

Appendix 1

Part One: Overview of Best Value arrangements

- 1.1 The Council has in place a range of processes and compliance checks to meet its best value duty to secure continuous improvement with regard to economy, efficiency and effectiveness. These arrangements are kept under review to ensure they remain fit for purpose and are improved as necessary on the basis of lessons learnt.
- 1.2 The bedrock of this is the Council's **Performance Management and Accountability Framework (1)** which establishes the strategic planning golden thread and a set of arrangements to embed this within the organisation. The framework was refreshed in 2013 and considerable work was done at that time to reiterate the core principles with staff and to demonstrate the link between processes and outcome improvement (**publicity materials 2a and b**). Performance management arrangements and performance data quality were subject to **internal audit review (3)** in July 2012. They were found to have substantial assurance and the one recommendation has been addressed.
- 1.3 The framework is based on a strategic and business planning framework built around the delivery of the elected Mayor's priorities through a golden thread of key plans and strategies, which are regularly reviewed and refreshed.
- 1.4 At the apex of the planning framework is the 4 year **Community Plan (4a)**, developed jointly with our partners in the Tower Hamlets Partnership (our former Local Strategic Partnership) setting out a shared vision and targets for the local area. This Plan is currently being refreshed and considerable work has been done consulting with stakeholders and partners to inform the refreshed version (latest draft report 4b and c). A draft of the plan is currently being consulted on with residents and stakeholders and an action planning process with partners is underway to ensure that the aspirational vision for the borough is supported with robust delivery plans.
- 1.5 Within the Council the key business planning document is the **Strategic Plan** which is reviewed annually and sets out priority objectives, proposed actions and targets for agreed **Strategic Measures** (Strategic Plan 2014/15 5a; Outline Plan 2015/16 5b). Progress towards our strategic measures is reviewed quarterly by CMT, the Cabinet and Overview and Scrutiny. Monitoring reports (6a and b) identify areas where we are at risk of not achieving annual targets and what action is being taken to recover.
- 1.6 In addition to quarterly monitoring reports being made public within Cabinet papers, we also produce an annual performance report (7) to residents which provides detail on what progress has been made against priorities.
- 1.7 A key element of ensuring continuous improvement in our business planning is our robust annual target setting (8a,b and c) process whereby targets are set for all Strategic Measures which meet two key criteria, an improvement on last year's outturn and target, and aiming for top quartile performance where this data is available. For targets which do not meet these criteria, a rationale is provided and must be agreed by CMT and MAB.
- 1.8 Equality objectives and our approach to meeting our Public Sector Equality Duty are embedded within the strategic planning process through our **Single Equality Framework (9a and b)**. This approach and our delivery of equality were recently re-assessed as excellent through an LGA Equality Framework for Local Government peer

assessment (10a and b). We are responding to the areas for improvement identified from this assessment.

