



# OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL)

TUESDAY 2 MARCH 2004  
7.30 PM

COMMITTEE AGENDA

COMMITTEE ROOMS 1&2,  
HARROW CIVIC CENTRE

## MEMBERSHIP (Quorum 3)

Chair: Councillor Jean Lammiman

### Councillors:

Blann  
Mitzi Green  
Ann Groves  
Ingram  
Marie-Louise Nolan  
Thammaiah

Osborn  
Pinkus  
Seymour  
Versallion

(none)

(none)

### Reserve Members:

1. Gate
2. Ismail
3. Currie
4. Lent
5. Lavingia

1. Myra Michael
2. Mrs Champagnie
3. Mary John
4. Miss Bednell
5. John Nickolay

(none)

(none)

Issued by the Committee Services Section,  
Law and Administration Division

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**HARROW COUNCIL**

**OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL)**

**TUESDAY 2 MARCH 2004**

**AGENDA – PART I**

1. **Attendance by Reserve Members:**

To note the attendance at this meeting of duly appointed Reserve Members (if any).

2. **Declarations of Interest:**

To receive declarations of interest (if any) from Members of the Committee arising from the business to be transacted at this meeting.

3. **Arrangement of Agenda:**

To consider whether any of the items listed on the agenda should be considered with the press and public excluded on the grounds that it is thought likely, in view of the nature of the business to be transacted, that there would be disclosure of confidential information in breach of an obligation of confidence or of exempt information as defined in the Local Government (Access to Information) Act 1985.

4. **Minutes:**

The signing of the minutes of the meeting held on 3 February 2004 to be deferred until the next ordinary meeting of the Committee.

Enc. 5. **Annual Audit Letter and Relationship Manager Letters 2002-3:** (Pages 1 - 54)

Joint report of the Executive Director (Business Connections) and the Executive Director (Organisational Development).

*(Notes: (i) The above report was considered by Cabinet on 17 February 2004. The relevant minute of the Cabinet meeting will be circulated to Members and Reserve Members of the Committee in due course;*

*(ii) Messrs Nigel Johnson and Angus Fish of Deloitte and Touche will be in attendance at the meeting for the above item.)*

Enc. 6. **Progress Report on the Draft HR Strategy:** (Pages 55 - 84)

Report of the Executive Director (Organisational Development).

*(Notes: (i) The above report was circulated on the agenda for the last meeting of the Committee on 3 February 2004, but it was agreed at that meeting to defer consideration of the item to this meeting. Since the last meeting, the HR Strategy has been amended; the revised version of the strategy is included on this agenda;*

*(ii) The Finance and Human Resources and Performance Management Portfolio Holder, Councillor Dighé, will be in attendance at the meeting for this item and the following item.)*

- Enc. 7. **Annual Report of HR Portfolio Holder for 2002/2003:** (Pages 85 - 94)
- Enc. 8. **Medium Term Capital Budget Strategy and Capital Investment Plan:**  
(Pages 95 - 102)  
Joint report of the Executive Director (Urban Living) and the Executive Director (Business Connections).
- (Note: The above report was considered by Cabinet on 17 February 2004. The relevant minute of the Cabinet meeting will be circulated to Members and Reserve Members of the Committee in due course).*
- Enc. 9. **Improvement Progress Report and Best Value Performance Indicators - Quarterly Monitoring Report:** (Pages 103 - 142)  
Report of the Executive Director (Organisational Development).

**AGENDA – PART II - NIL**

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<b>Meeting:</b>	Cabinet
<b>Date:</b>	17 <sup>th</sup> February 2004
<b>Subject:</b>	Annual Audit & Relationship Manager Letters
<b>Key decision:</b>	No
<b>Responsible Chief Officer:</b>	Executive Director (Business Connections) and Executive Director (Organisational Development)
<b>Relevant Portfolio Holder:</b>	Finance & Human Resources & Performance Management
<b>Status:</b>	Part 1
<b>Ward:</b>	All
<b>Enclosures:</b>	Annual Audit and Relationship Manager Letters

## 1. Summary

1.1 This report provides Cabinet with the annual letters from the Council's external auditors and the relationship manager appointed by the Audit Commission.

## 2. Recommendations

- 2.1 That Cabinet note the contents of the letters and endorse the proposed Action Plan to meet the recommendations contained therein.
- 2.2 That Cabinet note that the letters will be considered by Overview & Scrutiny at their next meeting.

### **REASON:**

In order to meet the statutory requirement for the executive to consider the contents of the annual audit and relationship manager letters.

## 3. Consultation with Ward Councillors

3.1 None

4. **Policy Context (including Relevant Previous Decisions)**

4.1 The letters cover key issues regarding the Council's performance in delivering its policies effectively.

5. **Relevance to Corporate Priorities**

5.1 The contents of the letters are relevant to all corporate priorities.

6. **Background Information and options considered**

6.1 It is a statutory requirement for the Council's external auditors (currently Deloitte & Touche LLP) and the relationship manager appointed by the Audit Commission to provide the Council with letters on an annual basis detailing the work they have undertaken during the year, their key findings in undertaking that work and any recommendations for improvement stemming from that work.

6.2 The Council has a statutory obligation to publish these letters and it is intended to place them on the internet site and place copies in public libraries.

6.3 Appendix 1 to the Audit letter (the Action Plan) identifies the key recommendations made by the external auditors, how Officers propose to respond to these recommendations and the timescale for completing these actions. Cabinet is requested to endorse this action plan.

6.4 The letters will also be presented to Overview & Scrutiny Committee at their next meeting to enable them to fulfil their responsibilities for corporate governance.

7. **Consultation**

7.1 None specifically

8. **Financial Observations**

8.1 The Audit letter deals with a number of financial issues. These will be addressed as noted in the Action Plan.

9. **Legal Observations**

9.1 None

10. **Conclusion**

10.1 This report presents the annual letters from the Council's external auditors and relationship manager to Cabinet, together with a proposed Action Plan to meet the recommendations contained therein.

11. **Background Papers**

11.1 There are no background papers.

12. **Authors**

12.1 Nick Bell  
Executive Director (Business Connections)

Jill Rothwell  
Executive Director (Organisational Development)

30<sup>th</sup> January 2004

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*London Borough of Harrow*

**Audit Letter 2002/3**

*January 2004*

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The Members  
London Borough of Harrow  
Civic Offices

29 January 2004

Dear Members

**2002/3 Annual Audit Letter**

We have pleasure in submitting our 2003 Audit Letter to you, which summarises the main results and conclusions from our audit work over the last year, our first as the Authority's external auditors.

As you will know, our audit work is performed in accordance with the Audit Commission's Code of Audit Practice for Local Authorities and the National Health Service in England and Wales ("the Code of Practice"). Section 1 of this letter shows how we have covered the requirements of the Code of Practice and the key issues arising from our work that we consider the Trust Board needs to address as priorities over the coming months.

During the year, we have liaised with the Audit Commission's Relationship Manager, Ms Jackie Barrie-Pursell, specifically on the joint 2003 audit and inspection plan, and on the Qualitative Assessment. We have also been engaged to pilot inspection work at your Authority as part of the Audit Commission's attempts for more "joined-up" audit and inspection activity. The inspection work we are to undertake has not yet taken place as this was scheduled to be done in early 2004.

The prioritised action plan in Appendix 1 pulls together all the recommendations within this letter. This should assist you in monitoring the implementation of our recommendations. An update to our audit risk assessment advised in our Audit Plan is attached at Appendix 2.

We look forward to developing further our audit relationship with your Authority in the coming year and express our gratitude for the co-operation we have received in our first year as your auditors.

Yours faithfully

**Deloitte & Touche LLP**

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# 1. Key points

## 1.1. Summary of audit findings and conclusions

We summarise below the key audit findings and conclusions from our audit.

<b>Code of Practice area</b>	<b>Audit findings and conclusions</b>
Overall financial standing	<p>During 2002 and 2003, the Council has first reviewed and improved its budget monitoring and reporting arrangements and then tackled historical problems with underlying budgets. It is managing its finances in an increasingly strategic manner and in the current budget cycle is strengthening links with service planning. Financial performance over the last twelve months has been satisfactory and recent windfall gains has enabled the Council to build-up reserves above the minimum level it have set itself and to earmark funds for ‘invest to save’ schemes. As a result of Central Government funding and legislative changes, together with the need to invest to fund the Council’s ambitious improvement plans, Harrow increased Council Tax bills by 19.8% for 2003/4, placing the Council in the upper quartile of authorities. The Council now anticipates a Council Tax increase of 3.87% (depending on the results of consultation) for 2004/5.</p> <p>The Housing Revenue Account currently sits outside the Council’s general budget processes. It needs to be included within recent developments in financial management practices at Harrow and to link to corporate priorities and prudential indicators.</p> <p>There has been substantial slippage on capital budgets. The Council needs to improve its management of its capital programme.</p>

<b>Code of Practice area</b>	<b>Audit findings and conclusions</b>
Performance management	<p>Our audit programme reflected a joint work programme agreed with the other inspection agencies to monitor and test the progress made against the Council's own improvement plans.</p> <p>A study looking at the corporate performance management framework has been deferred until the Council's project to review and upgrade its arrangements in this area has been completed. We have recently agreed terms of reference for a small study looking at the ICT strategy considered by members in late October 2003.</p> <p>We concluded from our review of aspects of financial management practices that Harrow had responded to all of the key points raised by the Corporate Assessment in this area and is developing processes further to deal with limitations in the original exercise caused by the tight timetable for the production of the first Strategy.</p> <p>We have issued an unqualified audit opinion on the Council's Best Value Performance Plan. The Council has improved its data collection arrangements in respect of performance indicators.</p> <p>The Council is regularly monitoring progress against the improvement plan it set itself. The outcome of the Audit Commission's qualitative assessment published in December confirmed that improvements have been made and emphasised the need for Harrow to continue with its improvement plans.</p>

<b>Code of Practice area</b>	<b>Audit findings and conclusions</b>
Statement of accounts	<p>We met with a sub-committee of the Overview and Scrutiny Committee on 18 December 2003 to discuss the outcome of our audit of the statement of accounts. We issued an unqualified audit opinion on the 2002/3 accounts of the Authority, although there were changes made to the original accounts prepared for audit.</p> <p>The Council needs to examine its arrangements for the accounts and audit process to ensure it is able to comply with the phased acceleration of the statutory timetable for the approval and publication of the statement of accounts over the next three years. It also needs to prepare for other possible accounting changes which will be necessitated by the government initiative to produce aggregated accounts for the whole of central and local government.</p>

<b>Code of Practice area</b>	<b>Audit findings and conclusions</b>
Internal control and risk management	<p>We have commented in separate reports on specific areas of weakness which we wish to bring to the attention of officers and summarised the main points in Section 5 of this Letter.</p> <p>We discussed issues relating to the role of internal audit, strategic financial planning processes and resourcing with Internal Audit managers and with senior management at the Council. We recommend members consider their proposals carefully and support the continued development of an effective and adequately resourced internal audit function.</p> <p>We recognise the progress made by Harrow in developing its risk management practices.</p> <p>We note that the Council continues to keep its governance structures under review. Given the imminent requirement on the Council for publishing a Statement of Internal Control and the enhanced audit reporting responsibilities to those charged with governance, we encourage the Council to give serious consideration to the establishment of an Audit Committee.</p>

<b>Code of Practice area</b>	<b>Audit findings and conclusions</b>
Standards of conduct and fraud and corruption	<p>As auditors we are required by the Code of Audit Practice to assess the arrangements put in place by Harrow to prevent and detect fraud and corruption and promote high standards of financial conduct. As this is our first year as auditors to the Council, we carried out an assessment, focusing on overall arrangements.</p> <p>Our overall assessment showed that Harrow had in place the key corporate arrangements that we would expect to find in a similarly sized authority.</p> <p>There are areas for further development, in particular in the area of benefits to respond to points raised by the Benefit Fraud Inspectorate (BFI).</p>
Legality	<p>The Council takes steps to ensure the legality of transactions which have a financial consequence. Our assessment of the Council's arrangements in this area, which we provided to the Audit Commission for the purposes of the Corporate Performance Assessment Refresh, scored this at Level 4, the top level. We have not received any formal objections since our appointment and there are no outstanding objections in respect of prior year periods of account.</p>



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## 2. Overall financial standing

### 2.1. Financial performance

#### Key highlights:

- ❑ Net revenue expenditure in 2002/03 was underspent by £2.6 million compared to the original re-priced budget of £203.6 million, with contributions to earmarked reserves of £1.3 million and an increase in general fund reserves of £2.2 million achieved. The original budget was for a planned use of general fund reserves of £0.5 million.
- ❑ The latest revenue monitoring report for the current year shows a predicted underlying performance which is close to budget (net predicted outturn overspend of £0.3 million). General Fund balances have improved through the release of £0.3 million from amounts earmarked to fund the implementation of single status and a windfall £0.8 million from backdated reductions in business rates paid on Council properties. An additional £0.5 million has been earmarked to fund management change.
- ❑ The Housing Revenue Account recorded a deficit of £0.9 million in 2002/03, against a budgeted deficit of £2.0 million. In the current financial year the Council has budgeted for a deficit of £2.5 million against an opening balance of £2.8 million.
- ❑ The capital budget slipped by a net £3.9 million during 2002/03. Forecast slippage for 2004/5 is now in excess of £12 million.

Harrow received criticism during the 2002 Corporate Performance Assessment (CPA) process for weak budgetary control leading to the need to take in year action to prevent overspending. During 2002 and 2003, the Council first reviewed and improved its monitoring and review arrangements and then tackled historical problems with underlying budgets (see section 3.2). This appears to be delivering improvements in control over spending over the twelve months and the Council has recently been able to earmark amounts for 'invest to save' schemes and to build-up General Fund balances.

The Housing Revenue Account currently sits outside the Council's general budget processes and, as a consequence, has not been included within recent developments in financial management practices at Harrow (see section 3.2). Unlike the Council's other revenue budgets, financial planning for the HRA has not yet been extended to cover a

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three year planning horizon – budgets continue to be prepared for a single year only. Also, unlike other Council plans and budgets, no full review of the HRA has been undertaken for a number of years.

Spend on the capital programme during 2002/3 amounted to £21.2 million, against a budget in June 2002 of £25.1 million, with slippage and reductions of £10.9 million and new schemes of £7.1 million. Slippage or re-phasing for 2004/5 of £12.8 million has so far been identified out of a total capital programme of £44.7 million. Whilst there are sometimes good reasons for slippage on individual projects, the Council should ensure as far as possible that projects are included in the capital programme where there is a firm commitment to the project proceeding and improve the overall management of the capital programme. Slippage in the capital programme may mean that the Council is unable to deliver its key priorities linked to its Capital Strategy and Asset Management Plan and can have knock-on effects on the revenue plans, making it difficult to accurately forecast for the revenue effect of the capital programme.

Forecast resources are available to complete schemes starting in 2003/4, although the position is dependent on assumptions over forecast future capital receipts.

### **Recommendations**

*Develop a three year HRA budget linked to the Council's Medium Term Budget Strategy and prudential indicators and undertake a thorough review of the HRA budget, looking at how this supports corporate priorities.*

*Review the Council's current procedures and processes for managing and monitoring the capital programme and ensure the Council has adequate procedures and processes in place to effectively manage and monitor its capital programme.*

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## 2.2. Overall levels of expenditure and balances

### Key highlights:

- General reserves rose compared to the internally set minimum prudent reserves level of £4 million, standing at £5.2 million at 31 March 2003. The latest revenue monitoring report anticipates a further increase in 2003/4 to £5.7 million, principally through a windfall business rate rebate of £0.8 million. The internally set preferred reserves level is £7 million.
- Schools reserves increased again, from £4.6 million to £5.8 million. This is not available for general expenditure purposes.
- Housing Revenue Account reserves stood at £2.8 million at 31 March 2003.
- Earmarked reserves to fund future revenue or capital projects rose by £2.1 million to £6.2 million at 31 March 2003, the largest element being to fund single status implementation.

Council Tax bills for 2003/4 rose by 19.8%, placing the Council in the upper quartile for Council tax increases. The underlying budget requirement increased by 13.1%. The majority of the increase within the Council's control related to the members' investment in aspects of the New Harrow Project.

The Council anticipates a Council Tax increase of 3.87% (depending on the results of consultation) for 2004/5, representing a reduction from the 14.4% increase forecast as part of the original exercise in February 2003. We understand that officers' initial assessment of the recent settlement announcement is that it is in line with assumptions made in the refreshed Medium Term Budget Strategy.

Pressure on reserves has reduced with contributions made last year and anticipated this year and with improvements to financial management practices mitigating the need for holding larger balances.

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## **2.3. Capital financing developments**

### **2.3.1. PFI projects**

During the year we were requested by management to review the proposed accounting treatment for the underlying assets in an Education PFI project which covers the design, build, finance and operation of the Kingsley, Woodlands and Little Stanmore Schools. This reached financial close in September 2003. Based on the information provided to us, we were not minded to challenge the Council's view that, under the Treasury Taskforce Technical Note No. 1 (the basis on which the Council sought advice from its financial advisers), the new capital assets being created under the Education PFI Project should be accounted for as 'off-balance sheet' for the Council.

As external auditors of Harrow, we will be required to form an opinion on the 2003/4 Statement of Accounts. This will require us to consider the transaction under Financial Reporting Standard 5 ('FRS 5') as required by the current Statement of Recommended Practice ('SORP') for Local Government. It is our view that under FRS5, without considering the Treasury Taskforce Technical Note No. 1 methodology, the assessment for some schemes can result in an 'on-balance sheet' conclusion. It should be noted that the current intention in the United Kingdom is to align Accounting Standards with that of International Accounting Standards, as soon as 2005, which is before the construction phase of this Project is to be completed. This could result in a fundamental change in the way in which PFI projects are accounted for.

