

<b>Committee:</b> Overview and Scrutiny	<b>Date:</b> 3 February 2015	<b>Classification:</b> Unrestricted	<b>Report No:</b> 7.3
<b>Report of:</b>  Louise Russell  Service Head Corporate Strategy & Equality		<b>Title:</b>  Update on Best Value Improvement Planning	

1. **SUMMARY**

- 1.1 This report updates the Committee on the current process in relation to best value improvement planning.

2. **RECOMMENDATIONS**

*The Overview and Scrutiny Committee is recommended to:-*

- 2.1 Consider and comment on the proposed approach to date as set out in this report.

3. **BACKGROUND**

- 3.1 On December 17<sup>th</sup> 2015 the Secretary of State issued directions to the London Borough of Tower Hamlets under section 15 of the Local Government Act 1999, and appointed 2 Commissioners with specific functions. These directions are set out as Appendix 1.

- 3.2 At its meeting in January the Overview and Scrutiny Committee agreed, in considering a referral from Council, in relation to the PWC inspection of the Council which gave rise to the SoS directions, that it wished its future work in relation to the issues raised in the motion to be focussed on considering and scrutinising the council's plans for improvement.

- 3.3 The specific Direction for the Council relating to improvement and action planning is contained in Direction 1: 'Within 3 months from the date of these Directions [ie 17 March 2015] to draw up and agree with the Commissioners a strategy and action plan for securing the Authority's compliance with its best value duty (to include as appropriate complying with the specific directions set out below and putting in place robust and transparent arrangements for grant decisions), and to submit this to the Secretary of State.'

- 3.4 The best value duty in section 3 of the Local Government Act 1999 is broadly drafted. It requires a local authority "to make arrangements to

*secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness*". Previous legislation and statutory guidance was clear that this would need to be demonstrated by processes including the production of a Best Value Performance Plan, continuous improvement against Best Value Performance Indicators and a programme of periodic best value reviews of particular services or cross-cutting activities. None of this guidance is any longer in place and since 2010 authorities have been given considerable discretion in how they meet the best value duty, with the only statutory guidance remaining being 2 pages long and focusing almost solely on the duty to consult in achieving this duty, and in particular the need to consult with the voluntary and community sector. The Secretary of State's response refers also to the *Barnet v Nash* case which again largely focused on the duty to consult element of the BV duty.

- 3.5 In this context, the authority has begun discussions with the Commissioners about the nature of strategy and action plan they would expect to see and how broad its scope would be given the PWC inspection looked at only four key areas of the Council's business: grants, publicity, procurement of contracts and property. These are at an early stage but the broad approach to date is set out below.

**4. Strategy and action plan to secure best value compliance**

- 4.1 The main focus of the Council's improvement planning is around the four main areas which were the subject of the PWC report. There are already, or are underway, a number of reviews or improvements to policies and procedures to address the process issues identified in the PWC report.
- 4.2 Our current work is taking stock of what is currently in place and what more might need to be done. This will address issues emerging from the PWC report plus our own understanding of areas for improvement. This is work in progress and we are awaiting Commissioner feedback on initial drafts. Some of the key areas in hand are:

<b>Grants</b>
Re-focus and consolidate the new MSG programme
Review/clarify protocols for grant awards and processes for decision making by the Commissioners
Review grant management and monitoring procedures – officer manual updated
<b>Property transfer</b>
Update Asset Disposal policy as part of review of Council's financial regulations
Update Disposal and Letting manual to align with updated policy
Finalise Community Buildings Lettings and Charging policy
Dissemination of revised protocols and training of staff
Programme of audit to ensure compliance
<b>Use of publicity</b>

Review of Communications Protocol
Develop a costed plan for use of Council communications
<b>Contracts</b>
Full category management analysis of current third party and commissioned spend
Ongoing programme of procurement training to develop procurement knowledge and skills across the organisation
Review arrangements for securing compliance through role of central team
Review and revise as necessary Procurement Policy imperatives
Review contracts awards and approval process

4.3 In addition we are discussing with the Commissioners their interpretation of the breadth of the best value improvement plan expected given the focus of the inspection findings on the four areas above. The Council has a wide range of processes and mechanisms in place to achieve continuous improvement and to secure economy and efficiency, only a very limited number of which have been considered as part of the PWC inspection. The Council is providing the Commissioners with a position statement setting out these existing arrangements.

4.2 Some key elements are set out in the table below:

<b>Continuous Improvement</b>	<b>Economy, Efficiency and Effectiveness</b>
Performance Management Framework (revised 2013) – the Plan, Do, Monitor, Improve cycle and golden thread	Medium Term Financial Planning and budgeting
Strategic and business planning framework- ie Community Plan, Strategic Plan, Directorate and team plans	Delivery of year on year savings without significant impact on performance outcomes
Robust annual target setting process against corporate target setting criteria	Budget consultation – for 15/16 budget and ongoing plans
Regular quarterly performance monitoring by Cabinet, O&S	Financial systems
Annual Report to residents	Budget monitoring and reporting
Team planning and annual review	Procurement procedures and other financial regulations
Performance Review Group and related improvement activity	Internal Audit programme of activity and follow-up
Annual Residents Survey and action planning	Risk management framework
Directorate performance management and improvement activity	Corporate Boards for Assets, Competition, People
Single Equality Framework and excellent EFLG assessment	Think Tank future planning
Investors in People Silver assessment and Going for Gold action planning	External auditors' value for money and financial resilience judgements
Scrutiny reviews and recommendations	

Data Quality action plan and regular audits
Annual Governance Statement and governance review
PDR and appraisal system
Workforce planning

- 4.3 Many of these have been subject to internal or external review within recent years. The Council has a strong story to tell in terms of service outcomes in a number of areas and robust performance monitoring arrangements for addressing areas of performance failure. In terms of economy and efficiency, we have delivered savings of over £100m without significant impact on performance outcomes. In addition, our external auditors annually assess our efficiency in a value for money judgement.
- 4.4 Our discussions with Commissioners are therefore focusing on what additional expectations they would have for a best value action plan over and above the 4 areas, in light of the extensive arrangements already in place.
- 4.5 Further updates can be made to the Committee following these discussions and the further development of improvement plans.

## **5 COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 5.1 There are no financial implications as a consequence of recommendations within this report.

## **6. LEGAL COMMENTS**

- 6.1 The Council's obligation as a best value authority under section 3 of the Local Government Act 1999 is to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The Council is required to consult for the purposes of deciding how to fulfil its duty. Whether or not any particular proposals require consultation may depend upon the significance or otherwise of those proposals.
- 6.2 The Council's Constitution provides that the Overview and Scrutiny Committee may consider any matter affecting the area or its inhabitants and may make reports and recommendations to the Full Council or the Executive, as appropriate, in connection with the discharge of any functions. This is consistent with the requirements of section 9F of the Local Government Act 2000. As part of this function the Committee may make recommendations to the Executive in relation to the content of the required strategy and action plan, prior to it being agreed with the Commissioners.

## **7. ONE TOWER HAMLETS CONSIDERATIONS**

- 7.1 The Council needs to deliver its functions, including in relation to those elements transferred to the Commissioners through Direction, with due regard to equality and the need of groups with protected characteristics. Changes to the way in which the Council awards grants, contracts or disposes of property, particularly community buildings, and publicises its activity has the potential to impact on equality and cohesion in the borough. Any significant policy changes emerging from the improvement planning activity will be subject to an equality impact assessment.

## **8. APPENDICES**

Appendix 1 – Secretary of State Directions