- 1.9 The Strategic Plan is cascaded through the organisation through **Service and Team Planning**. Every third tier service is required to have a team plan and well-established team planning guidance (11) is in place to ensure that team planning is meaningful, addresses key performance management requirements and engages all staff. Compliance with team planning guidance is tested annually through the **Team Planning Peer Review** (12) and lessons learnt from the review are used to update guidance and address any areas for improvement addressed.
- 1.10 The Council also has a number of key plans and strategies to deliver key aspects of the Community and Strategic Plans. Key ones include the Children and Families Plan (13), the Health and Wellbeing Strategy (14), the Community Safety Plan (15a and b) and the Employment and Enterprise Strategies (16a and b). These are regularly reviewed and monitored by appropriate partnership groups which oversee delivery – the Children and Families Partnership, the Health and Wellbeing Board, Community Safety Partnership and Economic Taskforce.
- 1.11 Ensuring that our business planning and monitoring processes lead to actual improvement is a key role of the Council's monthly **Performance Review Group (PRG)** (terms of reference 17). This has been in place for nine years and is chaired by the Chief Executive or Head of Paid Service. Where regular monitoring indicates that there are areas for improvement, services are asked to attend PRG to set out any reasons for poor performance and their action plans to deliver improvement. PRG provides a key element of challenge to drive improvement. (Planning case study 18). PRG also regularly reviews benchmarking data from LG Inform and the London Councils Benchmarking Club to identify areas where we do not perform well in comparison with our neighbours and what we can learn to drive improvement.
- 1.12 There is a strong focus on ensuring the integrity of our performance information. Our **Data Quality Policy** (19a and b) sets our arrangements for ensuring that reported performance information is accurate, reliable and timely. As such, there is an annual programme of work to assess and test data quality. The most recent data quality internal audit (20a) and follow-up (20b) confirmed that our approach is robust with substantial assurance judgements.
- 1.13 In addition to reviewing progress on key performance measures, we regularly consult local residents about their views of local services. We annually conduct a borough wide **residents' survey** which we have been undertaking for 16 years (since 1998) and we use to track progress and satisfaction with Council services and delivery. The latest results (21) demonstrate that satisfaction is being maintained against the backdrop of ongoing savings delivery. The results of each survey are used to inform an action plan (22) to respond to areas of concern.
- 1.14 We also consult more widely with local people about their views. A key recent exercise has been the Your Borough Your Voice campaign (23a, b and c) which has sought views to inform the new Community Plan and our medium term financial planning.
- 1.15 The Council's Overview and Scrutiny Committee contributes to our approach to continuous improvement. At the beginning of each municipal year Committee members are provided with profile information (24a, b, c, d, e, f and g) about performance and challenges within their portfolio area. This, supplemented by members' own knowledge of local issues, is used to inform a work programming process which identifies areas for

scrutiny review and challenge over the course of the year (work programme 25). Reviews lead to a series of recommendations, responses to which are developed by services and full reports made to Cabinet. Follow-up reports (26a and b) are made to Committee to demonstrate that reviews are leading to the improvement outlined. The Committee has also followed up call-ins and references from Council in relation to a number of the areas being considered by Commissioners. These have sometimes become flashpoints for contentious issues. The key for the Committee going forward will be to ensure it remains a productive and non-partisan forum for addressing issues of significance for the local community and also for scrutinising the Executive.

- 1.16 At an officer level, the Council has a strong set of **Corporate Boards** which support the delivery of the authority's objectives, namely:
- The People Board, which directs the management and leadership of the Council's workforce
 - The Competition Board, which oversees procurement and market testing of key Council services
 - The Strategic Partnership Board, which directs the management of transformation and business improvement projects
 - The Asset and Capital Delivery Board, which oversees the management of the Council's assets and the investment of capital
- 1.17 These boards derive their authority from the Corporate Management Team (CMT), which meets fortnightly. A Director-level Corporate Programme Board (CPB) has also been established in order to provide the required direction to the development and delivery of the Council's savings programme.
- 1.18 In April 2014 the Council was awarded Investors in People Silver Status (27). The IiP assessment identified a number of key strengths including leadership, management and development processes; high staff engagement and investment in learning and development. Areas for development are being addressed and the Council is actively working towards Gold Status accreditation. The People Strategy (28) sets out the framework for improvement including a renewed focus on fostering a Workforce to Reflect the Community (29a, b, c, d and e) and supporting our established Performance, Development and Review (PDR) scheme (30a, b, c and d).
- 1.19 Medium term financial planning is an important component of the Council's strategic planning framework. Key financial decisions are set in the context of a planning horizon which looks beyond the next financial year. The Council has a formal Budget setting procedure (31) which is part of the Budget and Policy framework and includes formal consultation with the Overview & Scrutiny Committee and Cabinet meetings to critically assess and challenge the makeup of the proposed Budget.
- 1.20 To underpin the budget setting process, the Council has a Medium Term Financial Planning process which establishes the growth and savings pressures faced by the Council over the subsequent 3 years. The **Medium Term Financial Plan** (32a and b) is considered by Overview and Scrutiny, Cabinet and Council as part of the budget setting process and reviewed in year. During 2014/15 a significant Service Challenge exercise was undertaken to identify savings required for the Council in 2015/16 and consider savings strategies for 2016/17. This was supplemented by public consultation through the Your Borough Your Voice (23) campaign which sought local people's views on savings and priorities. Cabinet reports for December (33) and January (32) set out the outcome of this process which has enabled the Council to set a balanced budget for

2015/16 and clarify additional savings required for 2016/17 and beyond, subject to Government spending commitments.