### **2.3.2. Prudential Code**

From 1 April 2004 the existing capital controls regime will be swept away and replaced with the new prudential borrowing system. This is a more modern way of financing capital based on whether your plans are prudent, affordable and sustainable, as assessed against indicators specified by the CIPFA Prudential Code. New forms of external borrowing will be possible to fixed investments but only within specific constraints. Setting the boundaries for these indicators in a meaningful way will be challenging for all authorities as they will require at least three years of revenue and capital forecasts. Harrow now has a medium term revenue forecast, but will need to extend the planning horizon used in developing its capital programme. Monitoring against some of the limits will also require more robust short and medium term cashflow forecasting than many authorities have in place.

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As the new system comes into force on 1 April 2004 it will be necessary for Members to set the relevant limits and indicators at the same time as they approve the budget and council tax for next year. We recommend that proposals on how to set these indicators are tabled before Members to ensure that they are aware of the issues and in a position to take informed decisions on the indicators for 2004/5. Proposals for further development of plans and indicators should then be developed early in the next financial year to enable sensible indicators to be set for 2005/6.

The new regime also implements "pooling" of HRA capital receipts. A portion of HRA receipts, less amounts reinvested in affordable housing and regeneration, will need to be paid over to the ODPM in order to be redistributed to the areas of greatest need. The Council will need to consider the loss of these capital receipts, current plans for spending on affordable housing and regeneration, and the effect on future capital plans.

### **Recommendations**

*Call for and consider a report on implications of, and the risks and opportunities provided by the Prudential Code by 31 March 2004 so that the Council is positioned to work within this new financing regime.*

#### **2.3.3. Local Improvement Finance Trust Company (LIFTCO)**

The Council is working with local Primary Care Trusts on establishing a new LIFTCO which will be the investment vehicle through which local health and social care facilities in both Harrow and Brent will be modernised over the next decade. The Council's involvement in this LIFTCO needs careful consideration as there are several risks that are specific to this type of arrangement, not least how the LIFTCO governance arrangements dovetail with those of the Council, how conflicts of interest are identified and addressed and how the financial aspects of LIFTCO are managed.

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**Recommendations**

*Ensure reports to members set out details of planned arrangements and risk assessment in respect of the new LIFTCO so that appropriate governance and financial management arrangements are put in place by the Council.*

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## 3. Performance management

### 3.1. *Status of our programme*

Our audit programme reflected a joint work programme agreed with the other inspection agencies to monitor and test the progress made against the Council's own improvement plans, specifically considering developments in:

- Financial management practices
- Corporate performance management framework
- ICT strategy
- Collating, analysing and acting on performance information
- Establishing the Council's new corporate structure.

The Council's work on reviewing and upgrading the corporate performance framework has slipped from its original timetable and the project is not yet complete. Our planned desktop review of the Council's new arrangements has therefore been deferred until next year. We understand that the Council is looking to earmark £0.6 million to invest in the management change programme, business and service planning processes and the purchase of performance management software.

The ICT strategy was presented to members on 24 October 2003. We have agreed the detailed scope of our review of the strategy document with officers.

The new senior management structure is in place and appointments have been made to all but two of the second tier posts. The Chief Executive announced a review of middle management in October 2003 and has engaged consultants to assist in this process. We will keep abreast of developments as changes are extended through the organisation and bed down.

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### 3.2. *Financial management practices*

The lack of medium term budget strategy was raised in the Audit Commission's 2002 Corporate Assessment, together with a number of historic 'budget difficulties' in the annual budget process which needed to be addressed if planned improvements elsewhere were to be delivered. In particular, Harrow's base budget bore 'little resemblance' to actual spending and was 'at least £2 million less than its current service commitments' leading to 'go/stop' budget management in order to contain overall expenditure within the total budget, 'resources were not linked to priorities' and service delivery was 'under consistent pressure to deliver more savings'. In addition, initial budgets were not cash limited, with a provision for inflation held centrally making budgetary control difficult. We carried out a review of the process used to develop medium term budget strategy and plans and output therefrom in early Summer 2003.

Against a tight timetable, Harrow agreed its first formal three year budget forecast in February 2003, together with a 2003/4 annual budget which included an additional £1.7 million to correct for historic differences between budgets and service commitments, with cash limited departmental budgets and which included budget reprioritisations of £1.8 million as a contribution to the funding of growth areas.

Our view is that Harrow has responded to all of the key points raised by the Corporate Assessment on this aspect of its financial management practices. The Council had already started on the process of updating its Initial Medium Term Budget Strategy at the time of our work. Officers were aware of limitations in the original exercise caused by the tight timetable for the production of the first Strategy and have made further developments to the Council's processes to deal with these.

#### **Key points discussed in our report on the Council's Medium Term Budget Strategy**

- ❑ We believe the 'packaging' of the forecast could be improved to enable members who are less close to the budget process to better understand the forecast and some of the key sensitivities around the numbers. This would include carrying out a systematic risk assessment of the main income and expenditure streams, summarising the results in the committee report accompanying the forecast and integrating this within the risk management framework as it develops. In areas of material uncertainty, it may be useful to illustrate this information numerically in the form of a sensitivity analysis. A new pack for completion by service managers has been developed by the Executive Director (Business Connections) to systematically collect information on risks to inform this process.



### **Key points discussed in our report on the Council's Medium Term Budget Strategy (continued)**

- ❑ The MTBS process commenced in November 2002. A refresh of the initial MTBS was presented to members in October 2003. This will enable a longer period of debate and consultation and an agreed context for the development of the annual budget later in the year.
- ❑ Although further interviews would be needed to properly gauge this, within service departments service managers have been involved in the budget setting process and, in some areas, we have been told this involvement has increased from the previous 2003/4 budget setting round. Given the gap between service commitments and the base budget prior to 2003/4 and the practice of holding inflation changes centrally, we were initially concerned at what we would find in terms of service manager buy-in to the resulting budget and involvement in the budget setting process generally. The Interim Director of Social Services commented that further work is needed, and is ongoing, to fully align social services budgets with operational responsibilities. A formal acknowledgement that budgets have been reviewed, checked and are adequate to deliver current service plans is not sought from service managers, but we believe this would be useful in confirming service manager buy-in.
- ❑ Estimates in some areas have needed to be included in some areas in advance of policy decisions. We recommended that such cases involving material expenditure are flagged up in the commentary of the MTBS. Amounts were included in the original MTBS as a means of highlighting the variability of expenditure in that area. We recommended that these issues be dealt with in the commentary on the MTBS, rather than incorporating amounts into estimates. We understand this approach has been taken in the refresh of the MTBS.
- ❑ It was clear from our review that relatively large sums had been added to, or moved around, to reshape the budget to align it more to Council priorities – this represents a significant achievement for the Council. However, the approach in most areas remained incremental. As part of the current budgeting cycle, the Executive Director (Business Services) has developed a pack for completion by services which assists in the process of understanding the balance struck between service performance and cost and in linking service and financial plans. Also, the Council is currently reviewing and upgrading its corporate and service planning and performance management systems and framework which will provide the opportunity and tools to further align budgets with Council priorities across the range of services.
- ❑ The capital budget is set out in full for only one year. The planning horizon needs to be extended to at least three years to ensure revenue and capital budgets are properly aligned.

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## **Recommendations**

*Continue to develop financial management practices, taking account of our report recommendations and in particular extend the capital budget horizon to at least three years.*

### **3.3. Best Value Performance Plan and performance information**

The Council's 2003/4 Best Value Performance Plan (BVPP) was qualified by our external audit predecessors on the basis that a number of the performance indicators in the Plan either could not be substantiated or were materially incorrect. This year arrangements provided for greater scrutiny of performance information, including testing of a sample of indicators by internal audit and a wider cross-departmental team of officers prior to submission to us for audit. These arrangements led to the identification of some errors. The Audit Commission recognises that it will not always be possible for local authorities to have actual BVPI data available in all cases to meet the 30 June publication deadline and accepts that some estimates would need to be included in the Plan. The Council proposes to publish errata on the Council's website as well as sending this information to the original recipients of the BVPP.

We were able to conclude in our private report to the Audit Commission on the Council's outturn Best Value Performance Indicators that the Council had put arrangements in place which, as far as practicable, are producing indicator information that is accurate and complete. We are advised by the Audit Commission, based on our report, no current year indicators will be qualified, but an additional prior year indicator, BVPI 175, will be qualified.

The Audit Commission advised auditors that audit reports on BVPPs should not be issued until after publication of the results of the 'CPA Refresh' exercise to ensure that consistent judgements had been reached. We are pleased to report that we were able to issue an unqualified audit opinion with no recommendations for improvement in our statutory report. Our more significant comments to the Council to consider in drawing-up future years' plans are as follows.

### **Comments on the 2003/4 BVPP to be considered in drawing-up future plans**

- ❑ At the time the 2003/04 BVPP was finalised, the Council had not formulated its Community Strategy and Corporate Plan which are key components of the Council's overall performance management framework and the mechanism for translating national and local priorities into the Council's day-to-day service planning process. Next year's BVPP will need to demonstrate a clear linkage between these two key documents (which are being progressed) and Council's service and improvement planning priorities.
- ❑ There is an expectation that prior year targets will be included in the BVPP and a commentary included on any revision to the target if this has proved necessary because priorities have changed, or the Council's resource position has altered. Sections in the BVPP on service plans provide information on past/planned improvement measures but the reasons for not achieving some targets in 2002/03 are not always explained.
- ❑ The 2003/04 BVPP makes reference to just 6 local performance indicators. However, as the majority of the detailed work on performance management has been carried out after the publication of the BVPP and is ongoing, we anticipate the Council will have a much more comprehensive set of local indicators and will be reporting on actual performance against target in next year's BVPP.
- ❑ Although the BVPP includes commentary on some of the performance indicators, the use of colour coding (good, average, needs to improve etc) or arrows indicating trends in performance would enable users to gain a better understanding of Council's performance. There should also be more discussion on how the Council proposes to implement these improvements.
- ❑ The Council's outline improvement plan is included in the BVPP as is the inspection and audit plan for the current year. The Council's response to the Annual Audit Letter is provided, but does not make reference to the recommendation made by the auditors on the need for the Council to improve its quality assurance processes over performance indicators and supporting documentation. Given that the underlying concern led to a qualified audit opinion on last year's BVPP, the omission of this recommendation (and the Council's response) does, in our view, give an incomplete assessment of the auditor's views.
- ❑ More information is required on a consistent basis on the outcome of the consultation process and the options considered (but maybe dismissed) as part of the review process. For example, the discussion on the Council's First Contact review sets out the conclusions from the consultation process but this is not referred to in the commentary on other reviews which tend to just make reference to who was consulted as part of the process.
- ❑ The BVPP does not include an update on all action plans, targets and whether the identified savings and efficiencies have been achieved in practice.

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## **Recommendations**

*Consider, with officers, potential improvements to the format and content of the Council's BVPP in light of our comments on the 2003/4 BVPP.*

### **3.4. CPA 'Refresh'**

In December 2002, the Audit Commission published the results of its first Comprehensive Performance Assessment. Harrow was judged to be 'weak' in the services it provided to its citizens. This year the Audit Commission has carried out a limited 'refresh' of this exercise, publishing a service scorecard for each relevant authority alongside a qualitative assessment of the progress made over the last year against its key priorities. The outcome of this was that the authority moved from "weak" to "fair".

This qualitative assessment recognises the progress we have seen over the last year in improvements to services, including, from a low base, improvements to the environment of parts of the Borough, social services and housing. It also recognises the importance of ongoing investment in the organisational infrastructure and capacity of the Council to support further service improvements, including developing more robust financial management practices (see section 3.2), development of an ICT strategy and the restructuring of senior and middle management. The qualitative assessment also makes it clear that Harrow needs to continue with its challenging agenda, agreeing its corporate plan and developing its corporate performance management systems, extending improvements in the environment to the remainder of the Borough, bringing benefits administration up to national standards and continuing improvements in other service areas.

The Council has an improvement plan to address these issues and has monitored progress against the plan through the year.

Our contribution to the CPA Refresh has been to provide 'scored judgements' about the adequacy of arrangements put in place by the Authority in the categories of financial standing, internal financial control, standards of financial

conduct and the prevention and detection of fraud and corruption, the financial statements and the legality of significant financial transactions. This followed a methodology developed by the Audit Commission aimed at producing consistent and objective judgements by auditors. The table below summarises the Council's scores in these categories and, where appropriate, the principal reasons why the maximum score of four was not obtained.

Category	Score this time	Score last time	Areas for improvement
Financial standing	3	3	<p>Whilst there is evidence that a risk assessment has been carried out, this has not been costed (see section 3.2).</p> <p>The links with corporate priorities and corporate and service planning processes for the most recently completed budget process are not systematic and pervasive (see section 3.2).</p> <p>The capital budget is set out in full for only one year. The planning horizon needs to be extended to at least three years to ensure revenue and capital budgets are properly aligned (see section 3.2).</p> <p>Providing members with the option of assessing financial monitoring information on-line.</p> <p>Establishing a longer track record in meeting financial targets and monitoring of performance against targets set for all categories of income collection and arrears, with reporting to managers and members and action taken when needed.</p>
Standards of financial control and prevention and detection of fraud and corruption	3	3	<p>Embedding anti fraud and corruption and new corporate governance arrangements.</p> <p>Operation of new treasury management arrangements not evaluated at the time of our submission.</p>

Category	Score this time	Score last time	Areas for improvement
Internal financial control	3	3	Wider use of performance measures by those who manage the system to monitor the operation of financial systems. Proposed arrangements for risk identification, assessment and management not yet fully implemented (see section 5.3). Risk register not in place which is reviewed and updated (see section 5.3). Embedding of risk management processes (see section 5.3)
Financial statements	3	2	Accounts presented for audit contained errors which, whilst immaterial, were not 'trifling' in nature (see section 4). Not all of the working papers requested by the auditor were available at the start of the audit, but were provided during the audit (see section 4).
Legality of significant financial transactions	4	3	Harrow do not actively (e.g. provide some form of training or prompt to these documents) make available to staff and members internal documents setting out roles and responsibilities of the monitoring officer and section 151 officer.

### **Recommendations**

*Agree and monitor action plan to secure improvements in areas where the maximum score was not obtained in the 'auditor scored judgements' forming part of CPA.*

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## 4. Statement of accounts

We met with a Sub-committee of the Overview and Scrutiny Committee on 18 December 2003 to discuss the outcome of our audit of the statement of accounts. It is a new requirement of Auditing Standards (Statement of Auditing Standards No 610 – ‘SAS 610’) to discuss certain matters with those charged with governance prior to issuing our audit opinion. In the past, it was general practice in local government to discuss these matters solely with officers, briefing members on the more significant issues following closure of the audit.

The key points we included in our report to the Sub-committee are as follows.

### **Key points reported in connection with our audit of the Council’s Statement of Accounts**

- Our first year audit had challenged several areas of the accounts and changes arising were reported.
- Officers have agreed to look at a few items in the 2003/4 accounts process.
- We planned to issue an unqualified audit opinion.
- We reported unadjusted errors. Management judged these amount to be not material, both individually and in aggregate, and did not propose to process correcting journals. We sought and obtained confirmation from the Sub-committee of this assessment.
- A separate report was issued to management on weaknesses in the general IT control environment. Weaknesses in other systems have been reported separately by internal audit. A formal action plan from officers on the IT control environment points was still awaited.
- We confirmed that we have adequate arrangements in place to maintain our independence of the Council.

We make three observations concerning the accounts and audit process:

- The Accounts and Audit Regulations require approval of the draft Statement of Accounts by either full council or by a committee of the council. For the 2002/3 accounts, this approval needed to be given by 30 September

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2003. As a result of a misunderstanding, approval was obtained from Cabinet who, by law, are not able to perform this function. Full council ratified Cabinet approval in October, i.e. after the deadline.

- There is a requirement introduced by the new Accounts and Audit Regulations (which came into force with effect from 1 April 2003) for the accounts to be signed and dated by the chair of the council/committee which approved the accounts. This had not been done.
- The Accounts and Audit Regulations 2003 bring forward the date of approval of the accounts and publication of the financial statements by a month each year through to 2005/6 when the Council will need to approve its accounts by 30 June and publish by 30 September. In order to achieve this the Council will need to ensure it:
  - Brings forward its accounts preparation and approval process by approximately two months. This year the accounts were not approved by Cabinet until 9 September 2003.
  - Improves arrangements for collation of schedules and working papers to support the draft financial statements and to respond to additional requests for information and explanations from its external auditors. The audits this year and last year were significantly lengthened by delays in receiving information, including this year many working papers originally included on an information request we agreed with officers in April 2003. Staff absences and temporary staffing arrangements contributed to these delays, with the Housing department causing particular difficulties.
  - Take steps to mitigate the effect of moving the accounts and audit process into the main holiday season.
  - Ensure there is a good 'fit' between the accounts and audit timetable on the one hand and the committee cycle on the other.

### **Recommendations**

*Call for and consider a report on the Council's plans to ensure compliance with new statutory timetables for the approval and publication of the Statement of Accounts.*



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## 5. Internal control and risk management

### 5.1. Internal audit

In order to prevent duplication of effort, our normal practice is to place some reliance on the work of internal audit. The extent of that reliance depends both on the quality of internal audit's work and the relevance of their annual work plan to our own audit objectives. We carry out an annual assessment of internal audit and carry out a review of their working papers in areas where we plan to place direct reliance.

In our audit plan, we proposed to place reliance principally on internal audit's review of key controls within the Council's main financial systems. Based on our review of general internal audit arrangements, including auditor independence, and a review of relevant working paper files, we were able to confirm our decision to place reliance on Internal Audit's work in the planned areas of reliance.

