

## **Best Value Action Plan**

### **Third 6 monthly update report**

The Council is pleased to provide a progress update against the Council's Best Value Action Plans. In particular, there has been considerable progress since the last submission in March 2016.

The Council is now in a position to report that more than 95% of the actions within the Best Value Plans are complete. More significantly, progress has been made in delivering the related outcomes and further information on this is provided below.

It is also recognised that implementing significant organisational change is a long-term, iterative process. As such, this update report also addresses issues, which fall outside of the formal Best Value Plans agreed with the Secretary of State, that have been identified by the Council or the Commissioners as matters where further work is required and underway.

#### **Procurement**

All actions in the Procurement Best Value Action Plan have now been successfully delivered and the Commissioners have indicated that they are satisfied to recommend to the Secretary of State that the Directions, in respect of Procurement, are lifted. In recent months, the Council has implemented a new procurement operating model and there is strong evidence of success, including in the significant **reduction of the number of cards in use, the level of expenditure and off-contract spend**. Activity relating to broader work on declarations of interest, now sits within the Organisational Culture Best Value Action Plan.

#### **Grants**

**All actions in the Grants Best Value Action Plan have been delivered and significant progress has been made in relation to all aspects of grant management, including transitional arrangements towards Executive decision making.** This includes a proposal for the Mayor (or his nominee) to chair the Decision Making Meetings in public to consider officer recommendations on grants. Discussions are ongoing with the Commissioners on being in a position for the Direction to now be lifted.

#### **Communications**

The Council has been fully compliant with the Code of Recommended Practice on Local Authority Publicity since May 2016 and the first issue of the new quarterly publication 'Our East End' was published in June. A new Head of Communications has been in post since 25th July. The key outstanding action in relation to Communications is to complete the fully-costed business plan required by the Directions; this will be finalised by September.

#### **Property**

Further progress has been made in this area over recent months. Following the adoption of a new asset strategy, the Council has implemented a carefully managed disposal programme and a series of rent reviews. The remaining actions within the Best Value Plan are on track for completion. A key area of focus over the next period is planning work to support the Council's approach to Community Buildings **with a report going to Cabinet in October**; the implementation plan will be finalised in the autumn, in time for the charging regime to start in April 2017. In addition, work is progressing on whether an Asset Rental Account model would be beneficial for the Council.

#### **Organisational Culture**

In the Mayor's State of the Borough Statement to full Council in May 2016, he clearly defined the failings of the previous culture and reinforced the need to rebuild strength and confidence in the Council's

management, members and workforce. These views echoed those made by the Commissioners, including that '*a very different culture and approach is required to embed the changes necessary*'.

The Council's organisational culture is improving, and there has been a considerable step-change in recent months. We are a more outward looking Council, actively involved in national and sub-regional discussions, and the authority has already made significant progress in relation to transparency. Significantly, a new Organisational Culture Plan has been developed and discussed with the Commissioners that draws together all aspects of the work already underway and required. It provides a robust framework to support current and future activity in this area, clearly setting out the Council's future aims and how it will embed and track progress. Feedback from the Commissioners is being incorporated into an updated draft of the Plan, including the timescales for delivery. There has also been further development of the Council's Transformation Plan focusing on outcomes, including a new Workforce Strategy and with significant emphasis on areas such as leadership, staff engagement and core values.

The Council's approach to Whistleblowing has been reviewed and improved with a revised procedure accessible on the Council's intranet and website for use by staff and the public. Further work is underway. **A Whistleblowing Charter is the next step and an independent Programme Manager will be procured to establish the charter, deliver training and foster greater trust across the organisation. In addition, the Programme Manager will lead a new time-limited clear up team which is being established to conduct a review of any unconsidered allegations of improper Council decision making or impropriety in the discharge of Council functions arising between October 2010 and June 2016. The Programme Manager will be responsible for driving this work forward and the work of the clear up team will be overseen by the Clear Up Board comprising the three statutory officers and a co-opted Commissioner.**

The Commissioners have identified delegation of powers to the Chief Executive as an area requiring further progress. The Constitution has been reviewed by the Monitoring Officer and within that review, changes have been identified to set out the respective functions of the Chief Executive and Mayor and how they should work together in greater detail so that this will be broadly comparable with other Councils with Executive Mayors. **Following further constructive discussions between the Commissioners, the Mayor, Chief Executive and Monitoring Officer regarding the Chief Executive taking extremely urgent decisions, as well as decisions where the Mayor is unable to act for whatever reason, further revisions to the constitution are being made. In addition to the existing checks and balances in the Constitution regarding implementation of decisions, it is also intended that the Chief Executive will have the power to make a written report to the Mayor, which the Mayor must consider, regarding the implementation of any individual decision. Changes to the Constitution will be referred to General Purposes Committee for consideration in September and then recommended to full Council.**

