts and priorities. The definition of objectives for the city and their transferral to the different levels of organisation is the central pillar of the model, although it also consists of further elements.
- 2. It links available resources to the defined priorities.** In a broad sense, although the objectives provide the focus of what is hoped to be attained over the term of office, it is the annual budget that allows specific measures to be established in order to meet the objectives or priorities for the given period of time. The aim is to integrate the planning and budgetary processes; the strategic framework indicates the direction and priorities and the budget specifies this strategy and provides it with resources.
- 3. It measures the extent to which objectives** have been attained through a set of indicators that combine both citizens' perceptions and tangible results. The model also defines mechanisms and systems for monitoring the evolution of these indicators and analysing them so as to take appropriate decisions.

Three levels of planning are required in order to construct the executive budget:

**Definition of priorities:**

- 1. Government Plan: City objectives (City Map).**
- 2. Management Plans: Strategic objectives of the Sector Management Offices.**

**Implementation of the strategy:**

- 3. Functional plans: Functional objectives. Definition of current actions and investment. Scheduling, allocation of managers and resources (human, material and economic) within the framework of the annual budget. Connection of the strategy with day-to-day implementation.**

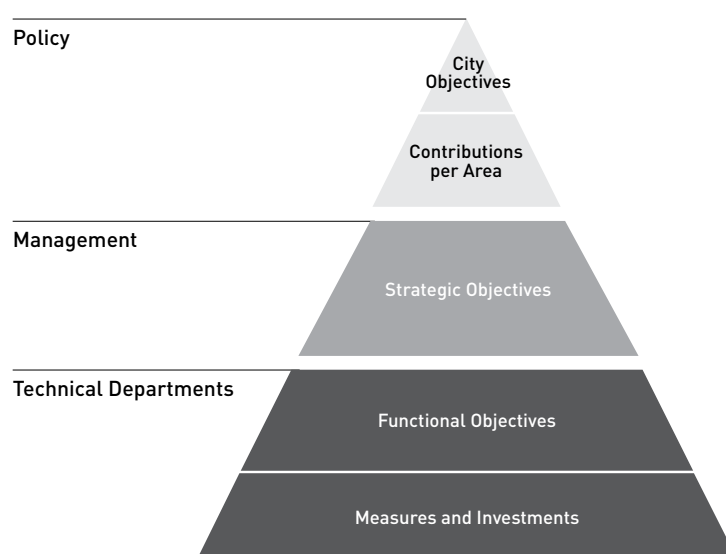
These three levels of planning correspond with a structure that is also based on three levels: the political, the managerial and the executive and technical management levels.

To the political powers of the Council Executive we must add a type of public directive which bases its duties on the leadership of teams and organisations, the permanent objective of which is the attainment of competitiveness and which is results-focused, within the essential context of achieving efficiency in the allocation and use of public resources.

The executive budget, which is the instrument of these directives and of the organisation as a whole, must allow resources to be linked to the desired objectives and results and facilitate both the allocation of resources and the monitoring of their management, beyond legal and financial implementation controls.

The instruments used in the model include the development of strategic maps and balanced scorecards that make it possible to express the strategy, define objectives from the different interrelated perspectives and choose indicators to monitor the degree of compliance with the objectives.

**The key feature of this model** – the objectives – have been defined in three phases which correspond to the three large decision-making and executive organisational spheres within Barcelona City Council, as shown in the following diagram:



## **1. Definition of the city objectives by the Council Executive.**

The Council Executive, led by the Mayor and consisting of the Deputy Mayors and the Councillors and Delegates, has defined in detail its vision for the city, the strategic approach for achieving it and the values that will guide its measures.

From this starting point, the Council Executive has developed the city objectives (shown in the so-called City Map), which will guide municipal action throughout its term of office. The city objectives form the basis of this model and set down the final results that are to be attained. Based on the city objectives, each of the organisation's managerial levels must define its strategy for achieving these final results from a management perspective. In other words, they must define the strategic objectives aimed at achieving the city objectives.

## **2. Definition of the strategic objectives of the Manager's Offices.**

The Mayor entrusts the Municipal Manager, and the latter entrusts their Sector Manager's Offices with the task of formulating strategies for achieving the city objectives. This clearly expresses the idea of the politics and management "deal", from a perspective of mutual benefit, in response to a shared strategy and shared implementation.

In order to develop the strategic objectives that will lead to the city objectives, the contributions of the Manager's Offices to achieving the city objectives are firstly identified. Each of the Manager's Offices has an impact on a number of city objectives, and at the same time, Manager's Offices for different sectors can contribute towards attaining the same objective.

Under this model, it is the Manager's Offices of the different sectors (Culture, Knowledge, Creativity and Innovation; Quality of Life, Equality, and Sports; Safety and Mobility; Urban Habitat; Economy, Business and Employment; Resources) that define the strategic objectives in response to the city objectives, as it is they that are mainly responsible for planning services and measures. However, the District Manager's Offices also take part in this phase by assessing the strategic objectives formulated by each of the Sector Manager's Offices to ensure that they suitably cover the districts' different needs and situations. In the following phase, in which operative or functional objectives are defined, the District Manager's Offices develop their own objectives and measures.