As part of our review, we discussed issues relating to the role of internal audit, strategic planning processes and resourcing with Internal Audit managers and with senior management at the Council. Key developments planned or which are being examined include:

- Development of a strategic internal audit plan which will cover the three years commencing 1 April 2004. The draft plan has been considered by CMT and is due to be presented to members shortly once the level of internal audit resources has been confirmed. Recent internal audit plans have been annual operational plans.
- Defining the role. We understand that the draft strategic plan gives greater clarity both to what is within the scope of internal audit activity and, as important, what falls outside. We encourage members to consider these terms of reference carefully and to confirm, in agreeing this document, that they meet their requirements and the needs of the organisation.
- A bid as part of the current budget cycle to increase resources by three full time equivalents. Internal Audit's own benchmarking has shown that the current team is underresourced compared to other London Boroughs. This is consistent with our own experience.

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## **Recommendations**

*Consider and confirm terms of reference for Internal Audit and ensure that Internal Audit is adequately resourced to deliver against the strategic plan that flows from those terms of reference.*

### **5.2. Internal financial controls**

Internal audit's work identified a number of key controls where operation of the control was either not documented or where documentation retained was only partial. In addition, their work identified a number of other areas for improvement, in particular over the reconciliation of the opening business rates and council tax debits through to independent information from the Valuation Office. These have been reported in internal audit reports and summarised in the Statement of Internal Financial Controls included in the Council's Statement of Accounts.

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In addition to internal audit activity, our computer audit specialists undertook a review of general computer controls which identified a number of significant concerns.

#### **High priority areas for development of the computer control environment**

- ❑ We found 206 users had been given the ability to "self-authorise" both orders and invoices on the eFinancials system.
- ❑ There was no documented procedure to guide the installation of updates to existing software. Documentation relating to the testing of the updated software is not retained. Similarly, documentary evidence of testing before the upgrade from CFACS to eFinancials was not retained. Without an audit trail of test documentation there is a risk that any testing performed is incomplete or insufficient, or that significant errors remain unaddressed prior to live use of modified or new systems.
- ❑ Due to the administrative overhead required to give access rights to Oracle Discoverer on an individual basis, user access is via a single shared account and password, with no restrictions on the data that can be viewed. There is an increased risk that employees may attempt to view or record sensitive personal details without authorisation, such as home addresses, next of kin or pay and benefits details.

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**High priority areas for development of the computer control environment (continued)**

- ❑ Current arrangements give a number of Analyst Programmers, Senior Analyst Programmers and Project Leaders access to change program code without appropriate testing or authorisation.

**Recommendations**

*Monitor action taken in response to key internal and external audit recommendations on internal controls.*

**5.3. Risk management**

Harrow's progress in developing risk management arrangements has attracted criticism from external audit and inspection agencies in the past.

The Council has some arrangements in place for the identification and management of key financial and operational risks. These include a risk assessment as part of all key projects (as required by the project management standard agreed in April 2003), the risk assessments carried out by internal audit for the purposes of their plan and the collection of information on service risks through the strategic position statement document which was developed over the summer.

These are all new or relatively new processes. The Council has also agreed a programme of work to systematically document strategic risks and service risks and to map them to controls. This commenced late October with a detailed timetable through to March 2004, against which there has been some slippage. The process of embedding risk management processes and culture has not yet been planned in detail.

Members have some involvement in the current processes, in particular through the receipt of reports on risk before approving large projects. They are expected to have a greater role going forward as the risk management process becomes more developed.

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More than insurance risks are currently assessed, but a risk register is not yet in place.

In the scored judgement we provided to the Audit Commission as part of the ‘CPA Refresh’, we assessed that the Council had achieved Level 2 (out of four levels) as the Council has a programme of work in place to develop a comprehensive strategic and service based risk management framework, but this is at an early stage, with pockets of current practice in place. Next year the Council will have to publish a Statement of Internal Controls as part of its Statement of Accounts. The Council’s progress in developing its risk management practices will form a key part of its assessment in making this Statement.

<p><b>Recommendations</b></p>
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<p><i>Agree and monitor progress against plans for the further development and embedding of risk management processes and culture.</i></p>
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## 6. Standards of conduct and fraud and corruption

As auditors we are required by the Code of Audit Practice to assess the arrangements put in place by Harrow to prevent and detect fraud and corruption and promote high standards of financial conduct. As this is our first year as auditors to the Council, we have carried out an in-depth risk assessment, focusing on overall arrangements.

Our overall assessment showed that Harrow had in place most of the arrangements that we would expect to find in a similarly sized authority. We have noted a few areas where improvements could be made.

### Areas for improvement in fraud and corruption arrangements

- ❑ A corporate business continuity plan should be developed to sit over the plans for individual services, including consideration of the impact of fraud and corruption.
- ❑ Hospitality registers should be maintained by Chief Officers and the system for maintaining them reviewed by Internal Audit.
- ❑ Following the appointment of the new IT manager, plans should be put in place to bring the existing information security policy into line with BS 7799 and develop processes and procedures to implement the policy.
- ❑ Officers within Internal Audit should be designated to specialise in the investigation of fraud and corruption (other than Housing Benefit Fraud which is already dealt with by a dedicated team). We understand that research is being carried out into the establishment of an anti-fraud team at Harrow.
- ❑ Whilst staff training has covered the legal aspects of investigation included in the Human Rights Act and the need to carry out interviews in accordance with the Police and Criminal Evidence Act, this should be extended to cover the Regulation of Investigatory Powers Act for staff involved in fraud investigation work.
- ❑ Anti-fraud and corruption and financial conduct issues should be considered as part of the Council's wider efforts to improve risk management.

This year Harrow has also been inspected by the Benefits Fraud Inspectorate (BFI). Their report, issued in August 2003, raised a number of concerns about internal security and counter-fraud arrangements, including the need for

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improvements in basic areas such as post-opening and cheque security. Of more concern are their recommendations relating to:

- the need for fraud awareness training
- improvements required in the investigation process including timeliness and level of management review
- working with the Counter-Fraud Investigation Service.

In future years we will update our assessment and consider the need to carry out work in specific areas, which is likely to include follow-up work on Housing and Council Tax Benefit to gauge progress on implementing recommendations made by the BFI.

**Recommendations**

*Agree and monitor progress against plans in response to external audit and BFI recommendations relating to counter fraud and corruption arrangements.*

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## 7. Legality

Under the Audit Commission's Code of Audit Practice, we are required to assess the adequacy of the Council's arrangements for ensuring the legality of transactions that might have a financial consequence. Our work comprises:

- review of Council minutes
- review of any national issues raised by the Audit Commission
- overview of arrangements
- responding to specific issues raised with us by the Council or by members of the public.

Based on our work, nothing has come to our attention which we wish to draw to the attention of Members. In the CPA refresh exercise, using the Audit Commission's methodology, we scored this area at Level 4 (the highest level) as there was evidence that the impact of new legislation and the legality of significant financial transactions are considered in a formal way. The only area for improvement identified from this exercise is that information about the roles and responsibilities of the monitoring officer and section 151 officer is actively made available to staff and Members (see section 3.4).

We received no formal questions or objections from residents.

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## **8. Next year's audit plan**

Last year the Audit Commission published fee and audit activity information for the seventeen months ended 31 March 2004 and invited auditors to draw up audit plans covering the same period. As this was a new audit appointment and in view of the expected pace of change at the Council in 2003, we considered it inappropriate to draw up plans for this length of period. As a result, we will be issuing an audit plan, which will be brought to members in the New Year, covering the remaining five months of this seventeen month period. This will cover the audit of the 2003/4 financial statements and other regularity aspects of our Code audit. It will also include any studies to be carried out in this short period and will reflect the joint audit and inspection working arrangements already put in place.

We will issue a further audit plan in the Spring which will cover the year ended 31 March 2005. This plan will be driven in part by the "roundtable" meetings with the Council scheduled in late January 2004 discussing the appropriate audit and inspection activity in light of progress on your improvement plan.



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## **9. Independence and audit fees**

Our audit engagement with the Audit Commission for your Council requires us to confirm and maintain our firm's independence from the Council and its members and officers. Our checks on appointment have not revealed any conflicts that either prevent us from acting for the Council, or require specific arrangements to ensure our ongoing audit independence. We ask that the Council, its members and officers to alert the Appointed Auditor as to any new relationship with Deloitte & Touche LLP or any of its staff so that this can be considered in this context.

On completion of our 2002/3 audit and grants work, parts of which are currently in progress, we will discuss and finalise fees with officers and report actual outturn fees to members in our audit plan for next year.

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## 10. Statement of responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

Deloitte & Touche LLP  
January 2004

**Contact Persons:**

**Nigel Johnson – Partner**

01727 885178

**Angus Fish – Senior Manager**

01727 885038

Our review work has been performed in accordance with the Audit Commission's Audit Code of Practice. The limitations of our work and the respective responsibilities of auditors and the Audited Body in respect of the work are set out in the Audit Commission's publication "Statement of Responsibilities of Auditors and of Audited Bodies".

The matters raised in this report are those that came to our attention during the review. However, we would emphasise that our review should not be relied on to detect all errors and weaknesses that might exist. You should assess our recommendations for improvement for their full implications before they are implemented. In particular we would emphasise that we are not responsible for the adequacy and appropriateness of the audit methodology as they are derived solely from the Audit Commission.

Our comments have been prepared for your private use. Please do not quote or refer to its contents, in whole or in part, to any third party without our prior written consent. We accept no responsibility to any third party, as our report has not been prepared and is not intended for any other purpose.

## Appendix 1: Action Plan

Section reference	Recommendations	Priority	Management comments	Responsibility	By when
2.1	Develop a three year HRA budget linked to the Council's Medium Term Budget Strategy and prudential indicators and undertake a thorough review of the HRA budget, looking at how this supports corporate priorities.	2	Agreed by management.	T Lear	3 year budget by February 2004 Review completed by September 2004
2.1	Review the Council's current procedures and processes for managing and monitoring the capital programme and ensure the Council has adequate procedures and processes in place to effectively manage and monitor its capital programme.	2	Agreed by management.	N Bell	November 2004
2.3.2	Call for and consider a report on implications of, and the risks and opportunities provided by the Prudential Code by 31 March 2004 so that the Council is positioned to work within this new financing regime.	2	Information report already done in January 2004, with Code indicators to go to Cabinet in February 2004.	N Bell	February 2004
2.3.2	Ensure reports to members set out details of planned arrangements and risk assessment in respect of the new LIFTCO so that appropriate governance and financial management arrangements are put in place by the Council.	2	Cabinet have considered early risk areas.	G Wingrove	Ongoing
3.2	Continue to develop financial management practices, taking account of our report recommendations and in particular extend the capital budget horizon to at least three years.	2	Accepted.	N Bell	Ongoing

<b>Section reference</b>	<b>Recommendations</b>	<b>Priority</b>	<b>Management comments</b>	<b>Responsibility</b>	<b>By when</b>
3.3	Consider, with officers, potential improvements to the format and content of the Council's BVPP in light of our comments on the 2003/4 BVPP.	2	Accepted	J Rothwell	June 2004
3.4	Agree and monitor action plan to secure improvements in areas where the maximum score was not obtained in the 'auditor scored judgements' forming part of CPA.	2	Accepted.	N Bell	Ongoing
4	Call for and consider a report on the Council's plans to ensure compliance with new statutory timetables for the approval and publication of the Statement of Accounts.	1	Accepted. Report will be prepared for May 2004 Council meeting.	N Bell	May 2004
5.1	Consider and confirm terms of reference for Internal Audit and ensure that Internal Audit is adequately resourced to deliver against the strategic plan that flows from those terms of reference.	2	Three year Internal Audit plan now approved and additional resources approved.	N Bell	2004
5.2	Monitor action taken in response to key internal and external audit recommendations on internal controls.	2	Report on revised governance and committee structures will be put to the May Council meeting.	G Balabanov	May 2004
5.3	Agree and monitor progress against plans for the further development and embedding of risk management processes and culture.	1	External advisers have been engaged to prepare risk material and no action plans are being developed to cover these key risks.	D Ward	Ongoing

<b>Section reference</b>	<b>Recommendations</b>	<b>Priority</b>	<b>Management comments</b>	<b>Responsibility</b>	<b>By when</b>
6	Agree and monitor progress against plans in response to external audit and BFI recommendations relating to counter fraud and corruption arrangements.	2	Accepted.	N Bell	Ongoing

Key to prioritisation:

- 1 -Strategically Important and Urgent
- 2 – Important
- 3 – Desirable, but not urgent

## Appendix 2: Update on risk assessment

We set out below an update to the risk assessment contained in our audit plan.

<b>Residual risks identified in our audit plan</b>	<b>Update</b>
<p><b>Performance management</b></p> <p>Development of corporate performance management framework.</p> <p>Arrangements for collating, analysing and acting on performance information across departments.</p> <p>Building ICT strategy.</p> <p>Successful implementation of the Council's improvement plan.</p> <p>Establishment of new corporate structure and recruitment of new key senior officers.</p>	<p>A study looking at the corporate performance management framework has been deferred until the Council's project to review and upgrade its arrangements in this area has been completed.</p> <p>Our testing of Audit Commission Best Value Performance Indicators found that the Council had made progress with these processes, though this needs to continue.</p> <p>We have recently commenced a small study looking at the ICT strategy agreed in late October 2003.</p> <p>The Council is regularly monitoring progress against the improvement plan it set itself. The Audit Commission's qualitative assessment confirms that improvements have been made and the need for Harrow to continue with its plans.</p> <p>The new senior management structure is in place and appointments have been made to all but two of the second tier posts. The Chief Executive announced a review of middle management in October 2003 and has engaged consultants to assist in this process. We will keep abreast of developments as changes are extended through the organisation and bed down.</p>

<b>Residual risks identified in our audit plan</b>	<b>Update</b>
<p><b>Financial standing</b></p> <p>Development of financial management practice, including:</p> <ul style="list-style-type: none"> <li>• Agreeing medium term financial strategy and plans</li> <li>• Agreeing cash limited budgets</li> <li>• Correcting base budgets in certain areas.</li> </ul> <p>Agreeing funding for the New Harrow Project, taking into account central government spending guidelines and the results of consultation on budget options.</p>	<p>We carried out a review of the initial MTBS in July/August 2003 and concluded that the Council had responded to all of the key points raised by the Corporate Assessment in this area and is developing processes further to deal with limitations in the original exercise caused by the tight timetable for the production of the first Strategy.</p> <p>Harrow agreed a Council Tax rise which fell in the upper quartile. It currently estimates that it can contain the rise for the current year below the level projected in the initial MTBS.</p>
<p><b>Internal financial controls</b></p> <p>Availability of appropriate audit work to cover financial control systems.</p>	<p>A review of key controls was included in Internal Audit's 2003/4 programme (looking at 2002/3 transactions) and was completed within the timetable we agreed with them. We were able to place reliance on their work.</p>
<p><b>Statement of accounts</b></p> <p>Requirement to prepare a statement of internal financial control effectiveness for the first time.</p>	<p>The Council elected to prepare a statement of internal financial control, rather than the other options of internal control or full governance statement. The Council needs to develop its plans and processes in preparation of publishing a Statement of Internal Control with its 2003/4 accounts.</p>

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# Relationship Manager Letter

## London Borough of Harrow

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#### Appendix 1

- Reports issued during 2003

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Reference:	Harrow – RM Letter
Author:	Jackie Barry-Purcell, Relationship Manager
Date:	December 2003

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## Key messages

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### Introduction

The corporate assessment carried out in 2002 rated the council as weak. Harrow Council has made some improvements in its services during the last year, and has continued to invest to deliver further improvements, most notably in the areas of environment and building internal capacity.

The council has made progress in many of the priority areas identified in the Improvement Plan, and this needs to continue. Improvement in some areas, such as environment, is from a low base and much work has still to be done before an acceptable standard of service is received by all residents. Through the development of the Harrow Strategic Partnership and the community strategy, the council is developing an understanding of local needs and working in partnership with the local community.

The council has not yet finalised high level strategic plans such as the corporate plan and community strategy which is in draft form and was submitted to cabinet in November 2003, as a basis for further consultation.

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## The purpose of this letter

To ensure that councils receive a tailored seamless service, integrated with the work of other inspectorates, the Audit Commission has appointed a Relationship Manager for each council. The Relationship Manager is the Commission's primary point of contact with you and is also the interface between the Commission and the other inspectorates, Government Office and other key stakeholders.

This is our first 'Relationship Manager Letter' to the council. The letter incorporates the council's CPA Improvement Report and summarises the significant issues arising from the 2003 Audit Commission inspection programme. This letter should be read alongside the council's Annual Audit Letter presented by the Appointed Auditor.

We have issued separate inspection reports during the year having completed specific aspects of our programme. These reports are listed at Appendix 1.

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## Council Performance

### CPA Scorecard

Harrow Council has changed from being weak to fair.

The council has made improvements in education, social services, environment, libraries and leisure over the last year.

The 'New Harrow Project' has contributed to improvements, such as cleaner streets in South Harrow. However, this has only been implemented in part of the borough.

The council is working with local partners to develop a community strategy.

There has been some deterioration in housing benefits performance, for example, in the time taken to process housing benefits claims. The council has recently introduced changes to improve performance against all of its targets.

Harrow Council needs to maintain its focus on streetscene services and on building internal

systems. The council has put plans in place to do this.

**CPA Improvement Report**

**Qualitative Assessment of Continuous Improvement**

**How good are the council's plans for improvement?**

**Priorities**

The council is clear about its priorities for improvement which flow from community consultation and learning from the Comprehensive Performance Assessment. The council's Improvement Plan was agreed initially by Cabinet in December 2002 with an updated version agreed in March 2003. Cabinet receives quarterly progress reports. The plan contains nine improvement priorities which are linked to the IDeA assessment and CPA recommendations. An overview of the priorities is also contained in the best value performance plan. These are:

Improving Services for Local Citizens	Council's Leadership Role & Agenda
Strategic Planning	Financial Strategy
Role of Elected Members	Reviewing Local Partnerships
Customer Service Approach	Internal and External Communication
Human Resources Strategy	

The medium term budget strategy has been developed to support priorities. There is a shared understanding of priorities between leading councillors and senior officers.