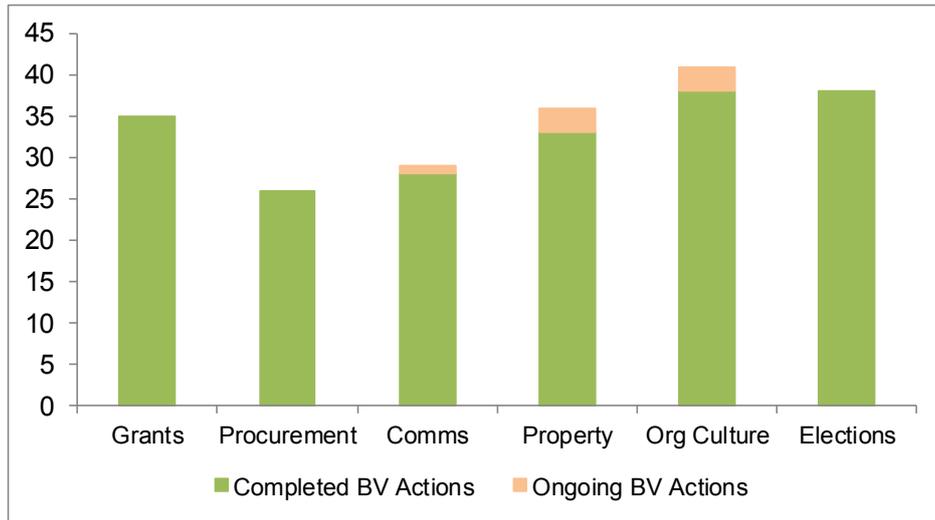
## **Elections**

All actions in the Elections Best Value Action Plan have been successfully completed. The GLA and London Mayoral Elections were successfully delivered in May 2016, as was the EU Referendum on 23<sup>rd</sup> June. The Commissioners noted in a letter to the **Executive Mayor (22<sup>nd</sup> March 2016)** that the Council had devoted significant additional expenditure to delivering recent elections which is far above the level of similar local authorities. They noted the key challenge for Electoral Services in Tower Hamlets going forward is to continue to deliver a '*fair and safe electoral event within more normal allocation of resources*'. The Council is committed to striking the right balance between reducing spend and maintaining fair and safe elections.

## Overall progress against Best Value Action Plans

Grants	Procurement	Comms	Property	Org Culture	Elections
100%	100%	97%	92%	93%	100%

The charts below shows progress against the total number of milestones identified within the Best Value Plans first agreed with the Secretary of State in March 2016. It demonstrates a high level of progress – further detail of key achievements and corresponding outcomes are provided in the following sections.



<b>Best Value Area</b>	<b>Procurement</b>	<b>Overall Delivery Status GREEN - COMPLETED</b>
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### Progress Summary

#### **Background**

The Council's arrangements for procurement lacked consistency and rigour in a number of areas which led to weaknesses in internal control and concerns regarding appropriate member engagement in the procurement process. The key areas of concern included lack of documentation that provided an audit trail, delays in the award of contracts; this led to the high use of waivers and a lack of monitoring of and compliance with procurement procedures. Maintenance of departmental contract registers was also considered insufficient and collectively these deficiencies undermined the integrity of the Council's procurement arrangements.

The Best Value Procurement action plan aimed to deliver a range of immediate improvements as well as the broader transformation of the council's procurement practices. The action plan was developed with consideration of the wider reform of public sector procurement recently implemented through the new Public Procurement Regulations 2015, Local Government Transparency Code and the launch of the National Procurement Strategy 2015.

The PwC inspection that led to the Procurement Directions devotes a whole section (chapter 7) to the "Processes and practices for entering into contracts". It concluded that contracting "takes place within a highly structured and regulated environment, governed as applicable inter alia by EU procurement rules, the Authority's Constitution and its documented procurement procedures". Whilst the inspection concluded the overall written procurement policies and procedures were sound, the main criticisms were as follows:

- A prevalent lack of audit trail in procurement documentation
- Lack of evidence of tollgate reviews in a significant minority of procurements
- High numbers of waivers, approved through Corporate Directors' Actions
- A requirement for contracts to be awarded in consultation with the Mayor, resulting in unnecessary delays in the award of contracts
- Lack of maintenance of complete contracts' registers by directorates; and
- Lack of monitoring by the central procurement function of the adherence of directorates to procurement procedures in their areas.

