

BEST VALUE PROGRAMME BOARD

TITLE	AUTHOR	ITEM NO	BEST VALUE PROGRAMME BOARD DATE
Best Value Plan Update October 2015	Louise Russell, Service Head, Corporate Strategy and Equality	<i>(To be completed by Democratic Services)</i>	21 October 2015

1. INTRODUCTION

- 1.1 This report provides an update on the council's Best Value Action Plans which responds to the Secretary of State's Directions.

2. FOR THE BOARD TO CONSIDER

The Board is asked to:

1. Consider and comment on the draft progress update attached at Appendix 1 and revisions to targets agreed with the Mayor and the Commissioners; and
2. Consider and comment on the additional narrative in this report.

3. BACKGROUND

- 3.1 The six monthly progress update on the council's progress in delivering its Best Value Plan was submitted by the Mayor to the Secretary of State last month. In his covering letter, Appendix 2 to this report, the Mayor highlighted the considerable progress made, and the foundations set for further improvement over the next few months.
- 3.2 The Commissioners responded to the Mayor and their letter is attached as Appendix 3 to this report. In their response the Commissioners appreciated the efforts of the Mayor in driving the necessary change forward since his election. They highlighted four specific areas for further attention. Progress with the three issues of Organisational Culture, Election Management and Communications are addressed further in the relevant sections of part 4 of this report. In relation to the fourth area highlighted – demonstrating that activity is leading to improved outcomes – the progress report at Appendix 1 includes an update in relation to progress towards key outcomes for each section of the plan.

4 **PROGRESS WITH DELIVERY**

- 4.1 There are seven key elements to the Plan.
1. Procurement Action Plan
 2. Grants Action Plan
 3. Property and Disposal Action Plan
 4. Communications Action Plan
 5. Organisational Culture Action Plan
 6. Recruitment Action Plan
 7. Elections Action Plan
- 4.2 Progress with delivering the plans is strong with a large proportion of items complete and the remainder on track. Monitoring is undertaken on a monthly basis and includes the identification of actions which have been completed (highlighted in grey), those that are on-track (green) as well as any which are off-track (amber) or will not be delivered (red).
- 4.3 In addition to this monthly monitoring, CMT agreed that the Best Value Action Plan should be subject to an internal audit exercise of a programme of compliance testing. This audit will provide assurance to management that the actions agreed within the BV plans have been implemented and that appropriate controls are in place so that the Council can be confident of compliance and that reports to the Commissioners and the Secretary of State on progress against the Action Plans are accurate. Compliance testing will be undertaken on the key actions contained in the action plans for Procurement; Grants; Property and Disposal; and Communications. The audit will be completed by December 2015.

Progress Update

- 4.4 Overall, there has been strong progress in delivering against the Best Value action plans. The cover report to the Best Value Board in October will make this clear. Highlighted below are changes made since the last reporting period (i.e. the submitted 6 month report). These changes are also highlighted within appendix 1. In addition to this general update, the Commissioners are expecting an update on progress in relation to the key outcome measures. Some action plans would benefit from further detail in this respect prior to the Best Value Board e.g. the timeline for outcome monitoring, including baseline data and targets where relevant.

Procurement

Since the 6 month report was submitted in September, a detailed progress update in relation to the key procurement outcome measures is included in the attached report.

A number of activities have been completed including:

- A new Supplier Ethical Code of Conduct
- The production of an annual procurement report

A revision to the target for a draft Procurement Strategy has been revised from September 2015 to December 2015 to enable time for a Commissioning and Procurement workshop with the new Cabinet.

Grants

An update on outcome monitoring is included, including brief detail on monitoring arrangements and the development of evaluation frameworks.

The target dates for the completion of service agreements with MSG providers as well as for additional audit activity have been revised and should now be complete by the end of October.

Property and Disposal

One of the priority one projects that will flow from the adoption of the new Asset Strategy: Scoping, Principles & Priorities Paper is a high level operational property review. This is anticipated to take place within three months of Cabinet's adoption of the paper. This review will allow the collation of baseline data, and allow the setting of medium- to long-term outcome targets.

Communications

Since the 6 month report was submitted in September, an update in relation to achievements and outcomes is included.