The Harrow Strategic Partnership's Community Strategy is in draft form, and is a reflection of the existing key priorities of partners and the council. The strategy will be launched in May 2004 following further public consultation to identify any additional priorities. The strategy contains eight priority areas, each of which has a vision, and further focus areas:

Community Cohesion	Healthy Harrow
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Children & Young People	Learning for All
Making ICT work for Harrow	Regenerating Harrow
Greener Harrow	Safer Harrow

These have a greater external focus than the Improvement Plan which was predominantly about building corporate capacity within the council.

The council recognises environment and social services as key priorities for improvement.

**Ambition**

The council has set some stretching targets for its Local Public Service Agreement (LPSA, March 2003). Targets relate to community priorities or poor performing areas critical to achieving community priorities. These include reducing differentials in educational attainment, permanent families for children for adoption, recycling of waste, community safety, road accidents, and streetscene. The targets are particularly challenging for environment. Childrens services targets are linked to the council's need to continue to bed down and improve services for looked after children and those in need of protection, whilst developing improved family support services for the wider group of children in need.

**Future Plans**

The council has set out its future plans in its draft community strategy. A key part of these plans is the New Harrow Project. As part of this project, the council has piloted a new approach to its streetscene services in South Harrow. A phased implementation to the remaining parts of the borough commenced in October 2003 and will continue until March 2006. The aim of the project is to improve services such as street cleaning and refuse collection. An inspection in July 2003 stated that the effectiveness of the pilot was good, but also identified a number of critical issues that need to be addressed such as the development of effective performance management and risk management processes, information and communications technology resources and the building of street infrastructure to meet required standards. Given that the New Harrow Project is a key part of future plans, it is crucial that these areas are addressed.

The ICT strategy was agreed by the council in October 2003. The council has identified the implementation of ICT through a strategic partnership as an area for further development and an options analysis has been carried out to progress this. Further development of performance management systems and improved performance in social services has also been identified as areas for improvement. These form a key part of the council's future plans.

#### **Focus**

There has been some refocusing of plans in response to the CPA improvement agenda. For example, there is considerable emphasis on improving performance management, financial management and capacity. The community strategy and corporate plan have not yet been finalised.

However, key documents contain a range of similar but not identical priorities and the council needs to ensure that it has a clear and consistent focus for all its services, across the borough. The council produces quarterly performance monitoring reports and regularly monitors progress of its draft Improvement Plan. Action plans need to be more robust, the progress report for the Improvement Plan does not identify slippage and is not outcome focussed and that for the ICT strategy, (as contained in the cabinet report), does not provide timescales for all actions, costs or who is responsible for progressing actions. The council acknowledges this and future plans are to be refined.

There is improved financial reporting and information is used to challenge and facilitate continuous improvement.

#### **Capacity**

The council has worked hard to improve its capacity. The extent to which this work has been effective will become evident during the next year. The council is developing its member capacity - a Member development programme has recently commenced and draft proposals for leadership workshops are under discussion.

Following CPA in 2002, recruitment of executive directors/directors to strengthen the corporate core is underway. As at September 2003, all executive director posts and six of the nine director posts had been filled, with recruitment for the remaining posts continuing. The social

services department's structure has been redesigned.

Service level capacity shows a mixed picture.

The Social Services Inspectorate has concerns about the extent of the change programme for social services and whether there is sufficient middle management capacity to deliver it.

Revised manager competencies have been developed and a management programme is being implemented. A review of middle management capacity is being undertaken. Resources have been earmarked to drive forward the capacity programme in Harrow.

Improved monitoring and management of absence has reduced sickness levels. The Medium Term Finance Strategy supports corporate priorities.

New models of area based working are being developed through the New Harrow Project. The Harrow Strategic Partnership has enhanced relationships between partners and a local vitality profile is under development to identify needs. Project management is becoming established across the council.

#### **Performance Management**

The council does not yet have a single, fully embedded system for performance management that feeds accurate monitoring information into the improvement process. Performance management across the council is variable. For example, the inspection of the New Harrow Project showed that whilst there was a robust system to evaluate performance of environmental quality for the New Harrow Project, call centre response times were not measured.

The September 2003 Improvement Plan progress report indicates that a Performance Management System is being developed. All services have set out targets for improvement for 2003/04 - 2005/06 in the best value performance plan. Performance on best value performance indicators is reported quarterly and financial reports are discussed monthly by managers and reported quarterly to councillors.

Housing benefits have recently introduced a new performance regime including revised performance management systems and new targets for response times for claims processing have been introduced. Whilst initial figures show

improvement, it is too soon to determine if this will be sustainable in the long term.

Resources have been earmarked to develop performance management within the council.

**Learning**

This is an area of strength for the council. Overall, the council responds well to external challenge and inspection, and learns from it. The council has used its participation in beacon council events and other regional and national initiatives to develop a greater understanding of its own activities and the environment in which it operates. It is using the New Harrow Project to break down silo working and is actively consulting with partners and sharing learning in the development of the community strategy and the Harrow Strategic partnership.

The council is part of the West London Alliance which is used to share learning across a number of west London councils.

**Investment**

Investment has been made in priority areas. The council has made alterations to its structure to enhance capacity and is investing in training of councillors and staff. The council has made significant investment in the New Harrow Project pilot but our inspection raised concerns about the sustainability of this project once it is rolled out across the borough.

With respect to improving access to services for local users, the council has prepared its ICT Strategy and is looking for a strategic partner to progress this. This forms an integral part of the First Contact initiative. Whilst these first steps clearly show that the council is committed to change, our inspection identified that a comprehensive strategy is needed to drive the changes the council wishes to make both at the front end and behind the scenes.

A number of key appointments have been made including those in the new Directorate of People First. The Director of Children’s Services has been appointed and is charged with the development of the strategy for children services across social care and education. He is also the council’s statutory Director of Social Services.

There has also been a more recent decision to integrate all adult services with the PCT, under

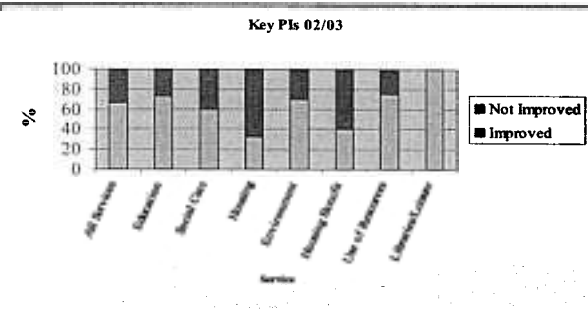
PCT management by 2005 – the vision, strategy and improved outcomes are yet to be defined.

Much effort has been invested in building base budgets and work is ongoing within People First to establish accurate cost centre figures. This should result in the directorate having a clearer idea about its budget in the next financial year.

Financial management within the council has improved and balances are at an appropriate level. A number of Invest to Save initiatives will be launched over the forthcoming months and these are targeted at key areas that matter to local people, such as foster care.

**Achievement**

There have been some improvements in Education, Social Services, Environment and Libraries and Leisure over the last year. For example, our recent inspection noted that there had been a significant improvement in streetscene services in South Harrow compared with other parts of the borough, and this has been backed by the council’s own survey results. However, levels of improvement across council services have varied, as shown graphically below for key performance indicators:



Sixty six per cent of performance indicators have improved and 34 per cent have not.

**Social Services**

Whilst there have been improvements in financial systems and management information, this has been from a very low base and there is still work to embed performance management practices and review system changes. Strategic planning is at a very early stage, as there has been an absence of a planning resource for some years.

Performance indicators show improvements in child protection and looked after children, but there is a need to address the quality of frontline work.

Social services in Harrow are rated as a one star service. Services for children are serving some people well and have promising prospects for improvement. Services for adults are serving some people well but have uncertain prospects for improvement.

### Education

Where trend data is available, this shows that educational attainment is improving. Seventy three per cent of indicators have improved over the last year. However, 2002/03 performance information indicates that the council's performance has deteriorated for statements of special educational need excluding exceptions. The council remains in the bottom quartile for statements of special educational need including exemptions. Unaudited figures as at November 2003 indicate that the council is meeting its target of 100 per cent for statements excluding exceptions; however, whilst performance for statements including exceptions has improved the council is still not meeting its target of 43 per cent. The council anticipates that its newly introduced processing systems will enable it to improve response times and meet targets.

Progress has been made in the areas of weakness identified in the 2001 OFSTED inspection. Good progress is being made on children's services and structural changes have anticipated the Green Paper. Collaborative work between schools and other agencies is incorporated in the New Harrow Project.

The annual Education service review shows that there has been progress on priority areas, although the report to Scrutiny Sub-Committee shows that targets have not been met in all cases. Expenditure per pupil in both primary and secondary schools is high and above set targets.

### Housing

#### Benefits

Performance in relation to housing benefit response times has fallen during the last year (with the exception of one indicator, the council is in the bottom quartile for all housing benefit performance indicators). A new performance system has been introduced, and additional trainees appointed. The council anticipates that this will improve response times for all claims processing. Unaudited figures show that as at November 2003 productivity has increased and the backlog of new and renewal claims has

decreased from almost 4,000 to 150. The council should ensure that this improvement is not at the expense of performance in relation to other aspects of the service. The BFI has rated the service as fair.

### Housing Services

The council's successful bid for £11.5 million to establish an ALMO is dependent on the service receiving a two star rating. The service at present shows a mixed picture, with strengths in homelessness. There are signs of improvement in tenancy services – both rent collection and void turnaround. Tenancy services are in the top 25 per cent in relation to tenant participation in management and decision making, with a 64 per cent satisfaction in 2000/01.

The council has been awarded Beacon Status in 2003/04 for tackling homelessness and strong partnerships have contributed to this success. Homelessness is noted as a strength with no families currently in bed and breakfast accommodation.

The housing strategy has met fit for purpose on the accessibility element and the council has agreed a work programme with GOL to achieve fit for purpose on all elements of the strategy in 2003/04.

Overall, only one third of indicators have improved in the last year and two out of the three key housing PIs, where trend data is available, have not improved.

### Libraries and Leisure

Opening hours have increased and 165 computers have been installed following additional investment in the service. There has been an increase in levels of usage in libraries and an increase in the black and ethnic minority population using libraries. All key performance indicators have shown improvement.

### Environment

Overall, 70 per cent of indicators have improved over the last year. The performance for waste management for 2002/03 indicates that where comparisons can be made, the council's service has not improved. However, there has been increased investment of 54 per cent in the street cleansing budget and the council has stated that this has led to an improvement in the standard of cleaning and an increase in the refuse collection rates in this financial year (however,

these figures have yet to be audited). Customer satisfaction rates have improved in South Harrow as a result of New Harrow Project pilot, as evidenced by a follow up MORI survey conducted by the council in May 2003.

### **Community Safety**

Performance indicators show an increase in the level of crime in the borough, with the exception of robberies. There has been changes in methods of recording which it is anticipated will have affected performance data.

### **Conclusion**

The council has made improvements to some services during the last year and has recently introduced changes which it anticipates will lead to further service improvements. The council needs to finalise its corporate and community strategies and continue to deliver its Improvement Plan.

The council also needs to ensure that it has robust performance management systems in place and needs to develop action plans with specific, measurable, achievable, reliable and timely (SMART) targets in order to monitor progress effectively. Some of the initial building blocks have been put in place but further improvements are required. We will be monitoring progress over the next 12 months.

## **Inspections/Performance projects**

### **First Contact – Stage One**

The team concluded that the council is clearly committed to making a major change in the way it interacts with customers. This commitment is much in evidence among senior councillors and officers and is evidenced by the cross-party agreement that provision be made in next year's budget and in the new medium-term financial plan to carry out the necessary work. Progress has been made in terms of service improvements and through the South Harrow pilot.

However, the success of fundamental step changes will depend on the wider support and co-operation of councillors, officers and partners. Customer satisfaction will depend not only on the quality of the first contact, but on the efficiency and effectiveness of the processes which underpin service delivery. First Contact will only improve if it is treated as one part of a

much wider picture and a comprehensive strategy is now needed to drive the changes the council wishes to make both at the front end and behind the scenes.

### **Partnerships Review**

The team concluded that although the previous Harrow Partnership forged strong links between councillors during its five year history, its councillors generally accept that it lacked a clear strategic purpose and direction. Consequently while the old partnership brought together agencies for joint work, it was unable to identify and respond to all the local community's diverse needs. The lack of clear targets, a structured planning and delivery framework, and performance management system were also significant shortcomings of the previous arrangement. The new Harrow Strategic Partnership will therefore need to address these points as a priority if it is to achieve its vision of improving the quality of life for local people.

### **New Harrow Project (evaluation of the South Harrow pilot)**

Early indications of the effectiveness of the pilot from the evidence that the team gathered, are good overall. Residents and businesses in South Harrow welcome the pilot, and the area is now cleaner and well-presented. The inspection team was impressed by the commitment and enthusiasm of the South Harrow staff.

Within the report the team acknowledges the positive aspects, outlines areas for improvement and identify potential risks.

The team also identified a number of critical issues which the council needs to address. These include development of effective performance management and risk management processes, development of the information and communications technology (ICT) resources, and the building of the street infrastructure to meet required standards.

### **The future of CPA**

The Audit Commission has consulted on the future arrangements for CPA and has concluded that it will be developed by:

- The introduction of a new CPA framework in 2005/06 and again in 2010, that enables assessments to be made in the context of

an agreed set of local and national policy priorities.

- The release of annual improvement reports in December 2003 and December 2004.

The CPA programme from January 2005 will seek to understand the impact of the council in their locality, and to recognise the leverage, co-ordination and leadership the council provides to achieve a wider improvement agenda.

The precise shape and nature of this approach has yet to be finalised, though the Commission has recognised the need to agree the strategy for improvement reporting after 2004, leading up to a further re-assessment from 2010.

## Strategic regulation: future audit and inspection work

Strategic regulation contributes to improvement in public services by ensuring that regulators collaborate to identify each council's priorities for improvement, and provide assessments that are useful to managers, professionals, politicians and the public.

For the first time we have brought together co-ordinated audit and inspection plans that make clear how our work supports the improvement agenda of each single tier and county council. These plans are now available on the Audit Commission website.

We have developed a programme of work for **2003/04** that is proportionate to both the council's risks and its performance as assessed through CPA. We have structured our work programme across the following themes that help to clarify the purpose of our work:

- Assessment
- Improvement
- Assurance.

The key areas of work programmed for 2003/04 are:

A staged inspection of the 'New Harrow Project' examining the impact of the South Harrow pilot;

an indicative inspection of housing management (prospective ALMO);

- an SSI inspection of services for people with a physical disability;
- a review of local partnerships;
- a staged inspection of the 'First Contact' best value review;
- an inspection of the Youth Offending Team;
- a review of risk management arrangements;
- an audit of performance indicators;
- the audit of the accounts;
- an assessment of the arrangements for ensuring the adequacy of internal control;
- a review of financial standing;
- an assessment of the council's arrangements for ensuring the legality of transactions;
- supporting the development of the medium term budget strategy; and
- a review of the ICT strategy.

Audit and Inspection planning for 2004/05, linked to your improvement plan, will be carried out in early 2004.

## Closing remarks

A copy of this Letter will be provided to the Chief Executive and to all councillors.

Finally, I would like to take this opportunity to express my appreciation for the assistance and co-operation provided during the course of the work. Our aim is to deliver work to a high standard which makes a positive and practical contribution which supports the council's improvement agenda.

**Jackie Barry-Pursell**  
Relationship Manager

December 2003



## Reports issued during 2003

First Contact	March 2003
Partnership Review	May 2003
New Harrow Partnership	July 2003

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## HARROW COUNCIL

<b>Meeting:</b>	Overview & Scrutiny Committee
<b>Date:</b>	Tuesday, 3 <sup>rd</sup> February 2004
<b>Subject:</b>	Progress report on the draft HR Strategy
<b>Key decision:</b>	No
<b>Responsible Chief Officer:</b>	Executive Director (Organisational Development)
<b>Relevant Portfolio Holders:</b>	Portfolio Holder For Finance, Human Resources & Performance Management
<b>Status:</b>	Part 1
<b>Ward:</b>	N/A
<b>Enclosures:</b>	Appendix 1 – Progress Report and Draft HR Strategy for consultation

### 1. Summary

- 1.1 This report details progress on developing the council's HR Strategy and includes a copy of the draft Strategy for consultation.

### 2. Recommendations

- 2.1 That the Overview & Scrutiny Committee note the progress made and that any comments on the draft strategy are reported to the Interim Head of Personnel for consideration as part of the consultation process.

### 3. Consultation with Ward Councillors

- 3.1 N/A

### 4. Background Information

- 4.1 Development of an HR Strategy for the council is a key action in the Working Draft Improvement Plan in response to the Comprehensive Performance Assessment and IDeA Peer Review, agreed by Cabinet.
- 4.2 The Improvement Plan requires the council to 'Develop Human Resources Strategy incorporating vision and values (Key Priority 2) and the need to bring about organisational change as part of the New Harrow Project'.

- 4.3 Consultation workshops for key partners and stakeholders took place in July 2003 and the final Strategy was due to be presented to Cabinet in January 2004. However, further development was postponed, pending the drafting of Council's Corporate Plan.
- 4.4 The draft Strategy is now being circulated for consultation and is scheduled to be presented to Cabinet for approval in March 2004. A Progress Report, which includes a revised schedule and a copy of the draft Strategy, is attached.

## **5. Background Documents**

- 5.1 None.