The Procurement Action Plan was structured around five key themes with an aim to transform the way the council undertakes procurement activities and engages with its suppliers. The five key themes were Strategy and Vision; Organisational Development; Governance, Systems and Procedures; Category Management and Commercial, Contracts and Risk Management.

In January 2014, following an end-to-end review of our procurement process and procedures, a refreshed set of procurement procedures were launched to incorporate the recommendations from a competitive tendering audit, strengthen the governance process, embed the Procurement Policy Imperatives and re-channel all devolved procurement activity over £25,000 through the Corporate Procurement Service. Considerable work followed to transform the council's procurement activity in line with the activities and milestones set out in the Best Value Action Plan.

#### **Key achievements**

- Detailed analysis of all third party expenditure for the financial year 2014-15 completed to identify key categories of third party spend and establish a clear category management strategy to ensure value for money (VFM) for these categories of spend, reduce costs and oversupply.
- New Directorate Procurement Dashboards developed to identify opportunities for collaboration and savings from the council's third party expenditure.

- New central contracts register linked to contract award implemented to capture all contracts above £25,000 including all procurement waivers.
- New Supply Chain Ethical Code of Conduct developed and approved to strengthen adherence to ethical standards by suppliers delivering public services on behalf of the council.
- New procurement training programme developed to improve procurement knowledge and skills across the organisation. Training completed by 250 officers at end of March 2016 and provided on an on-going basis.
- New Central Procurement Service introduced to further strengthen the role of corporate procurement and to deliver improved value for money from the council's third party expenditure.
- Improved Finance and Procurement controls introduced and implemented to increase compliance with, and transparency of, spend across the organisation.
- New supplier risk management initiative introduced (pre and post appointment).
- Procurement Procedures refreshed to reflect changes introduced through the Public Contracts Regulations 2015 and further strengthen internal compliance.
- New Procurement Strategy with commitments to develop a broader Commissioning and Procurement Strategy by the end of the current financial year.
- New e-sourcing system being rolled out which will require all procurement opportunities to be tendered through a single e-tendering system that is integrated with the Councils financial systems.

Successful implementation of the action plan has resulted in ensuring **92%** of our procurement spend is under contract (FY15/16), **98%** of all applicable contracts include London Living Wage and **49%** of our contracts include employment and community benefits for our residents.

#### **Areas where work continues to progress**

We recognise there is more work to be done in some specific areas to fully embed the transformation of this service. There is a particular focus on the following areas:

#### **Purchase Cards**

The current Purchase Card system was introduced by the Council in 2008 as a convenient and cost effective method of purchasing low value goods and services. There are a number of benefits in using Purchase Cards such as reducing procurement processing times and supporting the Government's prompt payment initiative for Small and Medium Enterprises. An internal audit review of purchase cards identified some cards to have been misused in some parts of the Council. We have responded to this by significantly strengthening controls around the issue of new cards, comprehensively reviewing the use of existing cards, restricting the category of spend under which cards can be used and enhancing monitoring and reporting arrangements to validate all expenditure to ensure it is legitimate and in accordance with financial regulations. **The number of cards and their use are now reviewed on an annual basis, with an annual internal audit of purchase cards.**

Through our Category Management activities considerable work has been undertaken to control the use of purchasing card expenditure and re-direct spend through appropriate contracts. The improved controls, implemented as part of the Best Value Action Plan, have helped to reduce spend through purchase cards considerably from almost £7 million in 2008/09 to just over £1 million in 2015/16. Total Council spend through purchase cards is now just **0.33%** of the overall £312m annual procurement spend and is mainly used for purchasing approved items such as training, travel, and leisure activities. Monthly monitoring of expenditure is now fully embedded and as part of the implementation of our new e-sourcing system, targets have been set to further reduce the overall spend as well the number of cards in circulation. Our target for 16/17 and the actual information for the two previous years is set out in the table below.

	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17 (Target)</b>
Spend (£)	1,589,803	1,409,079	1,034,117	800,000
Card Holders	269	254	198	150

## Procurement Waivers and Member Engagement

Under the Council's Financial Regulations, Corporate Directors had delegated authority to approve procurement waivers up to the limit of £250,000. Following the launch of the revised procurement procedures in January 2014, and subsequent Best Value Procurement Action Plan, we have strengthened our internal procedures and controls including the conditions under which a waiver is granted. We have also reduced the threshold for procurement waiver to align with the EU procurement threshold for Supplies and Services (£164,176).

Clear written procedures and guidance are in place for the administration and control of the Corporate Directors' delegated powers. Where a waiver is required, the originating officer must fully justify how the proposed procurement process will represent overall best value and how it complies with the Council's procurement rules as well as the Public Contracts Regulations 2015. All procurement waivers require approval from the relevant Service Head, Directorate Finance Manager, Head of Procurement, Head of Legal Services and the originating Corporate Director. The number of procurement waivers has been substantially reduced by **70%** from **218** in 13/14 to **65** at the end of March 2016.