- 1.21 A corporate budget monitoring process is in place for reviewing spend in relation to budget. A quarterly report is prepared and submitted to CMT, Cabinet and Overview and Scrutiny Committee and where required, decisions are made to address risks and shortfalls that may arise in the year.
- 1.22 The Council has a robust process in place to ensure benefits realisation of annual savings agreed in the budget, supported by regular monitoring reports (37a,b,c and d). A Corporate Programme Office collates regular updates.
- 1.23 The Council's Financial Regulations (38) provide the framework for managing the financial affairs of the Council, in respect of its own resources. These are currently being updated and will address some of the issues identified in the Best Value Inspection.
- 1.24 The Council has a strong track record of financial and budget management, having delivered over £100K of savings since 2010/11 whilst protecting frontline services and freezing the Council Tax. Prudent management and innovative service review has enabled us to set a balanced budget for 2015/16, identifying a further £23m of savings. Nevertheless, we are aware that there remains a real challenge for 2016/17 and 2017/18 where we envisage further savings required of £40m over the two years. To address this challenge, a Think Tank has been established to develop options for the longer-term which will support the Council to deliver key priorities with a significantly reduced budget. This forum, which is made up of Service Heads from all directorates, has established a broad framework for thinking about these opportunities, including a focus on understanding and projecting the local population, harnessing economic growth, preventing and meeting needs, resident-centred re-design, new delivery models, asset management and workforce efficiency.
- 1.25 The most recent Audit report, undertaken by KPMG, in relation to the Council's financial statements and VFM conclusion for 2013/14 has yet to be published. KPMG determined that they needed to consider the findings from the best value inspection undertaken by PwC. KPMG's interim report (39) noted that, based on their work completed in relation to their planned programme of audit work, they have not identified any matters that would impact adversely on their audit opinion of the Council's financial statements nor their assessment of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. It is expected that the final report will be approved by the next Audit Committee.
- 1.26 The Council has an annual audit plan (40) developed through risk analysis and corporate intelligence. All audit report findings (41) are reported to CMT and the Audit Committee and progress with complying with audit recommendations is tracked and reported. CMT have agreed that the audit plan in 2015/16 should be informed by findings from the PwC inspection and areas where we needed to further test and monitor compliance.
- 1.27 The Council operates a risk management framework governed by a risk management policy (42) to allow all risks to be considered using a consistent model. The risk management cycle consists of the key steps for effective risk management and that is shown on the quick reference guide. The reporting of risks is carried out quarterly to the Corporate Management team and the Mayor's Advisory Board. Risks reports are also taken to the Audit Committee. The corporate risk register (43) for the end of September 2014 is attached with accompanying appendices (43a, b, c, d, e and f).

The following documents support our Best Value position statement and are available on the Council's website.