## **6. Author**

- 6.1 Jon Turner, Interim Head of Personnel, Tel: 0208 424 1225  
Email: [jon.turner@harrow.gov.uk](mailto:jon.turner@harrow.gov.uk)

Project Title <b>HR Strategy</b>			
Project Leader <b>Jon Turner</b>			
Sponsor: <b>Jill Rothwell</b>			
<b>Spend to date:</b> Consultation events incurred less than the £1000 estimate and were contained within current estimates			
<p><b>Progress to date:</b>  The initial project predicted that the Strategy would be presented to Cabinet in January 2004. However, the development of the Corporate Plan is critical to the development of the strategy, therefore the strategy could not be finalised until the initial draft was available and CMT subsequently agreed that the Strategy would be presented to Cabinet in March.</p> <p>The extension in time will also enable the initial results from the staff survey to be reflected in the strategy.</p> <p>The draft strategy is attached, a revised schedule is outlined below.</p>			
Remaining Action	Deadline	Who?	Who else involved
Draft considered by CMT	21 January	JT	CMT
Revise in light of comments from CMT and send to stakeholders (inc TU, Employee Support Groups and members) for comments and include on O&S agenda for 3 Feb and ECF agenda for 4 Feb	W/C 26 January for final comments by 9 February	YM	JT/MR Those people who attended focus groups
Commission design and plan design and printing schedule	End January	MR	YM
Meet with project group to review action plan	W/C 2 February	JT/MR	YM SC/ VY/BF/RB
Draft considered by O&S	3 February	JT	Cllr Dighe /O&S
Draft considered by ECF	4 February	JT	JR/ECF
Review in light of comments from stakeholders/O&S/ECF and prepare final draft for CMT on 18 Feb	13 February	JT/MR	YM/JT/JR
Feedback from consultation and final draft considered by	18 February	JT	CMT

CMT			
Agree communication strategy for the launch of the strategy	End February	JT/MR	YM/JR/ Directors
Revise in light of comments from CMT and prepare final Strategy & report for clearance by Leader / Portfolioholder	23 February	MR/JT	JR/YM
Formal clearance of report by Leader or Portfolioholder	26 February	JT	AB/Cllr Dighe
Report to Cabinet	16 March	JT	JR/Cabinet
Printing and advertising	From 22 March	MR	YM
Launch to staff	From 5 April	JT/MR	JM/JR/ Directors

Signed Project Leader <b>Jon Turner</b>	<b>Date: 21 Jan 2004</b>
Signed Sponsor	

Sponsor comments on progress
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# Strategy for managing and developing people

Becoming an employer of choice through a valued, committed and diverse workforce

2004 – 2008



# Strategy for managing and developing people

Becoming an employer of choice through a valued, committed and diverse workforce

## Introduction

At Harrow we understand that without a valued, committed and diverse workforce we cannot achieve the council's vision.

The council aims to raise the standard of all our services and we recognise that excellence can only be achieved through people's enthusiasm, dedication and talent. We will support, encourage, value and engage all the people who provide Harrow council's services and we will encourage partners and contractors to embrace and adopt the principles of the strategy, so that all services are delivered to the same high standards.

This strategy will underpin the New Harrow Project and how people who work for the council deliver services, which result in real improvements for residents and users

The strategy describes the council's aims for our people, what we will do to achieve those aims, and how we will measure our achievements. The ultimate measures of success however, will be the achievement of the council's vision and strategic priorities and how the people of Harrow assess the service they receive from the council.

Joyce Markham  
Chief Executive

Sanjay Dighé  
HR Portfolio Holder



## Index

### Achieving the vision

- Harrow's Vision
- The New Harrow Project

### Harrow's strategic framework

### The strategy for people framework

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- Roles and expectations

### Working for Harrow council in 2004

### Building the strategy

- National guidance
- Outside feedback
- Listening to people

### Putting the strategy into practice

### The key priorities

- Finding and developing the right people with the right skills
- Recognising the value of diversity
- Motivating for results
- Keeping people up-to-date
- Building capacity

### Measuring success

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### Key Priorities 1 to 5

### Keeping the strategy up to date

### Acknowledgements

# Strategy for people

## Achieving the vision

### Harrow's vision

Harrow's strategy for its people aims to make a direct and significant contribution to achieving the objectives in the Community Strategy and Corporate Plan. The strategy for people has been developed in line with the vision:

'We are proud to live in Harrow because of the richness of our cultural backgrounds and diversity of our communities. We are ambitious for the future of our children, our town and our place in London. For these reasons we want to enhance the life opportunities for everyone by improving the quality of life, freeing everyone to achieve their potential and removing barriers to personal development and community growth

In Harrow we look forward to a community:

- Where everyone can aspire to a better life for themselves and their families
- Where diversity can be celebrated and social cohesion promoted
- Where everyone has an equal chance to fulfil their potential
- Where the quality of life is enhanced by a safe, secure and clean environment
- Where standards of education are rising and there is wider participation in lifelong learning
- Where good health and social care is available to all who need those services
- Where there is a vibrant local economy
- Where there is a strong sense of civic pride
- Where there is a dynamic council supported by a valued workforce, working in partnership with the community to improve public services'

### The New Harrow Project

The council will strive to achieve its vision and become recognised as a quality provider through the implementation of the New Harrow Project sustained by a rolling 3 year Medium Term Budget Strategy. The New Harrow Project will seek to raise the standards of service so that there is a real improvement for residents and users.

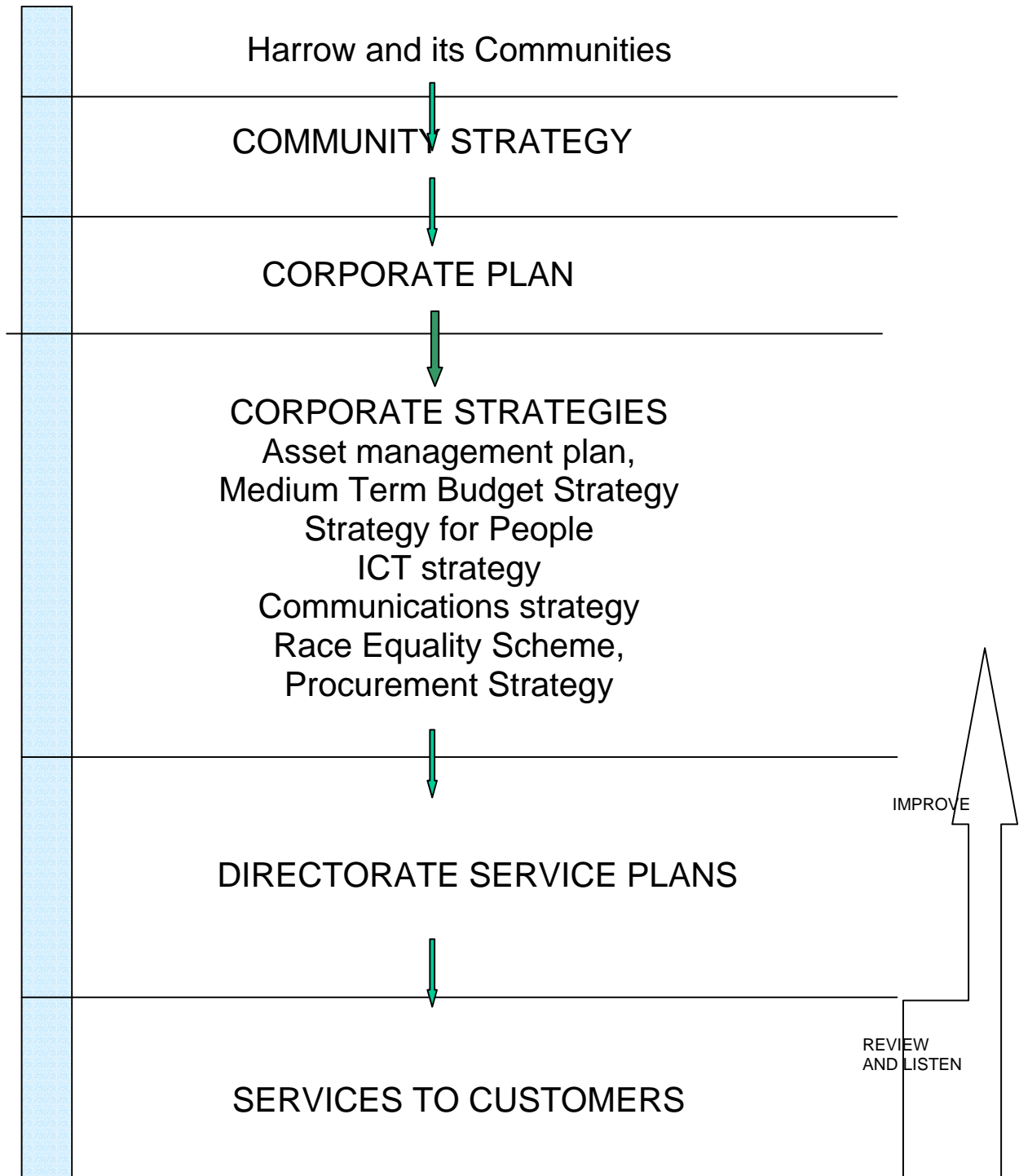
The project is:

- Fundamentally re-shaping the structure of the Council in order to align the structure to providing customer focussed services and break down traditional service barriers
- Developing an area based model for the delivery of services
- Developing community schools as the focus for the delivery of its community services

The New Harrow Project needs people to work more flexibly; across professional boundaries supported by the development and application of new competencies.

# Strategy for people

## Harrow's strategic framework



# Strategy for people

## The strategy for people framework

### Aims

Harrow council is committed to investing in its people to ensure those people are able to deliver excellent services

The council is committed to ensuring ever improving services through:

- Developing and supporting members and managers to lead and manage effectively
- Searching for talent outside and developing talent within to build capacity
- Managing and developing people in the continuous improvement process

In striving for excellence the council's change agenda demands change of everyone who contributes to the work of the Council. This strategy outlines what the Council aims to achieve through its people, how it intends to measure the success of those actions, and who will be responsible for it. It ensures improved outcomes for the community and for service users at the heart of the strategy for people.

### Roles and expectations

Specific responsibility for each action are outlined in relation to the 5 key priorities for managing and developing people, however the council as a whole and all people involved with it have a responsibility to contribute to the achievement of the council's vision

### The council will:

- Provide a clear vision of what the Council wants to achieve for Harrow and its communities
- Take action to promote equality that has a real meaning for the people who work in Harrow
- Act with integrity, value and respect people
- Encourage innovation, learning and managed risk taking
- Develop policies and processes which focus on outcomes for users and customers
- Work with staff and managers to define clear standards and common values
- Provide clear frameworks to manage performance and recognise achievement
- Involve and engage everyone in change

### The council expects employees to:

- Seek to improve what they do for the benefit of the customer
- Help define, then work within a framework of shared values
- Take personal responsibility for what they are required to do
- Innovate, learn and take managed risks
- Help develop and then work to clear standards
- Engage in and take a constructive approach to change
- Manage their own and others performance effectively

# Strategy for people

## Working for Harrow council in 2004

- The council employs over 5600 people, over 2500 of whom are based in schools
- The workforce is based in over 100 locations across the borough
- Over 45% of people work part time - the council is committed to developing work/life balance solutions
- Turnover in the council is stable at around 11%. However there are pockets where turnover is higher and this raises key issues for recruitment and retention
- Absence is an average of 9.9 days per annum, which is above the government target
- Women make up 75% of the workforce but only 35% are employed at senior levels
- People from black and minority ethnic groups account for 27% of the workforce but only 5% are employed at senior levels
- 3% of the people the council employs declare they have a disability. This is good for the sector but lower than the proportion of people with a disability in the working population
- Over 55% of the workforce which have achieved Investors in People status

## Building the strategy

The strategy takes account of the council's need to respond to a wide range of external and local factors such as:

- Greater public involvement and influence in the level and nature of the public services provided locally.
- Area based provision of services with increased and more effective consultation.
- The increasing diversity of the local community.
- The organisational change required to achieve the objectives of the council's Corporate Plan and the New Harrow Project.
- Increasing focus on working in partnership with other sectors to deliver services e.g. National Health Service and the Police
- Central government policies and increasing customer expectations which require improved and changed methods of service provision and working arrangements to show value for money e.g. best value, e-government, local strategic partnerships and re-modelling the workforce.
- Ongoing changes to national and European employment legislation.

# Strategy for people

## Building the strategy

### National guidance

The strategy takes a number of national workforce, skills and e-government strategies into account. In particular, it reflects the 5 priority areas from the Pay and Workforce Development Strategy for Local Government developed by the Office of the Deputy Prime Minister

- Developing Leadership capacity
- Developing the skills and capacity of the workforce
- Developing the organisation
- Resourcing Local government
- Pay and Rewards

### Outside feedback

Feedback from inspections has been influential in developing the strategy for the council's people, e.g SSI, Ofsted, *IiP* assessment and accreditation and in particular the IDeA Peer Review and Comprehensive Performance Assessment and the resulting improvement plans

### Listening to people

In addition to considering external factors, the council has listened to what staff, managers, trade unions and our partner organisations have told us through focus groups and a comprehensive staff survey.

Key issues were:

- Improve the way we recruit and retain staff and re-shape the workforce in order to tackle issues that have arisen as a result of national and London wide skills shortages
- Celebrate the diversity of our workforce
- Improve the way we communicate, particularly about change
- Break down professional and departmental silos and improve cross functional working
- Develop leadership capability and management competence
- Develop ways to recognise contribution and manage performance

# Strategy for people

## Putting the strategy into practice

The strategy will form the over-arching framework for managing and developing people over the next 3 years. It will form the basis for key decision making on resource allocation and policy development on people management issues across the council.

Directorate Service plans will ensure specific services meet each of the 5 key priorities for the council, set out overleaf. The broad objectives, outcomes and success measures outlined in the strategy will have explicit targets, action plans, and project plans to ensure they are achieved.

The strategy flows from the Community Strategy and Corporate Plan. It also has clear links to, and is consistent with, other strategies, including the ICT, Communications, and medium term budget strategies

The Organisational Development Directorate will monitor the implementation of the strategy. It will report regularly to the Corporate Management Team and the Employees' Consultative Forum on progress and the achievement of key outcomes.

The strategy will ensure the work programme of all staff involved in human resources across the council focuses on delivering the 5 key priorities. The council's performance will be monitored and measured, and the contribution of the human resource function to the achievement of these priorities will be subject to Best Value Inspection in 2004/05.

# Strategy for people

## The key priorities

The council's Corporate Plan includes the following priorities for managing and developing people:

- **Becoming an employer of choice through a valued, committed and motivated workforce**
- **Ensuring staff are supported and trained to undertake their tasks and develop their full potential**
- **Embracing diversity by ensuring services are culturally appropriate and through an increase in the diversity of staff providing services**

To achieve these priorities the strategy for people focuses on the following:

### 1. Finding and developing the right people with the right skills

To recruit, develop, promote and retain the right people, making the most of their skills and potential by:

- **Developing effective recruitment and retention strategies and processes**
- **Developing and promoting attractive employment recognition and reward packages that people value**
- **Embedding learning and development opportunities for people**

### 2. Recognising the value of diversity

To value diversity and promote equality of opportunity in employment and in the provision of excellent services by:

- **Eliminating discrimination and ensuring staff are treated fairly and consistently**
- **Building on the council's reputation and its role in Community leadership to lead and promote diversity and equality of opportunity through demonstrating best practice in employment**
- **Using management information to improve practices and resolve imbalances**

### 3. Motivating for results

To develop safe, supportive and rewarding working environments and practices to achieve continuous improvement in performance by:

- **Looking after people who work for us**
- **Acting with integrity; trusting, empowering and fairly rewarding the council's workforce**
- **Helping people to build a good work life balance**
- **Fostering a pride in people's achievements**



# Strategy for people

## 4. Keeping people up-to-date

To improve communications and use new technologies to increase the capacity to deliver services effectively by:

- **Communicating and consulting with people inside and outside the council more effectively using appropriate methods and technologies**
- **Making best use of technology for learning**
- **Making access to HR information and services readily available to customers and partners**
- **Providing management information for managers to take action to improve services**

## 5. Building capacity

To drive and support change and improvement for individuals, teams and services and through working in partnership build capacity for the council as a whole:

- **Developing competent and confident leaders and managers**
- **Optimising the potential of team and project work for innovation and change**
- **Involving and engaging everyone in change at the earliest opportunity**
- **Developing effective partnerships with trade unions and other partners**
- **Making sure supportive processes are in place for managers to manage performance**

## Measuring success

Each of the actions set out in the strategy have specific measures, identified in the index overleaf, that will not only enable monitoring of continuous improvement but also, where possible, benchmark performance against key indicators.

The measures that will be used to assess the success of these actions will enable the council to demonstrate, in real terms, the progress made in implementing this strategy.