A key new strand of work has been the commissioning of a wider review of communications to be undertaken by the Local Government Association progressing. To reflect this target dates have been revised for the following actions to enable them to follow from the review recommendations:

- A robust business plan identifying new revenue streams, maximising existing income activities and providing a clear growth plan;
- Maximising reach and penetration of minority communities to support Community Plan and One Tower Hamlets objectives;
- Developing communications training and support programmes.

Organisational Culture

The Commissioners' letter to the Mayor recognised the Mayor's commitment to cultural change. The Mayor and the new Chief Executive will continue to drive forward this work which goes beyond the specific actions within the Best Value Plan and will be informed by the support being offered by Solace whose work with elected members and senior leaders is ongoing. The Mayor is bringing forward Transparency Protocol to the next meeting of the Council's Cabinet and work is in hand to refresh the authority's Strategic Plan, with an outline plan due at Cabinet in January, providing an opportunity to clearly set out a refreshed vision and set of values and objectives for the council.

The cross-party Governance Working Group has also had a useful meeting and identified some key themes for future work in relation to transparency, member development and opportunities for cross-party working, decision making and strengthening pre-decision scrutiny.

The Council's external Auditors, KPMG, have also made recommendations in relation to governance. In finalising the audit of the 2013/14 accounts, and have sought additional assurances on several areas of concern raised by PricewaterhouseCoopers during their best value investigation. KPMG have identified issues that could have potentially impeded LBTH's drive for best value and efficiency in 2013/14. To highlight these issues the auditors have issued a recommendation under section 11 of the Audit Commission Act 1998:

We recommend that the Authority should undertake a detailed review of its governance processes across the Authority to satisfy itself that they are appropriate and operating effectively. This should include consideration of the:

- *roles and responsibilities of the various officers and executive committees and the interaction with members and member committees;*
- *delegation and escalation processes; and*
- *the sufficiency of analysis and support in relation to decisions by members, officers and relevant committees.*

This governance review should be co-ordinated with the other actions currently being undertaken and proposed including the programme of cultural change.'

The recommendation relates to the 2013/14 financial year, and a significant amount of work has already been done in this area as part of this Best Value Action Plan. Given the existing action plan in relation to governance and cultural change, response to the section 11 recommendation will be co-ordinated with these existing work streams.

Recruitment

On 17th August the Commissioners wrote to the Mayor confirming that they were content that the actions required in relation to recruitment had been substantially discharged with the appointment of the Chief Executive. As noted in that letter the Mayor will in due course consider what delegated authority should be conferred to the Chief Executive and at that point this Direction will be fully discharged.

Elections management

A report detailing lessons learned from the elections held in 2015 has been submitted to the Pickles review of electoral fraud and is on the agenda for consideration by this Board.

5. Next steps

- 5.1 The activities within the Plan will continue to be delivered with a particular focus on the outcomes being achieved.
- 5.2 The annual progress report will be submitted to the Secretary of State in March 2016 and will focus on progress with outcomes and cultural change. The draft report will be considered by the Board at its next

quarterly meeting in public in January 2015 and considered by the Council's Cabinet in February.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The Best Value Action Plan is a priority for the Council, and requisite resources have been identified within the budget in order to deliver the outcomes.

7. LEGAL COMMENTS

- 7.1 The Council is a best value authority within the meaning of Part 1 of the Local Government Act 1999. As a best value authority, the Council has an obligation under section 3 of the Local Government Act 1999 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 best value duty).
- 7.2 Where the Secretary of State is satisfied that an authority is not meeting its best value duty, the Secretary of State may: (1) direct the authority to take action to bring itself into compliance with that duty; (2) direct that specified functions be carried out by the Secretary of State or a nominee and that the authority follow the Secretary of State's instructions and provide such assistance as may be required (Local Government Act 1999). In accordance with this power the Secretary of State gave directions to the Council on 17 December 2014, 29 April 2015 and 6 May 2015.
- 7.3 The directions are enforceable by the Secretary of State, who may seek an order in the High Court requiring the Council to remedy any breach. In the circumstances, it is appropriate for the Council to take steps to comply with the directions and to monitor its compliance with the directions. The report relevantly informs members of progress and appropriately indicates that Cabinet approval will be sought before presenting the required update to the Department of Communities and Local Government.
- 7.4 When taking action in response to the directions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (the public sector equality duty).

Compliance with this duty has been a feature, to the extent relevant, of the Council's action in response to the directions.

7.5 There are no immediate legal implications arising from this report.