Ref	Document
1	Performance Management and Accountability Framework – November 2013
2a &b	Plan, Do, Monitor, Improve posters – November 2013
3	Performance management internal audit review – July 2012
4a	Community Plan 2011
4b	Community Plan MAB Cover report – November 2014
4c	Community Plan (draft v.6)
5a	Strategic Plan 2014/15
5b	Strategic Plan Outline Plan 2015/16
6a	Strategic Performance Measures monitoring report appendix – Q2, 2014/15
6b	Strategic Plan monitoring report appendix – Q2, 2014/15
7	Annual performance report to residents 2013/14
8a	Target Setting report to MAB – July 2014
8b	Target Setting report appendix 1
8c	Target Setting report appendix 2
9a	Single Equality Framework 2014/15
9b	Borough Equality Assessment summary 2014/15
10a	LGA EFLG peer review report – February 2014
10b	LGA EFLG self-assessment – February 2014
11	Team Planning Guidance
12	Team Planning Peer Review report 2014 to CMT
13	Children and Families Plan 2012/15
14	Health and Wellbeing Strategy 2013/16
15a	Community Safety Plan 2013/16
15b	Community Safety Plan Strategic Assessment 2013
16a	Employment Strategy – April 2011
16b	Enterprise Strategy – May 2012
17	Corporate Board: Performance Review Group Terms of Reference February 2014
18	PRG improvement case study – planning performance
19a	Data Quality Policy – November 2014
19b	Data Quality approach – note to PRG – July 2014
20	Data Quality internal audit report
21	Annual Residents Survey results 2014
22	Annual Residents Survey Action Plan 2014
23a	Your borough, your voice campaign
23b	Your borough your voice savings proposals summary of responses
23c	Your borough your voice survey questions
24	Overview & Scrutiny Profile Information per portfolio area: <ul style="list-style-type: none"> • 24.a Adults, Health & Wellbeing • 24.b Communities, Localities & Culture • 24.c Children, Schools & Families • 24.d Law, Probity & Governance Resources • 24.e Development & Renewal • 24.f Resources • 24.g Resources
25	Overview & Scrutiny Work Programme (v2.11)
26a	Overview & Scrutiny Review: removing barriers to youth employment OSC Report – June 2013 & Update report – November 2014
26b	Overview & Scrutiny Review: removing barriers to youth employment Update report – November 2014
27	Investors in People report – April 2014
28	People Strategy 2012/15 – 2014 update
29a	Workforce to Reflect the Community update report to MAB – 2013/14 and October 2014

Ref	Document
29b	Workforce to Reflect the Community update report to MAB October 2014
29c	Navigate Initiative Q2 report 2014 for People Board
29d	Talent Management Framework
29e	Workforce Planning Framework
30a	PDR guide to the scheme – May 2013
30b	PDR guide to completing online – October 2014
30c	Employee Engagement Framework
30d	Core Values Leadership & Management Framework
31	Budget setting procedure
32a	General Fund Capital and Revenue Budgets, Medium Term Financial Plan 2015-2018 and Strategic Plan 2015-16 – January 2015 Cabinet report
32b	General Fund Capital and Revenue Budgets, Medium Term Financial Plan 2015-2018 and Strategic Plan 2015-16 – January 2015 Cabinet report appendices
33a	General Fund Capital and Revenue Budgets, Medium Term Financial Plan 2015-2018 and Strategic Plan 2015-16 – December 2014 Cabinet report
33b	General Fund Capital and Revenue Budgets, Medium Term Financial Plan 2015-2018 and Strategic Plan 2015-16 – December 2014 Cabinet report appendices
34a	Strategic performance and corporate revenue and capital monitoring Q2 2014/15 (month 6) Cabinet report
34b	Capital control budget 2014/15
34c	Corporate monthly budget monitoring v3
34d	Corporate monthly budget monitoring v4
34e	HRA
34f	Capital monitoring
34g	Request for adoption of capital estimates
34h	Strategic Plan monitoring
34i	Strategic Measures monitoring
35	Corporate budget monitoring timetable 2015/16
36	Internal Audit report on corporate budgetary control
37a-c	Transformation Savings update period 9 final plus appendices
38	Financial regulations
39	LBTH Interim report ISA260 report to Cttee
40	Revised audit plan CMT report
41	Quarterly assurance report to CMT
42a	Risk Management policy
42b	Risk Management guide
43a	CMT Q2 risk report
43b	Appendix 1 - Corporate risk movement report
43c	Appendix 2 - Corporate risk and control
43d	Appendix 3 - Pending approval
43e	Appendix 4 – De-escalated risks
44f	Appendix 5 – Risk matrix