# Strategy for people

## Index of success measures

Measures of success	Key Priorities				
	1	2	3	4	5
<b>Staff survey</b>					
How well does your job provide you with the following features.....	abd		e		af
How far do you agree / disagree with the following statements on t&d....	ghj	abce	a		fh
How far do you agree with the following statements about your manager.	j	b	c	ab	acefh
How far do you agree with the following statements about Harrow Council.		abg	ace	ab	ef
How far do you agree with the following statements about your job			ce	abfg	a
How far do you agree with the following statements about communication			a	ab	ef
How far do you agree with the following statements about senior managers		b	ac	ab	egh
How far do you agree with the following statements about change			c	ab	aef
<b>Internal monitoring statistics</b>					
Web-site hits				cd	
Workforce monitoring statistics (discipline/grievance/harassment etc)		bgi		f	
Workforce profile statistics	i	i		f	
Health and Safety statistics			d	f	
Absence statistics			def	f	
Turnover	abc			f	
Applicant monitoring	abc	i		f	
Recruitment statistics	aeg	f	b	f	
Development review and programme statistics	k	fghi		cefg	
Development review and programme evaluation	gh	efgh		cefg	
Referrals to tribunals/ disputes to members/ region/national					b
Exit interviews	h				
<b>Externally benchmarked standards and inspection</b>					
CPA inspection					acdfg h
Member Development Charter standards					gh
People skills scoreboard	gh		ac		
HSE standard			d		
Investors in People accreditation	fhj	e		abe	agh
<b>National Best Value Performance indicators</b>					
2a Equality standard level				ef	f
2b Score against checklist for race equality scheme				ef	f
11 a %age of top 5% earners who are women	gi	ci	b	f	
11b %age of top 5% earners who are from b&me communities	gi	abfi	b	f	
12 levels of sickness absence			def	f	
15 no of early retirements on grounds of ill-health			f	f	
16 %age of staff declaring they meet DDA disability definition compared with %age economically active disabled people in local population	ik	efi	b	f	
17 %of staff from b&me communities compared with % economically active from b&me communities in local population	ik	abfi	b	f	
<b>Customer information</b>					
Customer satisfaction survey		ab	bc	acg	cdf
Customer complaints statistics		g	c		

# Strategy for people

## Key priority 1

### Finding and developing the right people with the right skills

Harrow council will become an organisation people want to work for by;

- **Developing effective recruitment and retention strategies and processes**
- **Developing and promoting attractive employment recognition and reward packages that people value**
- **Embedding learning and development opportunities for people**

The actions the council will take:

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
1a	Develop and implement an effective reward package	The way in which the council rewards people is seen to be fair across the council, and rewards contribution  Improved staff morale  The council will attract and recruit talented applicants for posts	<ul style="list-style-type: none"> <li>▪ Reduction in turnover in skill shortage areas</li> <li>▪ Increase in applications for hard to fill posts</li> <li>▪ Reduction in number of re-adverts</li> <li>▪ Staff survey results</li> </ul>	<b>Organisational Development</b>  <i>Local Government Pay Commission report</i>
1b	Develop and implement a flexible benefits package	People will be able to choose benefits to suit their current needs  People will be able to change their benefits package as their needs change	<ul style="list-style-type: none"> <li>▪ Increase in applications in hard to fill posts</li> <li>▪ Decrease in turnover in skill shortage areas</li> <li>▪ Staff survey results</li> </ul>	<b>Organisational Development</b>
1c	Promote a range of flexible working opportunities	Maximises the potential pool of people able to work for the council	<ul style="list-style-type: none"> <li>▪ Increase in applications for hard to fill posts</li> <li>▪ Reduction in turnover in skill shortage areas</li> </ul>	<b>All Directorates</b>  <i>ICT Strategy School Workforce Remodelling Project</i>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
1d	Produce annual reward statements for staff	A motivated workforce who understand and appreciate the total reward package they receive	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> </ul>	Organisational Development
1e	Develop and implement a streamlined, professional recruitment service	The council will attract talented applicants who recognise the fairness and efficiency of the process	<ul style="list-style-type: none"> <li>▪ Reduction in the time taken to fill posts</li> <li>▪ Reduction in number of re-adverts</li> <li>▪ Reduction in average advertising spend per appointment</li> <li>▪ Feedback from applicants</li> </ul>	Organisational Development  Procurement Strategy ICT Strategy
1f	Achieve Investors in People status across the whole council by January 2005	A workforce developed to meet the business and service needs of the council	<ul style="list-style-type: none"> <li>▪ IIP assessment and accreditation</li> </ul>	All Directorates
1g	Develop and implement a structured approach to career and individual development	A stable and suitably skilled workforce which increases capacity	<ul style="list-style-type: none"> <li>▪ Increase in internal applicants for jobs</li> <li>▪ Career development programmes established</li> <li>▪ Evaluation of one to one advice on careers</li> <li>▪ Evaluation of coaching, mentoring, secondment and shadowing programmes</li> <li>▪ Results of exit interviews</li> </ul>	All Directorates

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
1h	Develop and implement a learning and development strategy	Maximum access to, and equality of opportunity across the council for, learning and development opportunities for informal and formal learning	<ul style="list-style-type: none"> <li>• liP assessment and accreditation</li> <li>• Staff survey results</li> <li>• People Skills Scoreboard results</li> <li>• Monitoring information</li> </ul>	Organisational Development
1i	Develop and implement a process to enable effective succession planning	A workforce which reflects the community, effective business continuity and increased capacity	<ul style="list-style-type: none"> <li>▪ Year on year improvement against BVPI 11a&amp;b</li> </ul>	Organisational Development
1j	Develop managers as coaches	Continuing improvement in the number of effective, learning opportunities in the workplace	<ul style="list-style-type: none"> <li>▪ Staff appraisals</li> <li>▪ liP assessment and accreditation</li> <li>▪ Staff survey results</li> </ul>	Organisational Development
1k	Promote career opportunities in the council with the local community, in local schools colleges and universities	The council will be recognised as the employer of choice by people in all Harrow's communities	<ul style="list-style-type: none"> <li>▪ Improved representation of local communities in the workforce</li> <li>▪ Increase in numbers of internships, industrial placements, work experience opportunities and trainee programmes for local people</li> </ul>	Organisational Development People First

# Strategy for people

## Key priority 2

### Recognising the value of diversity

Harrow council will value diversity and promote equality of opportunity in employment and in the provision of excellent services by:

- **Eliminating discrimination and ensuring staff are treated fairly and consistently**
- **Building on the council's reputation and its role in Community leadership to lead and promote diversity and equality of opportunity through demonstrating best practice in employment**
- **Using management information to improve practices and resolve imbalances**

The actions the council will take:

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
2a	Develop and implement a Corporate Equality Plan incorporating the council's Race Equality Scheme	Embed diversity and equality of opportunity in all aspects of people management and service delivery across the council	<ul style="list-style-type: none"> <li>▪ Year on year improvement against local and BV performance indicators</li> <li>▪ Staff survey results</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p><i>All Directorates Corporate Equality Group</i></p> <p><i>Equal Opportunities Policy Race Equality Scheme</i></p>
2b	Consult and involve community and representative groups in developing key employment policies and practices	Minimise adverse impact in employment policies and practices and promote diversity	<ul style="list-style-type: none"> <li>▪ Year on year improvement against local and BV performance indicators</li> <li>▪ Staff survey results</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p><i>Organisational Development Corporate Equality Group Harrow Strategic Partnership</i></p> <p><i>Equal Opportunities Policy Race Equality Scheme</i></p>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
2c	Introduce a fair treatment in employment policy	Effective resolution of people's complaints	<ul style="list-style-type: none"> <li>▪ Improvement in %age of complaints resolved at early stages</li> <li>▪ Reduction in complaints to outside bodies</li> </ul>	<p><b>Organisational Development</b></p> <p><i>Equal Opportunities Policy</i></p> <p><i>Race Equality Scheme</i></p>
2d	Undertake an Equal Pay review	A fair and equal reward system	<ul style="list-style-type: none"> <li>▪ Outcome of review</li> <li>▪ Avoidance of complaints to outside bodies</li> </ul>	<p><b>Organisational Development</b></p> <p><b>Corporate Equality Group</b></p> <p><i>Equal Opportunities Policy</i></p>
2e	Conduct a learning and development equalities audit	Equality and diversity issues are mainstreamed in all learning and development activity	<ul style="list-style-type: none"> <li>▪ Outcome of audit</li> <li>▪ Staff survey results</li> <li>▪ liP assessment and accreditation</li> </ul>	<p><b>Organisational Development</b></p> <p><b>Corporate Equality Group</b></p> <p><i>Equal Opportunities Policy</i></p> <p><i>Race Equality Scheme</i></p>
2f	Develop and implement a positive action programme in consultation with representative groups	A workforce which reflects the community it serves	<ul style="list-style-type: none"> <li>▪ Show a year on year improvement against local and BV performance indicators</li> </ul>	<p><b>Organisational Development</b></p> <p><b>Corporate Equality Group</b></p> <p><i>Equal Opportunities Policy</i></p> <p><i>Race Equality Scheme</i></p>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
2g	Develop and implement a disability and cultural awareness programme for all staff	People in the council will treat each other with respect and understand and work to meet the needs of a diverse community	<ul style="list-style-type: none"> <li>▪ Reduction in harassment and grievances cases</li> <li>▪ Reduction in customer complaints</li> <li>▪ Staff survey</li> </ul>	<p>Organisational Development Corporate Equality Group</p> <p><i>Equal Opportunities Policy</i> <i>Race Equality Scheme</i></p>
2h	Develop and implement a programme to share best practice with partner organisations	The council will encourage its partners to embrace best practice in equalities issues	<ul style="list-style-type: none"> <li>▪ Attendance at events</li> <li>▪ Feedback from participants</li> </ul>	<p>All Directorates Corporate Equality Group</p> <p><i>Procurement Strategy</i></p>
2i	Develop the provision and reporting of management information	Continuing improvement in management information to enable Identification of patterns and trends and eliminate adverse impact	<ul style="list-style-type: none"> <li>▪ A year on year improvement against local and BV performance indicators</li> </ul>	<p>Organisational Development Corporate Equality Group</p> <p><i>Equal Opportunities Policy</i> <i>Race Equality Scheme</i></p>



# Strategy for people

## Key priority 3

### Motivating for results

Harrow council will develop safe, supportive and rewarding working environments and practices by:

- **Looking after people who work for us**
- **Acting with integrity; trusting, empowering and fairly rewarding the council’s workforce**
- **Helping people to build a good work life balance**
- **Fostering a pride in people’s achievements**

The actions the council will take:

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
3a	Provide a systematic approach to celebrating organisational, team and individual success	Individual and team contributions and achievements are recognised and the workforce is motivated	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> <li>▪ IIP assessment and accreditation</li> </ul>	<i>All Directorates</i>
3b	Promote flexible benefits and working options	<p>A more motivated workforce</p> <p>Improving the service to customers</p>	<ul style="list-style-type: none"> <li>▪ Show a year on year improvement against local and BV performance indicators</li> <li>▪ Increase in applications for hard to fill jobs</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p><i>All Directorates</i></p> <p><i>Local Government Pay Commission report</i></p> <p><i>ICT Strategy</i></p> <p><i>School Workforce Remodelling Project</i></p>
3c	Define and embed what behaviours and competencies the council expects from staff	People are clear about what and how they are expected to contribute towards achieving the council’s vision	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> <li>▪ IIP assessment and accreditation</li> <li>▪ Customer satisfaction survey results</li> <li>▪ Reduction in customer complaints</li> </ul>	<p><i>All Directorates</i></p> <p><i>Competency framework</i></p>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
3d	Develop and implement an effective health and safety strategy which meets the changing requirements of the council	<p>Healthy and safe places to work</p> <p>Safe ways of working</p> <p>Ensure peoples personal safety and security</p>	<ul style="list-style-type: none"> <li>▪ Reduction in numbers of incidents/accidents</li> <li>▪ Reduction in number of days lost through accidents BVPI 12</li> <li>▪ Compliance with Health &amp; Safety legislation and achievement of HSE standards</li> </ul>	<p>All Directorates</p> <p><i>Health &amp; safety Policy</i></p>
3e	Provide structured encouragement, support and initiatives for people to adopt healthy lifestyles	A healthier workforce	<ul style="list-style-type: none"> <li>▪ Reduction in levels of sickness absence BVPI 12</li> <li>▪ Staff survey results</li> </ul>	<p>All Directorates</p> <p><i>Health &amp; safety Policy</i></p>
3f	Provide structured pro-active support to people who become sick	A healthier workforce	<ul style="list-style-type: none"> <li>▪ Reduction in levels of sickness absence BVPI 12</li> <li>▪ Reduction in number of early retirements on the grounds of ill health BVPI 15</li> </ul>	<p>All Directorates</p> <p><i>Health &amp; safety Policy</i></p>

# Strategy for people

## Key priority 4

### Keeping people up to date

Harrow council will improve communications and use new technologies to deliver services more efficiently by;

- **Communicating and consulting with people inside and outside the council more effectively using appropriate methods and technologies**
- **Making best use of technology for learning**
- **Making access to HR information and services readily available to customers and partners**
- **Providing management information for managers to take action to improve services**

The actions the council will take:

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
4a	Develop and implement a staff communications strategy which uses new technologies to the full	People can give customers up-to-date information about what the council is doing and can use the information to improve services	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> <li>▪ liP assessment and accreditation</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p>Organisational Development, Business connections, Communications Unit</p> <p><i>Communications strategy</i> <i>ICT strategy</i></p>
4b	Develop and implement a standard framework for face to face briefings across the council	A two way process of communication on new developments and changes to the council	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> <li>▪ liP assessment and accreditation</li> </ul>	<p>Organisational Development, Communications Unit</p> <p><i>Communications strategy</i> <i>ICT strategy</i></p>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
4c	Develop an interactive HR intranet site	People able to access services more easily and at a time to suit them. Improved communication	<ul style="list-style-type: none"> <li>▪ Increase in the number of transactions</li> <li>▪ Increase in the use of learning resources</li> <li>▪ User evaluation and feedback</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p><b>Organisational Development, Business connections, Communications Unit</b></p> <p><i>Communications strategy ICT strategy</i></p>
4d	Develop and implement an integrated personnel /payroll system	Efficient processing of transactions and information transfer	<ul style="list-style-type: none"> <li>▪ Reduction in administrative costs</li> <li>▪ Reduction in number of transactions</li> <li>▪ Improvement in management information and BVPI 12</li> </ul>	<p><b>Organisational Development, Business connections,</b></p> <p><i>ICT strategy Medium Term Budget Strategy</i></p>
4e	Develop and implement an integrated learning management system	<p>People have greater access to development</p> <p>Improved management information and evaluation of learning and development</p>	<ul style="list-style-type: none"> <li>▪ Reports show staff development undertaken systematically</li> <li>▪ Reports show performance reviews are being undertaken</li> <li>▪ liP assessment and accreditation</li> <li>▪ BVPI 2 a+b</li> </ul>	<p><b>Organisational Development, Business connections,</b></p> <p><i>ICT strategy</i></p>
4f	Develop more effective reporting of management information on people issues	More effective management of performance	<ul style="list-style-type: none"> <li>▪ Year on year improvement against local and BV performance indicators</li> <li>▪ Staff survey results</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p><b>Organisational Development, Business connections,</b></p> <p><i>ICT strategy</i></p>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
4g	Make sure people have the skills to make best use of new technologies	People make full use of new technologies to improve service to the customer	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> <li>▪ liP assessment and accreditation</li> <li>▪ Customer satisfaction survey results</li> </ul>	<p>Organisational Development, Business connections,</p> <p><i>ICT strategy</i></p>
4h	Develop and implement an e-learning programme	<p>Mandatory procedural training is undertaken by all in a timely way</p> <p>Increased access to opportunities for personal and career development</p>	<ul style="list-style-type: none"> <li>▪ Attendance at mandatory programmes</li> <li>▪ Reduction in breaches of procedures</li> <li>▪ Uptake of optional programmes</li> </ul>	<p>Organisational Development, Business connections,</p> <p><i>ICT strategy</i></p>

# Strategy for people

## Key priority 5

### Building capacity

Harrow council will drive and support change and improvement for individuals, teams and services and through working in partnership build capacity for the council as a whole by;

- **Developing competent and confident leaders and managers**
- **Optimising the potential of team and project work for innovation and change**
- **Involving and engaging everyone in change at the earliest opportunity**
- **Developing effective partnerships with trade unions and other partners**
- **Making sure supportive processes are in place for managers to manage performance**

The actions the council will take:

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
5a	Develop and implement a performance management and development framework across the council	A consistent approach to managing performance and development across the council  People are clear about their role and their contribution to delivering services	<ul style="list-style-type: none"> <li>▪ Outcome of CPA</li> <li>▪ Staff survey results</li> <li>▪ liP assessment and accreditation</li> </ul>	<b>Organisational Development</b>  <i>Performance Management framework</i> <i>Competency framework</i>
5b	Develop effective partnerships with the trade unions	Effective employee relations which contribute to achieving the council's objectives	<ul style="list-style-type: none"> <li>▪ Reduction in the number of disputes raised with members/regional/national bodies</li> </ul>	<b>Organisational Development</b>
5c	Develop and implement a capability / competence procedure	Poor performance in the council is identified and remedied  People achieve minimum levels of competence	<ul style="list-style-type: none"> <li>▪ Outcome of CPA</li> <li>▪ Staff survey results</li> <li>▪ Customer satisfaction survey results</li> </ul>	<b>Organisational Development</b>  <i>Performance Management framework</i> <i>Competency framework</i>
5d	Review, develop and implement employment policies procedures	Effective use of people and improved service delivery	<ul style="list-style-type: none"> <li>▪ Outcome of CPA</li> <li>▪ Customer satisfaction survey results</li> </ul>	<b>Organisational Development</b>

## Strategy for people

Ref.	What the council will do	To achieve what	How the council will measure success	Responsibilities & links
5e	Develop and implement a process which makes sure people are consulted and engaged in changes from the start	A more effective change process for both minor and major changes	<ul style="list-style-type: none"> <li>▪ Staff survey results</li> </ul>	Organisational Development
5f	Introduce team based improvement reviews in work and project teams	<p>Improvements in performance through people working collaboratively</p> <p>A learning culture is established</p>	<ul style="list-style-type: none"> <li>▪ CPA</li> <li>▪ Year on year improvement against local and BV performance indicators</li> <li>▪ Staff survey results</li> <li>▪ Customer satisfaction survey results</li> </ul>	Organisational Development
5g	Develop and implement a programme of member leadership development	Highly effective members able to fulfil their leadership, representational and scrutiny roles	<ul style="list-style-type: none"> <li>▪ CPA</li> <li>▪ Investors In People</li> <li>▪ Member Development Charter standards</li> </ul>	Organisational Development
5h	Develop and implement leadership and management programmes based on competency frameworks	Highly effective, ethical leaders and managers who are customer focussed, performance driven and empower their staff	<ul style="list-style-type: none"> <li>▪ CPA</li> <li>▪ Staff survey results</li> <li>▪ Customer satisfaction survey results</li> </ul>	Organisational Development

# Strategy for people

## Keeping the strategy up-to-date

It is important that the strategy is updated as the council changes. The strategy will be formally reviewed and amended every two years.