The number of waivers finally approved during 2015/16 was slightly higher than the original target of 60. The analysis of those approved identified 35 that were required to enable an extension to existing contracts due to be re-commissioned. The extensions were primarily required due to delayed or deferred executive decision making in previous years, without the required evidence or justification for the delay or deferral. This left insufficient time to undertake the full and proper procurement process before the contract expiry date. The backlog of contracts needing to be re-procured has reduced significantly and the Council now produces a comprehensive rolling Contracts Forward Plan that is presented to Cabinet on a quarterly basis, detailing all key contracts due to expire in the following two to three years. This ensures effective forward planning of the Council's commissioning and procurement activity.

The previous restriction on three year contract terms has been relaxed and where appropriate contracts have been approved by Cabinet to be procured for longer periods. Further, the requirement for the contract to be awarded 'in consultation with the Mayor' has also been removed resulting in a more effective reporting process. A new e-sourcing system has been rolled out which requires the evaluation of all tenders to be completed on-line with a full audit trail of all procurement activity within a central system. The introduction of the online tender evaluation will address the issues raised in the PWC report.

We have reviewed the waivers that were approved during 2015/16 and based on that analysis we have set new targets to further reduce the number of procurement waivers for 2016/17 as set out in the table below. This takes account of the planned procurements and acknowledges that a smaller number of contract extensions will be required during 2016/17.

	13/14	14/15	15/16	16/17 (Target)
Waivers	218	114	65	45

## Declarations of Interest

Historically, the council had arrangements for officers to declare conflicts of interest by exception, resulting in officers only making declarations where conflicts of interest were envisaged. This did not provide sufficient assurance that the failure to comply or the failure to disclose would be routinely identified and followed up.

The new arrangements are mandatory and require officers to complete declarations of interest at least annually, including nil returns. Specifically, within procurement, mandatory arrangements have been put in place for declarations of interest to be formally signed off at key stages of the procurement cycle and to be formally recorded.

The requirement for declarations of interest has been incorporated at different stages of the entire procurement process for both employees and suppliers. Employee declarations of interest are recorded through the Council's HR system and updated annually. Organisations bidding for Council contract

opportunities are required to declare interests at the Pre-Qualification Stage (PQQ) as well as at the Invitation to Tender (ITT) stage. There is a requirement for officers, as well contractors acting on behalf of the Council, in a procurement exercise to record interests at various stages of the procurement process including;

- **Initiation stage:** the procurement initiation form requires officers to confirm completion of declaration of interest on the HR system and to provide evidence, for a procurement declaration of interest to be completed.
- **Evaluation stage:** all members of the panel are required to sign the evaluation matrix and confirm that they do not have any conflict of interest that would prevent their full and unprejudiced participation in the procurement process.

The requirement to implement appropriate declarations of interest has been fully implemented. The new process has been communicated through various mediums including the Council's intranet, staff magazine and as part of the procurement process to officers and suppliers. The mandatory arrangements put in place ensure compliance through enhanced management oversight and regular auditing of the declarations.

<b>Outstanding BV Procurement Actions</b>	<b>Completed BV Procurement Actions</b>
<b>0</b>	<b>26</b>