Each Sector Manager's Office looks at the specific set of city objectives that it may impact upon before developing its own strategic objectives in response. For the purposes of implementation, these strategic objectives must then be translated into even more specific and operational terms by the technical departments.



### **3. Definition of the functional objectives and measures of the technical departments.**

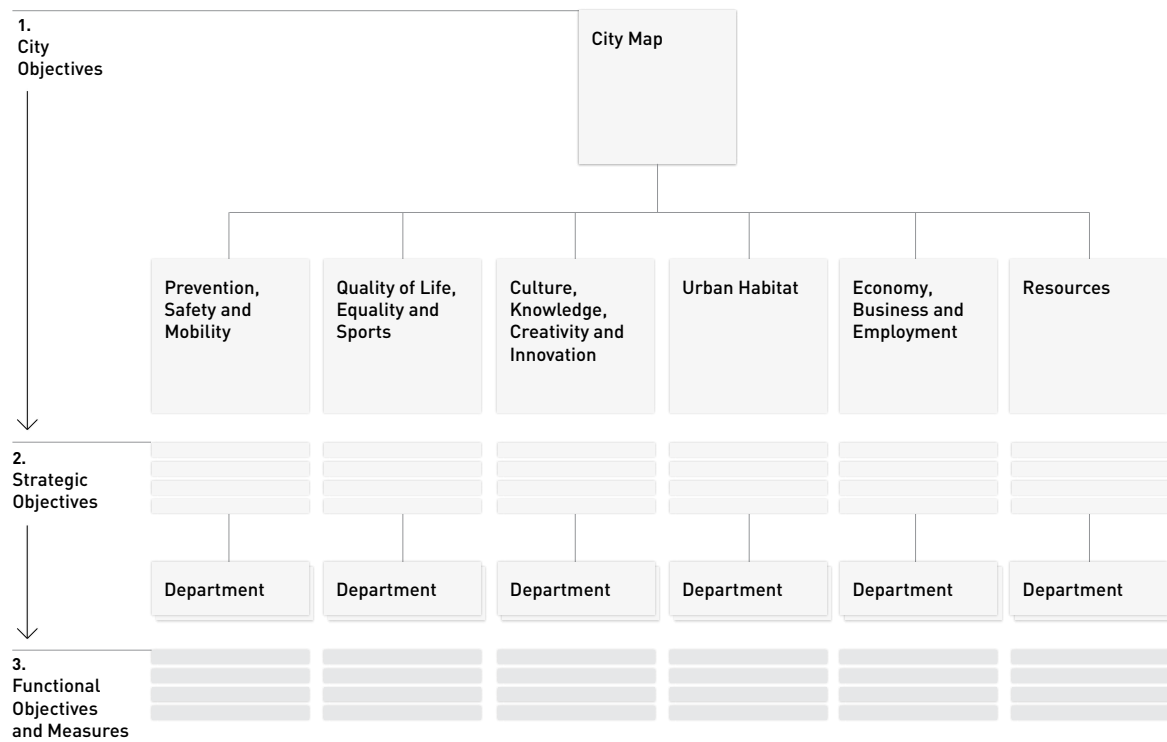
The strategy drawn up and planned by the Manager's Offices must be implemented through the departments. The departments, which have highly specialised fields of operation, are responsible for the day-to-day management of the City Council. This is why it is important to bring their more technical activities in line with the strategic objectives defined by the Manager's Offices.

While the city objectives and the strategic objectives of the Manager's Offices have deadlines that extend beyond the calendar year, and which are normally as long as the term of office, the functional objectives and corresponding measures are normally established on an annual basis. It is therefore when the budget is drawn up that the functional objectives and, above all, the measures to be implemented, are specified.

When defining these objectives, each of the City Council's departments – those that report to both the Sector and District Manager's Offices – must define their functional objectives and measures under the following premises:

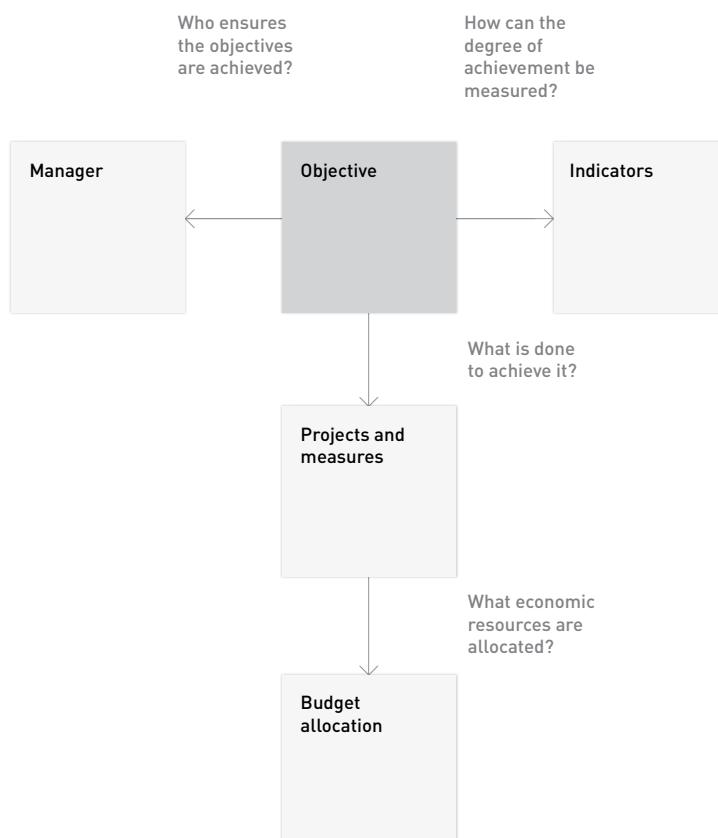
- The functional objectives must contemplate what each of the City Council's departments will do to contribute towards attaining the strategic objectives of the Manager's Offices.
- The measures are tied to the functional objectives and are contemplated in the budget (both as current expenditure and investment).

It is possible to define two types of functional objectives and measures: those that make a special contribution towards achieving the strategic objectives, and those that constitute part of the normal operations. From the point of view of defining the strategy and budgeting for it, it is necessary to ensure that resources are allocated to those measures that are considered strategic and that will have the greatest impact on the city. The figure shows the cascading objectives within the organisation, from the city objectives to the specific measures.



The City Council's planning and management system is organised around the strategic and functional city objectives, with a number of **other elements** that complete the model.

All of the objectives have the following:



## **A manager**

This is the model's key element, as this person is responsible for promoting accountability and enforceability at all levels. A manager is assigned to each of the strategic and functional objectives to ensure they are complied with. In the case of objectives shared by different units, a manager must also be assigned. The role of the manager is therefore to closely monitor the evolution of the objective by liaising with all the parties involved in its achievement. Based on this knowledge and observation, they must also draw up proposals for promoting the objective and eliminating any obstacles that stand in its way.

## **Indicators**

It is not possible to manage something that cannot be measured. In view of this premise, for each of the objectives of the model's three levels, one or more measurement indicators are defined which permit the evolution of the objectives to be quantitatively evaluated. In this way, by monitoring the indicators, any possible deviations can be detected and dealt with. In general, the indicators for the city objectives are focused more towards measuring citizens' perceptions, while for the strategic and functional objectives it is necessary to look for results and for product, efficiency and/or quality indicators.

## **Projects and measures**

The objectives are associated with certain measures and projects. The measures are implemented over a specific period of time, with a start and finish date, and are focused on achieving a specific objective. As previously mentioned, it is the Technical Departments that are responsible for identifying the measures, as it is they who are most involved with implementing the tasks and services. The addition of measures may result in the creation of projects which, if they are shared between different departments, may be supervised at the Manager's Office level. Strategic projects are defined as initiatives that have a notable and relevant impact on achieving a set of objectives of the Manager's Offices. They are projects with a wide scope that often involve a number of departments and even different Manager's Offices.

## Budget allocation

In this model, measures are the unit of budgeting. The financial resources of current expenditure and investment are allocated to those measures that respond to the functional objectives of the technical departments.

This planning and management model offers **significant benefits**, some of the most important of which are:

- The model is based on the definition of the city vision, values and objectives established by the Council Executive. By drawing up the City Map, **the Council Executive clearly marks its priorities for the period of its term of office.**
- The cascading three-level deployment of the objectives enhances the alignment of the organisation as a whole. Each of the parties involved has **objectives that are strategic, coherent and aligned with the rest.**
- The budgeting and planning processes are merged together. Measures are the unit of budgeting, and these measures are linked to the functional objectives that respond to the strategic objectives, which in turn are defined so as to contribute towards achieving the city objectives. This mechanism produces an **allocation of economic resources that is aligned with priorities and focused on results.**

**A focus on obtaining evaluable results is a necessity as well as an obligation in the current context.**

**Notwithstanding, the proposed planning model is not meant to be rigid or closed. In a world of constant changes, the purpose of the strategic framework for the period 2012-2015 is not to give a detailed definition of everything that will be done during these years, but rather to act as an instrument that provides a focus, defines a vision and establishes a set of values that will guide the daily efforts of politicians, managers and workers and allow us to move towards our objectives.**

All of these things must be formalised on drawing up the annual budget, and subsequently, for the purposes of accountability, it will be necessary to explain what has been done and what it has not been possible to do, to evaluate the effects and propose measures for improvement.