## Acknowledgements

The council is grateful to the following organisations and people who have contributed to the development of this strategy:

ColArt Fine Art & Graphics Limited  
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Maggie Rees, Training & Development Manager  
Vanessa Young, Assistant Personnel Officer



<b>Meeting:</b>	Overview & Scrutiny Committee
<b>Date:</b>	Tuesday, 2 <sup>nd</sup> March 2004
<b>Subject:</b>	Annual Report of HR Portfolio Holder for 2002/2003
<b>Key decision:</b>	No
<b>Responsible Chief Officer:</b>	Executive Director (Organisational Development)
<b>Relevant Portfolio Holder:</b>	Portfolio Holder For Finance, Human Resources & Performance Management
<b>Status:</b>	Part 1
<b>Ward:</b>	N/A
<b>Enclosures:</b>	None.

## 1. Summary

- 1.1 This report sets out the HR work of the council over 2002/03, the key service objectives and progress made to date implementing these objectives.

## 2. Recommendations

- 2.1 That the Overview & Scrutiny Committee note the report of the HR Portfolio Holder.

## 3. Consultation with Ward Councillors

- 3.1 N/A

## 4. Background Information

- 4.1 Your meeting on 22<sup>nd</sup> January 02 received a report from the Human Resources Portfolio holder which set out how the Personnel service was delivered and work carried out over 2000/01, the key service objectives and progress made to date implementing these objectives. The report also outlined the composition of the council's workforce in terms of ethnicity and gender and detailed the representation of disabled people in the workforce.
- 4.2 The Chair asked for such a report on an annual basis, and this report details progress during 2002/03.

## 5. How The Personnel Service Is Delivered

- 5.1 The HR work in the authority is delivered via the Personnel Services division. Personnel Services is a service unit within the Chief Executives department. There are 8 separate units within the service. These include departmental Personnel units that provide a comprehensive service to all departments of the council; the occupational health and health and safety units; payroll; pensions; training and development; and the workplace nursery.
- 5.2 The service is delivered by the council's staff who are largely based at the civic centre. The Occupational Health Service is provided under an agreement with Northwick Park Hospital Trust.

## 6. Key Performance Indicators

- 6.1 Personnel Services are responsible for monitoring and reporting the Council's performance against a range of indicators, including a number of Corporate Health BVPIs.
- 6.2 Compared to 2001/02 the Council has improved its performance against all those Corporate Health BVPIs monitored by Personnel Services. However it has not achieved all its performance targets. Performance compared to last year and the targets for 2002/03 is set out in the table below:

Performance Indicator	2001/2002 Performance	2002/2003 Targets	2002/2003 Performance
(a) <b>BV2</b> - The level of the Equality Standard for Local Government to which the authority conforms.	BVPI amended	Level 1	Level 1
(b) Success Ratio for black and ethnic minority job applicants	0.47	0.7	0.53
(c) The proportion of black and ethnic minority appointments reflect the proportion of black and ethnic minorities in the local community.	39%	42%	44%
(d) <b>BV17</b> - The percentage of black and ethnic minority employees of the total workforce.	23%	25%	27.4%
(e) <b>BV11b</b> – The percentage of black and black and ethnic minority staff in senior management in the top 5% of earners.	BVPI amended	10%	5.3%
(f) To achieve a balanced workforce which reflects the economically active ethnic profile of the local community of Harrow.	23%	25%	27.4%
(g) The proportion of women appointments reflect the proportion of women in the local community	59%	51%	64%
(h) To achieve a balanced workforce which reflects the gender profile of the local community of Harrow.	77% women 23% Men	51% women 49% men	76% women 24% men

Performance Indicator	2001/2002 Performance	2002/2003 Targets	2002/2003 Performance
(i) <b>BV11a</b> - The percentage of Senior Management posts filled by women, based on the top 5% of earners.	BVPI amended	40%	35%
(j) <b>BV16</b> - The percentage of staff of the total workforce declaring a disability.	2.1%	3%	2.4%
(k) The numbers of employees using or subject to the procedures is proportionate to the workforce profile in terms of ethnicity, gender and disability.	Overall black and ethnic minority staff appear to be disproportionately affected except in relation to ill health dismissals.	Proportionate to the workforce profile.	Potentially adverse impact on black and ethnic minority staff only appears in the disciplinary & probationary procedures
(l) That access to training is at least proportionate to the workforce profile in terms of ethnicity, gender and disability.	Target achieved except for black and ethnic minority employees participating in training courses, which is 22%.	Target will not prevent positive action for black and ethnic minority staff, women or disabled staff.	Target exceeded for: BEM 39% Disabled 4% Women 71%
(m) <b>BV12</b> – The number of working days lost due to sickness absence	10.65	9.50	9.98
(n) <b>BV14</b> – The percentage of employees retiring early	0.32	0.45	0.12
(o) <b>BV15</b> – The percentage of employees retiring on grounds of ill health	0.74	0.50	0.47

## 7. **Composition Of The Workforce**

7.1 The number of employees 5637 has marginally decreased compared to 5689 in 2002. (NB all figures are as at 31 March).

### **Black and Ethnic Minorities**

7.2 The overall proportion of ethnic minority employees in the workforce is now 27.4%.

Payband		Profile as at 31.03.03	Profile as at 31.03.02	Profile as at 31.03.01	Profile as at 31.03.00
Band	1 White	67%	70%	68%	71%
	1 Ethnic Minority	33%	30%	32%	29%

Payband		Profile as at 31.03.03	Profile as at 31.03.02	Profile as at 31.03.01	Profile as at 31.03.00
Band 2	White	67%	77%	79%	79%
	Ethnic Minority	33%	23%	21%	21%
Band 3	White	81%	82%	79%	84%
	Ethnic Minority	19%	18%	21%	16%
Band 4	White	88%	93%	92%	93%
	Ethnic Minority	12%	7%	8%	7%

7.3 The Council's local performance indicator for 2002/3 was that the proportion of black and ethnic minority appointments reflects the proportion of black and ethnic minorities in the general population and was set at 42.7%. As can be seen from the figures below, the Council exceeded its target.

ETHNIC MINORITY APPLICANT MONITORING			
Year	Applications	Shortlisted	Appointed
2002-03	59%	52%	44%
2001-02	58%	51%	39%
2000-01	53%	46%	38%
1999-2000	49%	45%	39%

7.4 The table also shows that the proportion of ethnic minority appointments is lower than the proportion of ethnic minority applicants hence the Council has fallen short of its success ratio target of 0.7.

### Disability

7.5 The Council's target for the employment of disabled people is 3% of the workforce. There has been a marginal increase in the number of staff declaring they have a disability, which is 2.4% compared to 2.1% last year.

7.6 The number of applications received from people who declared that they considered themselves to have a disability is 92(2.3%). The number of applicants with a disability shortlisted is 34 (2.6%), and 3 applicants with a disability were appointed out of 382 appointments (0.8%).

### Gender

7.7 The Council set a target of 51% for its local performance indicator that the proportion of women appointments reflects the proportion of women in the local community. The proportion of women appointments for 2001/02 was 64%. The Council has exceeded its performance target.

7.8 The proportion of women applying for posts is 63% compared with 37% for men. The proportion of women being shortlisted is 64% compared with 36% for men. The proportion of women appointed is also 64%. The proportion of women appointed is higher than men at all paybands and is consistently at 60% or above.

- 7.9 An analysis of the number of appointments by payband and comparisons with the previous two years is shown below:

Appointment of Women by Payband				
Payband	2002/03	2001/02	2000/01	1999/2000
Band 1 Men	43	88	45	93
Band 1 Women	68	90	102	210

Band 2 Men	66	50	39	72
Band 2 Women	123	132	91	90

Band 3 Men	21	32	20	15
Band 3 Women	41	24	21	48

Band 4 Men	8	14	5	8
Band 4 Women	12	20	12	10

## 8. Sickness Absence

- 8.1 Employees in Harrow took an average of 9.98 days sickness absence in 2002/03. This compares with 10.65 days last year and is the 3<sup>rd</sup> year on year reduction. However, our sickness absence remains in excess of the target set by government of 9.1 days.
- 8.2 An absence management project has commenced with the intention of accelerating the rate of improvement so that we are able to reach the government target by 2004/05

## 9. Turnover

- 9.1 Around 10% of the workforce leaves each year for voluntary reasons, with 0.12% retiring early and 0.47% of the workforce retiring on grounds of ill health during 2002/03.

## 10. Review Of 2002/03

- 10.1 The launch of the New Harrow Project and the subsequent re-build of the organisation has been the subject of much of HR focus and attention during the year including the restructuring of the Senior Management Team.
- 10.2 Significant numbers of staff were involved in the national strike by UNISON and GMB in support of their national pay claims and the continuing regional strikes by UNISON and GMB and the NUT in support of the London Allowance claim. Although locally the action was, in the main, handled in a responsible manner the disputes created a significant distraction, which adversely affected progress on local employee relations issues.
- 10.3 As part of the continuing programme of development of the workforce, the majority of managers have now attended a development centre where they have been assessed against Harrow's management competencies and as a result attended management development programmes and developed personal development plans.

- 10.4 Supporting the transfer of the Council's domiciliary care service to BNA provided significant challenges but was successfully accomplished including ensuring the transferring staff retained their membership of the LGPS.
- 10.5 Following Harrow's award of Beacon Status for its work in promoting racial equality. The Council hosted a very successful Beacon Conference, which involved Personnel Services presenting its achievements and disseminating information on best practice in employment monitoring with other Councils and communities.

**11. Progress Against Key Objectives**

Key Objective	Progress
<input type="checkbox"/> To review and develop Harrow's recruitment and retention policies, to ensure that it can attract and retain high quality staff in the current labour market.	<input type="checkbox"/> A protocol for implementing market supplements has been developed which has been used for LGV drivers and Planning staff
<input type="checkbox"/> To ensure that the workforce has the skills and competencies required to deliver high quality services.	<input type="checkbox"/> The emphasis in the year was on the development of managers in relation to defined competencies.  <input type="checkbox"/> Over 2000 staff undertook off the job training through the corporate unit with all training courses clearly defining the skills and competencies to be achieved
<input type="checkbox"/> To produce a revised integrated equality policy, ensuring that it meets the CRE Code of Practice and other equality standards and guidance.	<input type="checkbox"/> The Council's revised Equality Policy 'Making a Difference' was launched in June 2002
<input type="checkbox"/> To implement Harrow's Equality Policies to ensure that its Employment Policies and Service Delivery Policies address the needs of Harrow's diverse community.	<input type="checkbox"/> The Council's Race Equality Scheme and 3 year action plan to impact assess all functions and policies was launched in June 02.  <input type="checkbox"/> Three Council Guides on disability were launched in January 03
<input type="checkbox"/> To have a workforce that is representative of Harrow's diverse community.	<input type="checkbox"/> The Council improved it's performance in all areas of workforce representation

Key Objective	Progress
<input type="checkbox"/> To ensure Harrow's resourcing needs are met via effective management of absence and ill health retirement - ensuring that turnover is not excessive and analysing the reason for leaving.	<input type="checkbox"/> Days lost through absence improved but continues to be above target. The number of ill-health retirements remains within acceptable limits  <input type="checkbox"/> Turnover remains within acceptable limits
<input type="checkbox"/> To review and modernise Harrow's Personnel Policies and Policies ensuring that they support service delivery, including developing new ways of working.	<input type="checkbox"/> The Protocol for Managing Organisational Change was developed which underpins the restructuring required to achieve the objectives of the New Harrow Project
<input type="checkbox"/> E-HR - to use technology including the Inter & Intranets to improve, personnel administration transactions, process and performance.	<input type="checkbox"/> Personnel Services launched their intranet site, which contains up to date information for staff on a range of HR information.  <input type="checkbox"/> LGOL funding was obtained to develop an e-learning strategy and e-learning opportunities for Council staff, with an initial e-learning programme developed for recruitment and selection.
<input type="checkbox"/> To ensure that elected members are inducted into the organisation and that they are supported to meet their changed roles in the new political structure.	<input type="checkbox"/> A comprehensive induction programme for new members was developed. A member development panel was formed and funding obtained to provide an on-going programme of member development
<input type="checkbox"/> To develop and implement the Council's response to Single Status	<input type="checkbox"/> Negotiations commenced but became protracted and stalled as a result of UNISON's failure to engage. Negotiations recommenced in 2003.
<input type="checkbox"/> Ensure achievement of IIP within Chief Executive's department	<input type="checkbox"/> The Chief Executive's department was re-accredited as an IIP and the external assessor was impressed by the progress made since initial accreditation three years ago

### What has gone well?

- 11.1 2002/03 was relatively successful for Personnel Services despite resource constraints and a challenging employee relations climate.

## 11.2 Personnel Services has achieved: -

- A second annual benefit statement was issued to all members of the local government pension scheme
- Introduced a task management system to payroll and pensions
- Negotiated an admission agreement for transferring Domiciliary Care staff
- Exceeded the targets for provision of Information Advice and Guidance in training and career opportunities
- Co-hosted a Job and Career Fair focussing on employment opportunities for members of local minority ethnic communities
- Held a series of conferences on Diversity throughout the autumn
- Re-established the in house Certificate in Management and created a pool of coaches and mentors for managers
- Completed a pay and grading review for all jobs in Contract Services
- Health & Safety promoted activities to mark European Safety Week including lifestyle screening, yoga and 'stress busting' classes and supported a working group to address violence and aggression at work.
- Additional support was provided on fire safety during the Fire Brigade Strike.
- Management of Harrow's response and contingency arrangements during the national and regional industrial action by the NUT, Unison & GMB.
- Developed published and launched the Council's revised Equal Opportunities Policy and Race Equality Scheme
- Developed published and launched a series of Council Guides on Disability
- Reviewed and revised the Council's Maternity, Adoption and Paternity Policies to bring them into line with statutory changes and national agreements.
- Contributed to the satisfactory OfsteD assessment of the LEA

### **What has not gone so well?**

- 11.3 We had intended to review the way we recruit in order to improve both the efficiency and quality of our processes and product for example the way we advertise. Recruitment and retention continues to be a problem in specific work areas, though the initiatives introduced during the year are easing the problems for some staff groups. Whilst minor improvements have been implemented a full review is required and is a priority for the next year.
- 11.4 The success rate for black and minority ethnic applicants continues to be below our target. Further work needs to be undertaken to identify potential causes and any remedial action.
- 11.5 Although we have improved our performance, the number of days lost through absence is below the Council and government target. Improving the way we manage absence will be a priority for the next year.
- 11.6 Negotiations to implement Single Status have been delayed by the local UNISON Branch's failure to engage on some of the more difficult issues. Both the Branch and the Council sought support from UNISON Regional Officers but the response was poor and negotiations stalled.
- 11.7 Similar difficulties were encountered during discussions on the Protocol for Managing Organisational Change. As a consequence there was a significant delay in reaching



agreement on the protocol, which is key to the roll out of the restructuring required to achieve the objectives of the New Harrow Project.

11.8 A more systematic approach to member development needs to be developed and greater clarity of roles and responsibility in the member development processes defined

## **12. Key Service Objectives For 2003/04**

- To develop appropriate change management policies, practices and procedures to ensure the effective implementation of the New Harrow Project.
- To develop and align the HR Strategy and HR Development Strategy to the New Harrow Project Corporate Objectives.
- To develop and implement individual performance management schemes that translate corporate objectives into individual targets.
- To develop and implement development programmes for Elected Members and Senior Managers to develop their leadership skills.
- To review and develop Harrow's recruitment and retention policies, to ensure that it can attract and retain high quality staff in the current labour market.
- To ensure that elected members and the workforce have the skills and competencies required to lead and deliver high quality services
- To implement Harrow's Equality Policies to ensure that its Employment Policies and Service Delivery Policies address the needs of Harrow's diverse community.
- To have a workforce that is representative of Harrow's diverse community.
- To ensure Harrow's resourcing needs are met via effective management of absence and ill health retirement - ensuring that turnover is not excessive and analysing the reason for leaving.
- To review and modernise Harrow's HR Policies and Procedures, ensuring that they support service delivery, including developing new ways of working.
- To promote a healthy and safe workplace through appropriate policies and practices.
- To review the structure of the personnel function to ensure that Harrow is managing people in the best possible way and that the Council's strategic objectives are achieved.
- E-HR to use technology including the Internet & Intranet to improve, personnel administration transactions, process and performance.
- To ensure that elected members are inducted into the organisation and that they are supported to meet their changed roles in the new political structure.
- To develop and implement the Council's response to Single Status.

## **CPA/IDeA Improvement Plan**

- 12.1 In March 2003 Cabinet agreed a Working Draft Improvement Plan in response to the Comprehensive Performance Assessment and IDeA Peer Review.
- 12.2 Service objectives will be prioritised to focus on achievement of the 2003 tasks set out under Priority 9 (Human Resources Strategy) of the Improvement Plan which are detailed below:
- Commission bi-annual staff attitude survey
  - Programme of measures to address sickness absence
  - Review current management competencies and management development programme
  - Develop Human Resources Strategy incorporating vision and values (Key Priority 2) and the need to bring about organisational change as part of the New Harrow Project
  - **Areas For Further Development At End Of 2003**  
Audit 6 key policies and then re-write in light of new organisation. Key policies are those for Recruitment and Retention, Grievance, Disciplinary Procedure, Performance Management, Absence, and Training & Development.