Best Value Area	Grants	Overall Delivery Status: <b>COMPLETED</b>
<b>Progress Summary</b>		
<p><b>Background</b></p> <p>All outstanding actions in the grants Best Value Action Plan have now been completed, with a series of operational improvements made to further enhance the Council's grants' functions. Considerable work has been undertaken over the last 18 months to review and develop new approaches to, and processes for, grant making with the Commissioners. The proposals that have been developed and implemented included input from the Mayor and Deputy Mayor for Third Sector and take account of the involvement of Overview and Scrutiny Committee as a cross party forum and members more generally, as well as from the voluntary and community sector.</p> <p><b>Key Achievements</b></p> <ul style="list-style-type: none"> <li>• The Council's Cabinet has agreed a new Voluntary and Community Sector Strategy, setting out a new strategic approach to the sector, including a move from grants to a commissioning based approach to secure outcomes that are fully aligned to the Council's strategic priorities. The Strategy was developed with input from, and in consultation with, local voluntary sector organisations.</li> <li>• While progress was slow to agree a mechanism for cross party oversight of grant allocations, the Grants Sub-Committee of the Overview and Scrutiny Committee was established in April 2016 and is now fully operational, having met three times. The Committee ensures that cross party Members have an input into timely, transparent decision making in relation to grants, including the development of grant scheme objectives and criteria and a review of performance.</li> <li>• A work programme has been developed which aligns to the grants decision making process to ensure cross party feedback can feed into the decision making process. Members of the Committee have been given comprehensive governance related training including enhanced disclosure of interests.</li> <li>• Proposals for Executive decision making on grants, following the departure of the Commissioners, have been agreed.</li> <li>• The Mayor and Deputy Mayor have been co-opted onto the Commissioners Decision Making Meeting for grants which takes place in public.</li> <li>• A report setting out the transitional arrangements for the Mayor to chair the Grants Decision Making Meeting was considered and approved in July and <b>implemented from September.</b></li> <li>• The Mainstream Grants Programme has completed its first three delivery periods <b>(September 2015 - June 2016)</b> and officers have assessed against agreed output and outcome targets. A detailed performance report has been produced as part of the regular performance monitoring and reporting cycle that has been established for the MSG programme. Improvements to the performance monitoring arrangements and the performance report continue to be made, including feedback from the voluntary and community sector and Overview and Scrutiny to ensure that the monitoring and reporting is risk based, proportionate and adds value.</li> <li>• <b>A procurement process to secure a provider to independently review mainstream grant giving between 2012/15, has been undertaken and eight bids were evaluated. A successful supplier has been appointed and started work in June 2016.</b></li> <li>• <b>The council continues to implement a more strategic and coordinated approach to grant management and work to ensure that the council's grant arrangements are co-ordinated and aligned is on-going with all service areas through the review of all grants across the Council. The review is identifying which grant schemes will remain and which will be developed as a commissioned service and the timeframe within the changes will be made.</b></li> <li>• <b>The Cohesion Theme of Mainstream Grants is the first to become a commissioned service from April 2017. The scope and approach is being co-produced with the voluntary and community sector in line with the commitment made in the Council's VCS Strategy.</b></li> <li>• <b>The Overview and Scrutiny Committee will review the Sub-Committee on grants in September 2016 to consider any changes or enhancements based on the first three meetings.</b></li> <li>• <b>To further strengthen and develop the Council's grants function an independent external review of</b></li> </ul>		

the end to end processes relating to grant making, monitoring and reporting has been commissioned. The review will consider the team structure, roles and responsibilities, skills and knowledge requirements, as well as the policies, procedures and processes. The review will also cover the grants system GIFTs with a view to implementing the latest web-based version which will significantly enhance monitoring and reporting capabilities and further improve the accessibility and transparency of grants information.

- Work on improving transparency in relation to grants has been successful to date and is continuing. Grant decision making taking place in public demonstrates openness and has been well received throughout the local voluntary and community sector. The new public Grants Information Portal continues to provide community access to a comprehensive range of data including organisation and project level information, which will be further enhanced by the web-based GIFTs system.

<b>Outstanding BV Grants Actions</b>	<b>Completed BV Grants Actions</b>
<b>0</b>	<b>35</b>

<b>Best Value Area</b>	<b>Communications</b>	<b>Overall Delivery Status: GREEN</b>
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**Progress Summary**

**Background**

Communications in Tower Hamlets had a history of being reactive with a heavy reliance on the council's weekly publication, East End Life. Many of the messages and activities being communicated were determined by services' willingness and ability to pay and there was little use of insight or data to identify appropriate communication channels and support the delivery of effective communications campaigns. Since the Best Value Action Plan was introduced there has been significant progress in reforming the way the Council deals with internal and external publicity management.

**Key achievements**

- A new Communications Strategy and a model for communications work for 2016/7 which ensures that communications activity is clearly linked to the Strategic Plan and residents' priorities as set out in the Annual Residents' Survey has been developed. In addition, the council used feedback from an LGA review of its communications activity to develop its own digital communications and a more pluralistic approach to communicating with residents;
- A new Content Management System was procured to improve access to, and user experience of the council's website, and enable us to improve our SOCITM rating. The new system went live as scheduled in December 2015;
- A new e-newsletter was launched on 24 March 2016, and is being distributed regularly to just under 10,000 residents with plans to further drive up the circulation list;
- The council has been compliant with the Code of Recommended Practice on Local Authority publicity since 18 May 2016, with the final edition of East End Life published on 16 May 2016;
- A new quarterly publication, Our East End, was developed and launched on 13 June 2016 with an increased distribution of 120,000 to reflect the growth in population since the initial production of East End Life;
- The Communications Protocol has been updated, agreed by the Corporate Management Team (CMT) and promoted widely via internal communications channels;
- Training on the Communications Protocol has been delivered to relevant Mayor's Office staff (including new members of staff);
- The service has rolled out of the Print and Design framework. The majority of the council's marketing collateral now goes through Communications Service enabling us to achieve significant savings for the council as a whole;
- A Digital Communications Strategy has been developed and agreed by CMT to support the emerging Digital Strategy;
- We have a continued focus on engagement via social media, which has seen a significant increase in the numbers of residents engaging with the council through Twitter, Facebook and Instagram;
- We are focusing on the ongoing delivery of communications campaigns for directorates aligned with council and Mayoral priorities, and residents' priorities as reflected in the Annual Residents' Survey;
- A new Head of Communications has been appointed and has been in post from since 25 July 2016.

**Measurable outcomes for existing work**

A set of outcomes have been designed to measure the effectiveness of the work the service carries out. They include:

- E-newsletters are regularly sent out (latest figures are to just under 10,000 subscribers). The (government) industry standard is for an open rate of 22.38 per cent, click rate of 2.7 per cent. Our average open rate is 40 per cent with a click rate of 7.7 per cent. E-newsletter #7 had an open rate of 46.9 per cent and a click rate of 16.9 per cent. These rates are monitored for each

e-newsletter. 89 per cent positive/neutral coverage of the council in the media as assessed in our quarterly performance monitoring reports;

- 100 per cent of relevant Mayor's Office staff received training on Communications Protocol;
- Audit of compliance with Communications Protocol to provide substantial assurance - substantial assurance awarded;
- Target of 10,000 Twitter followers by end of 2015 met, currently we have over 11,500 followers.

#### **Areas where work continues to progress**

Work is ongoing to implement the new Communications Strategy – the current focus is to ensure the Communications Strategy is agreed by CMT and the Mayor and includes clear timelines, outputs and outcomes. The proposed campaigns that are set out in the Strategy were presented to the Mayor, Cabinet and CMT at a joint workshop in May and the Communications Service.

A restructure of the Communications Service started in August to implement a new, effective structure in line with the Council's organisational change procedures. This will ensure the service is best placed to deliver the Communications Strategy, reflect the priorities of the council and drive important and cost effective initiatives, such as the use of our e-newsletter.

#### **Outstanding Best Value Actions**

There is only one outstanding action in relation to the Communications Best Value Action Plan which is the development of a fully-costed business plan. This work is well-underway informed by the Communication Strategy and organisational restructure, and will be finalised in September.

<b>Outstanding BV Communications Actions</b>	<b>Completed BV Communications Actions</b>
<b>1</b>	<b>29</b>

<b>Best Value Area</b>	<b>Property</b>	<b>Overall Delivery Status: GREEN</b>
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**Progress Summary**

**Background**  
The council owns, occupies or maintains around 860 non-HRA properties, valued at £1bn, located within the borough. The council also owns around £800m of HRA properties (the housing element is managed and maintained by Tower Hamlets Homes, the council's arms-length management organisation) as well as a further £50m of community assets. Considerable progress has been made to deliver the Property Best Value Plan – the majority of actions are complete.

**Key achievements**  
The disposals and lettings protocol was adopted by Cabinet in April 2015 and the s151 officer also refreshed the financial instructions relating to the disposal of assets. These are now aligned. This protocol and the associated financial instructions are now an integral part of the team's processes when letting or disposing of property. The application of the protocol and the instructions will be tested through the council's rolling programme of audits. **The audit of the first disposal since the adoption of the process is nearing completion and the report will be available in the next few weeks.**

The Mayor, in Cabinet, has approved the principles behind the Community Buildings: Allocation and Charging policy as well as the Asset Strategy: Scoping, Principles & Priorities paper. Both have been the subject of extensive discussion with the Commissioners and with Members.

The adoption of the Asset Strategy has set out a framework for how the Council will determine its ongoing and future property needs, and move to a more fit for purpose, effective and efficient estate for the future. A high level operational property review is in the process of being commissioned. This will take a broad look at the council's estate to identify those parts of it that represent the poorest performers, in terms of cost to the council. Those sites would then be scrutinised further and services asked to justify their continued retention. The aim is to develop a transparent approach to demonstrating the cost of poor premises, and to focus challenge to the areas of greatest potential early gain.

Service areas across the council are also being asked to submit their service delivery plans in order to allow a review of their property needs to be undertaken. These reviews are being managed by the Asset Management Board, which has representatives from all council directorates on it.

The Community Buildings: Allocation and Charging policy has also set out a framework for the future management of the council's portfolio of community buildings. This includes reaffirming a number of principles, including rental for exclusive possession leases being set at the open market value (for community use), signed agreements needing to be in place, and ensuring a clear demarcation of responsibilities is agreed between the council and the tenant/user. A further piece of work is being done by the Council to identify how the council might assess, quantify and recognise the community benefits being delivered by some tenants. **This will be in line with the CLG approach to the use of community assets and co-produced with representatives of the of the voluntary and community sector.**

As part of the Community Buildings: Allocation and Charging policy, officers from the Asset Management team have carried out a review of all the council's community buildings, to better understand the activities that take place, assess the condition of the building, and carry out a survey with a view to eventually moving the tenants onto an open market rent or offer them the use of the space in a new community hub (see below). Visits have been **completed to all of the buildings** within the portfolio and there is broad support for the proposal to move tenants onto leases – albeit there are some concerns about the rent levels. A number of leases/lease extensions have been concluded recently, all on open market rental. **The outcome of this review will be reported back to Cabinet in October.**

Officers will also be proposing that the council create a number of 'community hubs'. These will provide

low-cost and flexible spaces for local community groups and TRAs to use on a sessional and shared basis, either based on a licence or a hire agreement. This will increase utilisation levels of the community buildings estate and ensure there are appropriate usage/property agreements in place for all building users/tenants. The creation of these hubs will also generate surplus properties as existing tenants move out of their current premises. The details of this will be contained within the Cabinet report and will be the subject of consultation in order to ascertain what the sector wishes to see in such a set-up. However, initial soundings of the sector indicate there is strong support for this.

One of the key challenges for the service, but also for the Council, will be the delivery of a new civic centre. The council purchased the Royal London Hospital site in February 2014 for this purpose and this site was confirmed as the preferred location by the Mayor in Cabinet in November 2015. Officers undertook a procurement exercise to appoint an architect-led multi-disciplinary design team. Stirling prize-winning firm, Allford Hall Monaghan Morris, were appointed following a highly competitive procurement exercise. The first iteration of the client brief is nearing completion and the design team are progressing their work. The site surveys are also being instructed and undertaken.

#### **Outcome measures:**

Some of the high level outcomes, that the delivery of the property section of the best value action plan aims to achieve, are:

- Own and occupy fewer buildings
- Reduce running costs of our buildings
- Maximise returns from income producing properties
- Increase occupancy levels of our buildings
- Maximise opportunities for co-location of services
- Review assets to identify other possible uses (housing, education etc.)
- Identify efficiencies in commercial estate management
- Improve use of planning gain
- Develop property information

These outcomes will be tracked by the following measures:

- Occupancy per M2
- Quantity of shared floor space in M2
- Total floor space in M2
- Number of interests disposed of and capital receipts delivered
- Positive decisions being made to retain and invest
- Positive decision being made to secure new property/long term assets
- Running costs per M2
- Total income per M2 from income generating assets
- Development of property information will enable targets to be set for: Improvements to average running costs; Annual revenue savings; Capital receipts that can be generated

#### **Outstanding Best Value Actions**

In addition to work in relation to Community Buildings highlighted above, there are three outstanding Best Value Property Actions.

- Compliance testing with revised protocols - Undertaken through the planned audit process. This is 80% complete and the fieldwork for the audit has taken place and the **report is expected within the next few weeks.**
- Report to CMT (and Cabinet if appropriate) to consider the introduction of an asset rental account (following implementation and embedding of Corporate Landlord Model) has been delayed - officers have been working to identify the resources to carry out this piece of work. Following the appointment of a new Head of Asset Management, this should now proceed at pace.
- The associated report back to the Commissioners on the asset rental account models has also been delayed as a result of the above.

<b>Outstanding BV Property Actions</b>	<b>Completed BV Property Actions</b>
<b>3</b>	<b>33</b>

<b>Best Value Area</b>	<b>Organisational Culture</b>	<b>Overall Delivery Status: GREEN</b>
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**Progress Summary**

**Background**

It is widely recognised that Tower Hamlets has been through a difficult and turbulent period. Member / officer relationships did not always display effective collaboration. A prolonged period of instability, with a number of interim appointments in the most senior roles, had an impact on the organisation's ability to communicate and maintain a shared vision. The council was often too inward focused when it should have been seeking to share, compare and learn from other areas. Investors in People (IIP) assessments in 2014 and 2015 both identified that senior leaders needed to articulate and model effective behaviours and that, in some areas, staff were not being managed in-line with organisational values.

Organisational culture is recognised as a key component in moving the council forward. The aims of the Organisational Culture Action Plan are to: ensure that the culture of the organisation continues to be one which strives for continuous improvement; engage and invest in staff; ensure relationships between groups of members and between members and officers are professional, respectful, open and honest and rebuild trust in the areas where this has, or is perceived to have, broken down.

The key outcomes we are looking to achieve are:

- Staff engaged with and committed to delivering the Council's vision and priorities
- Improved clarity and understanding of formal roles and responsibilities of the Executive, non-Executive and senior officers of the Council in a Mayoral system
- Effective working relationships between elected members, and between elected members and senior officers, to enable all to work together to achieve the best outcomes for Tower Hamlets and its residents
- A shared commitment to a set of agreed behaviours and cultural values to underpin formal roles and responsibilities
- A sustainable approach to maintaining and refreshing this shared commitment

**Key achievements**

A number of the actions detailed in the action plan have been completed and improvements are already visible:

- Members are working more effectively across party lines. The Mayor's Transparency Protocol, and the Overview and Scrutiny Transparency Commission, have supported greater levels of openness around decision making and political leadership.
- The council has been working across London and with neighbouring boroughs on the development of devolution and joint working proposals.
- Staff communication is improving and more innovative methods of engagement are helping to close the gap between senior leaders and the workforce; creating more of a dialogue.

**Areas where work continues to progress**

Although these improvements are positive, culture change is a long term process and there remain a number of key elements that must be embedded in the organisation. Research shows that for people to be fully engaged in the purpose, strategy and values of their organisation, they need to be consulted and have input from the outset. Over the summer, engagement has been taking place with staff and members to develop a new set of core values and a cultural mission statement to encompass the whole organisational culture programme. In addition, work will take place to review the mechanisms and processes with which we engage with staff, ensuring that we have effective ways to communicate, consult and gather feedback from the workforce. These elements will be crucial for embedding other actions and improvements that are implemented as part of the programme.

In addition to consultation and engagement, delivering effective culture change requires new behaviours and working practices to be role modelled. People tend to act on what they see, not what they are told

and visible, transparent leadership is vital for the organisation to progress. This role modelled leadership is already evident with the Mayor and Chief Executive, and further progress has been made with the Senior Leadership Team and Members through the work with Solace. Leadership development is also reflected in the Workforce Strategy and a number of actions seek to create effective workforce role models.

It is recognised that it is the responsibility of all members and managers to ensure that values, behaviours and procedures are consistent with the council's cultural vision. Behaviours and actions that do not fit with the core values will be tackled and addressed.

The Council's Organisation Culture Plan is based around four work streams (2 primary and 2 contributory). Progress updates are provided to the Corporate Management Team, in its role as Transformation Board, on a quarterly basis, or by exception where actions are not expected to meet the agreed timeline. Each work stream is led by a member of CMT to ensure interaction between the streams, maintaining a clear and collaborative vision.

The first work stream is overseen by a cross-party, member and officer working group, the Governance Review Working Group, and was originally proposed under the Best Value Improvement Plan. This work stream focuses on the following:

- Creating a more transparent and open organisation
- Improving the clarity and understanding of formal roles and responsibilities in a mayoral system
- Building more effective working relationships between elected members and between members and senior officers
- Fostering a shared commitment to a set of agreed behaviours and cultural values to underpin formal roles and responsibilities
- A sustainable approach to maintaining and refreshing this shared commitment

The second work stream is Organisational Transformation, which focuses on improvements in relation to people, ICT, facilities and efficiency savings. Improvements in these areas are crucial if the council is to overturn the silo and bureaucratic working where it exists. Developing agile services requires members and officers to be responsive, flexible and efficient, and the use of technology will have an important role in the achievement of this.

In addition, there are two contributory work streams. These focus on specific areas that have been highlighted through the work undertaken by Solace and elsewhere: member/officer relationships and delegation of powers. Both work streams aim to improve collaborative working, trust and role modelled leadership behaviours that will have an impact on the wider workforce.

The Organisational Culture Plan is a work programme to overhaul the culture of the organisation and, as such, work will be ongoing for some time in each of the work streams. Feedback from the Commissioners has been incorporated into an updated version of the Plan, including the timescales for delivery. The change programme is purposefully iterative and evolving. The programme will be reviewed every six months and a 'health check' undertaken. This will provide an indication of progress and additional areas of focus to maintain the cultural development.

The Organisation Culture Plan incorporates, and supersedes, the Organisation Culture Best Value Plan agreed in March 2015, including the two outstanding actions which are being addressed through the Governance Review Working Group.

- Rebuilding elected member relationships - Develop an action plan to respond to recommendations of the review and deliver and monitor action plan
- Ensuring member and officer relations are appropriately conducted and constructive – An annual independently-commissioned review and report on officer/member grievances for review by HoPS and the respective Group Leaders making recommendations specific to minimising instances of officer-member grievances.

<b>Outstanding BV Organisational Culture Actions</b>	<b>Completed Organisational Culture Actions</b>	
<b>2</b>	<b>38</b>	