## **13. Author**

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## **14. Background Papers**

- 14.1 Reports to the Overview and Scrutiny Committee meetings on 22 January 2002 and 12 February 2003

<b>Meeting:</b>	Cabinet
<b>Date:</b>	17 February 2004
<b>Subject:</b>	Medium Term Capital Budget Strategy & Capital Investment Plan
<b>Key decision:</b>	Yes
<b>Responsible Chief Officer:</b>	Executive Director, Urban Living Executive Director, Business Connections
<b>Relevant Portfolio Holder:</b>	Finance, Human Resources and Performance Management Planning, Development, Housing and Best Value
<b>Status:</b>	Part 1
<b>Ward:</b>	All
<b>Enclosures:</b>	None

1. **Summary/ Reason for urgency (if applicable)**

- 1.1 The purpose of this report is to seek approval to make changes in management of the capital programme to confirm fixed elements of this years programme, and the 'Prudential Borrowing' indicators.

2. **Recommendations**

**Cabinet are asked to : -**

- 2.1 **Agree the improvements to capital programme management set out in 6.1 (a) to (c)**
- 2.2 **Agree the delegations as follows: -**  
6.1 c) ii) **Invest to Save Fund - Executive Director, Business Connections in consultation with the Portfolio holder.**  
6.1 c) iii) **Small Projects/ New Innovations fund - Executive Director, Business Connections.**
- 2.3 **Agree development of the project plan set out in 6.2**
- 2.4 **Confirm the fixed capital programme in 6.3**
- 2.5 **Recommend to Council the 'Prudential Borrowing' Indicators for approval.**

**REASON: To improve the management and delivery of the Capital Programme whilst operating under the new 'Prudential Borrowing' indicators**

### 3. **Consultation with Ward Councillors**

3.1 None

### 4. **Policy Context (including Relevant Previous Decisions)**

4.1 Cabinet agreed on 18<sup>th</sup> February 2003 to approve the approach to management and monitoring of the capital programme and its extent for 2003/4. Cabinet in July also received budget guidelines which included a move to three year capital programmes. Throughout this year the new 'Prudential Borrowing' indicators have emerged from the Government. From these the Council must integrate as far as possible its capital and revenue spending plans. For these reasons the Council should move forward from its position at this time last year to ensure greater effectiveness in its Capital Programme development and delivery.

### 5. **Relevance to Corporate Priorities**

5.1 These recommendations relate to all of the Corporate Priorities

### 6. **Background Information and options considered**

6.1 The following key tasks should be undertaken to ensure sound management of the capital programme in line with both Government requirements and best practice:-

- a) 'Fast tracking' of the 2004/5 capital programme in order to minimise 'slippage' throughout the year. 'Fast tracking' will involve acceleration of the programme by engaging professional resources in the normal manner to prepare suitable project briefs, project design and project delivery, but doing so both as early as possible in the financial year and with significantly more schemes in progress at any one time than at present.
- b) By November 2004 members to receive a three year, needs based proposed capital programme with an element of consultation built in together with identified revenue consequences linked to revenue budget proposals
- c) Establishment of the following Capital funds to provide flexibility in development of the programme, and engender innovations in capital investment opportunities : -
  - i) Feasibility Studies Fund - £500,000 (funded from capital programme).
  - ii) Invest to Save Fund - £500,000 (individual business cases to be approved by Executive Director Business Connections in consultation with the Portfolio holder) - self financing in terms of consequential year on year revenue effects.
  - iii) Small Projects/ new innovations fund - £250,000 (individual business cases up to £25,000 to be approved by Executive Director Business Connections).
  - iv) For 2004/5 only £50,000 for development of outline business cases for projects seen as urgent/opportune to develop, but which are not part of the

agreed 2004/5 capital programme. Outline Business Cases for capital projects will form part of the Medium Term Budget Strategy, and be revenue funded for subsequent years.

- v) Confirm that in respect of acquisitions and disposals professional fees will form part of the total costs, or will be netted off against the gross receipt.

6.3 Confirm the following fixed aspects of the programme for 2004/5:

- i) Transport for London £4.011 million
- ii) Education £3.455 million
- iii) Disabled Facilities Grants £667,000
- iv) Improvement Grants £1.2 million

6.4 Recommend for approval to Council the 'Prudential Borrowing' indicators set out in Appendix I which the Council needs to follow in complying with good practice.

6.5 Note that a further report will be presented to Cabinet in March proposing a detailed Capital Programme for 2004-05.

## 7. **Consultation**

7.1 None

## 8. **Finance Observations**

8.1 All included within the body of the report

## 9. **Legal Observations**

9.1 Prudential Borrowing compliance is the Councils Section 151 Officer's responsibility. The relevant legislation is set out in Appendix 1 of the report.

## 10. **Conclusion**

10.1 More effective delivery of a medium term needs based capital programme will make a significant contribution to the development and support of services to the community provided by the Council.

## 11. **Background Papers**

11.1 Prudential Borrowing Regulations ODPM - 10 December 2003  
Prudential Borrowing Guidelines from CIPFA – November 2003  
Councils Capital Programme 2003/4

## 12. **Author**

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## APPENDIX 1

*Note: the Council Tax Band D rates quoted in this appendix are provisional at this stage and may be subject to change when the revenue budget is finalised.*

### Prudential Indicators

1. The Local Government Act 2003, has replaced the existing regime set out in Part IV of the Local Government and Housing Act 1989, with the Prudential Code for Capital Finance with effect from 1 April 2004. The key objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent, sustainable, and follow good practice. The Section 151 Officer has to recommend to Council a series of indicators in relation to the above. This sets out the proposed indicators for the Council.
2. **To demonstrate that each authority fulfils these objectives the Code sets out a number of indicators and factors that must be considered. Set out below are the indicators which must be approved at the same time as the council's revenue and capital budgets are set.**

### Capital Expenditure

2. The actual capital expenditure that was incurred in 2002-03 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are shown in Table 1. The current capital programme has recently been reclassified to reflect the revised departmental structure, the actual for 2002-03 is not available in this format and therefore totals only are shown.

**Table 1****CAPITAL EXPENDITURE**

	2002-03 £000 Actual	2003-04 £000 Estimate	2004-05 £000 Estimate	2005-06 £000 Estimate	2006-07 £000 Estimate
<b>Approved Programme</b>					
Business Connections		3,235			
Chief Executive's		125			
People First		6,409	2,331		
Urban Living - Housing (non HRA)		1,617	1,916		
Urban Living – Other		12,159	4,794	489	213
Organisational Development		0			
Capitalisation		1,914			
<b>Total non HRA</b>	<b>15,801</b>	<b>25,459</b>	<b>9,041</b>	<b>489</b>	<b>213</b>
HRA	5,441	6,380	3,087		
<b>Total</b>	<b>21,242</b>	<b>31,839</b>	<b>12,128</b>	<b>489</b>	<b>213</b>
<b>ADDITIONAL EXPENDITURE FUTURE YEARS</b>					
<b>Specific Funding Items</b>					
Transport for London			4,010	4,010	4,010
Education Grant Funding			1,588	1,588	1,588
<b>Housing Revenue Account (HRA)</b>					
Major Repairs Allowance			3,660	3,687	3,719
Rev Contrib to Capital Outlay			873	825	1,210
<b>Borrowing (£12m in total)</b>					
Supported			4,674	4,674	4,674
Unsupported			7,326	7,326	7,326
<b>Capital Receipts</b>					
General Fund			1,700	2,300	1,000
Right to Buy			2,200	1,650	1,100
<b>Sub total</b>	<b>21,242</b>	<b>31,839</b>	<b>38,159</b>	<b>26,549</b>	<b>24,840</b>
Over programming at 15% of additional expenditure			3,905	3,909	3,694
<b>Total Proposed Programme</b>	<b>21,242</b>	<b>31,839</b>	<b>42,064</b>	<b>30,458</b>	<b>28,534</b>

**Ratio of Financing Costs to Net Revenue Stream**

4. The financing costs of the council include interest payable in respect to borrowing, finance leases and other long-term liabilities and the minimum revenue provision or its successor under the new legislation. Netted off against these expenses is interest earned on investments. In order that comparisons may be made between authorities the Prudential Code states that figures should be taken directly from a council's accounts and balance sheets.

5. Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2002-03 are:

	2002-03	2003-04	2004-05	2005-06	2006-07
	£000	£000	£000	£000	£000
	Actual	Estimate	Estimate	Estimate	Estimate
Non-HRA	4.5%	4.3%	4.0%	4.1%	4.1%
HRA	31.3%	25.8%	26.4%	29.0%	28.1%

6. Estimates of the end of year Capital Financing Requirement for the authority for the current and future years and the actual Capital Financing Requirement at 31 March 2003 are:

As at 31 March	2003	2004	2005	2006	2007
	£000	£000	£000	£000	£000
	Actual	Estimate	Estimate	Estimate	Estimate
Non-HRA	77,989	81,509	90,249	98,639	106,694
HRA	27,878	21,650	22,050	22,450	22,850

7. In day-to-day cash management no distinction can be made between revenue cash and capital cash, meaning that external borrowing can arise as a result of the combined financial transactions of the authority and not simply those that arise from capital expenditure. In contrast, the Capital Financing Requirement measures the council's underlying need to borrow purely for capital purposes. In accordance with best practice, the council does not associate borrowing with particular items or types of expenditure. The Cabinet approves a treasury management strategy on an annual basis and has adopted the 'CIPFA Code of Practice for Treasury Management in the Public Services'.
8. The Band D Council Tax that would result for the 2004-05 from the totality of the capital and revenue plans recommended in the Budget report is £1,041. With respect to the HRA the average weekly rent that would result for 2004-05 is £77.42.
9. Forward estimates for the Band D Council Tax for 2005-06 and 2006-07 are £1,074 and £1,105 respectively, and for the HRA the average weekly rent would be £79.51 and £81.65. These forward estimates are not fixed and do not commit the council. They are based on the Council's existing commitments, current plans and the totality of the capital and revenue plans recommended in this budget report. There are no known significant variations beyond this timeframe that would result from past events and decisions or the proposals in this budget.
10. The estimate of the incremental impact of the capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the council are:

	2004-05	2005-06	2006-07
Band D Council Tax	£2.19	£10.07	£17.95
Average weekly housing rents	£1.50	£1.52	£1.54



## Borrowing

11. The Code includes the following as a key indicator of prudence:

*“In order to ensure that over the medium term borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the Capital Financing Requirement in the previous year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years.”*

12. In respect of its external debt, it is proposed that Cabinet recommends to Council that it approve the following Authorised Limits for its total external debt gross of investments for the next three financial years. These limits separately identify borrowing from other long-term liabilities such as finance leases. When approving these limits it is also recommended that authority be delegated to the Council’s Chief Finance (Section 151) Officer to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority, always providing that the total limit for the year is not exceeded.

### Authorised Limit for External Debt

	2003-04	2004-05	2005-06	2006-07
	£m	£m	£m	£m
Borrowing	228	206	222	238
Other long term liabilities	n/a	<u>3</u>	<u>6</u>	<u>6</u>
<b>Total</b>	<b>228</b>	<b>209</b>	<b>228</b>	<b>244</b>

13. The limit shown for 2003-04 is that reported to Cabinet at its meeting on 18 February 2003 approved under the previous system of capital controls.
14. These authorised limits are consistent with the authority’s current commitments, existing plans and the proposals in the body of this report, for capital expenditure and financing. The Limits are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom to allow for operational management e.g. unusual cash movements. Plans for capital expenditure, estimates of the Capital Financing requirement and estimates of cash flow requirements for all purposes have been taken into account.
15. Cabinet is also asked to recommend to Council approval of the following Operational Boundary for external debt for the same time period. The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit, but excludes the additional headroom included to allow for example for unusual cash movements. The Operational Boundary represents a key management tool for in year monitoring by the Chief Finance Officer. As with the Authorised Limit figures for borrowing and other long term liabilities are separately identified. When approving these limits it is also recommended that authority be delegated to the Council’s Chief Finance (Section 151) Officer to effect movement between the separately agreed limits for borrowing and other long term liabilities, in a similar to fashion to the Authorised limit. Any such changes will be reported to Cabinet at the earliest opportunity following the change.

## Operational Boundary for External Debt

	2003-04	2004-05	2005-06	2006-07
	£m	£m	£m	£m
Borrowing	205	179	195	211
Other long term liabilities	<u>n/a</u>	<u>3</u>	<u>6</u>	<u>6</u>
<b>Total</b>	<b>205</b>	<b>182</b>	<b>201</b>	<b>217</b>

The limit shown for 2003-04 is that reported to Cabinet at its meeting on 18 February 2003, excluding the allowance made for short term debt.

16. The Council's actual external debt at 31 March 2003 was £163.0m with additional long-term liabilities of £0.1m.
17. In making its recommendations to Council with regard to this report Cabinet is asked to note that the Authorised Limit determined for 2004-05 will be the statutory limit determined under section 3 (1) of the Local Government Act 2003.

<b>Meeting:</b>	Overview and Scrutiny Committee
<b>Date:</b>	2 March 2004
<b>Subject:</b>	Improvement Progress Report and Best Value Performance Indicators - Quarterly Monitoring Report
<b>Key decision:</b>	No
<b>Responsible Chief Officer:</b>	Executive Director (Organisational Development)
<b>Relevant Portfolio Holder:</b>	Finance, Human Resources and Performance Management
<b>Status:</b>	Part I
<b>Ward:</b>	N/A
<b>Enclosures:</b>	Appendix A – CPA/IDeA Improvement Plan – Progress Report Proforma Appendix B – Quarterly Performance Monitoring Statement

1. **Summary**

- 1.1 This report provides a progress report on the action taken to implement the Council's Improvement Plan in response to the Improvement & Development Agency's (IDeA) and Comprehensive Performance Assessment (CPA) reviews of last year. It also presents the quarterly monitoring report of the Best Value Performance Indicators for 2003-4.

2. **Recommendations (for decision by the Overview & Scrutiny Committee)**

- 2.1 That the Committee note the progress report proforma attached as appendix A.
- 2.2 That a further report be made to the July Committee detailing progress over the year together with an amended Improvement Plan for the coming year.
- 2.3 That the BVPI Monitoring report be noted.

**REASON:** To assess progress against the CPA/IDeA Improvement Plan and to enable progress against the Council's performance targets to be assessed and action taken where necessary to improve performance.

3. **Consultation with Ward Councillors**

Not Applicable

#### **4. Policy Context (including Relevant Previous Decisions)**

- 4.1 The Improvement Plan is closely related to the decisions involved in setting up the New Harrow Project, as agreed by Cabinet in July 2002. Cabinet at its meeting on 17<sup>th</sup> December 2002 agreed (Minute 35) the plan as a working draft and that progress be reported to Cabinet on a quarterly basis. Cabinet on 18<sup>th</sup> March 2003 (Minute 215) agreed an updated version of the plan. The Overview and Scrutiny Committee considered the Improvement Plan on 10 July 2003, and considered quarterly progress against the Plan on 23 September and 25 November 2003.
- 4.2 The council is required to report annually on a series of Best Value Performance Indicators that are determined by the Audit Commission. Progress is reported annually through the council's Best Value Performance Plan.
- 4.3 Quarterly monitoring of the indicators enables the council to assess progress against the targets set and take corrective action when performance is not on track.

#### **5. Relevance to Corporate Priorities**

- 5.1 This report is relevant to all of the vision and the strategic corporate priorities as agreed by Cabinet in May 2002.

#### **6. Background Information and options considered**

##### Improvement Plan

- 6.1 During 2002, the Council underwent two external assessments – the IDeA Peer Review and Comprehensive Performance Assessment. Both reports reached similar conclusions, that Harrow had both strengths and weaknesses and that there was room for improvement, particularly in some areas of delivering services to customers. CPA assessed the Council as 'weak' overall. This has now been revised to 'fair'.
- 6.2 Attached as appendix A is a proforma which details the action taken to date against the nine priority areas contained within the Improvement Plan. The proforma identifies the priority area, the Chief Officer and Designated Portfolio Holder responsible for that priority area, the task to be completed, the officer responsible for the task and, in the final column, progress to date and an additional column to earlier report progress against target dates.
- 6.3 Significant action has been taken on all priority areas although further work is required to complete the following:
- Corporate Plan
  - Recruitment to Senior Management Structure
  - Performance Management Systems
  - Review of Financial Regulations
  - Community Strategy for Harrow




## Best Value Performance Indicators

- 6.4 The Council is required each year to report progress against the Best Value Performance Indicators and our local targets in its Best Value Performance Plan. We must set that information in context by reporting their out-turn performance against the targets set for each indicator at the start of the year, and explain significant differences between targets and actual performance.
- 6.5 The council has instituted quarterly monitoring to enable progress to be established and where necessary corrective action taken.
- 6.6 This report presents the quarterly monitor of Best Value Performance Indicators for the first nine months of the year.
- 6.7 The detailed information is contained in appendix B which provides data for Quarter 3, 2003/04 (September - December) and, where available separately, Quarters 1 (April - June) and 2 (July - September).

The appendix provides information on the: -

- 2002/3 out turn
- the council's' quartile position in London (NB this has been updated to reflect the 2002/3 data now available)
- the target for 2003/4
- out turn performance for the quarter

The symbols in the Target and Trend columns have the following meanings:

<b>Symbol</b>	<i>In the Target Column</i>	<b>In the Trend Column</b>
	Performance in the quarter has surpassed the target plus tolerance*	Performance in the quarter is better than that in the previous quarter
	Performance is on target or within tolerance*	No change in performance from previous quarter/no clear trend
	Performance is below target and tolerance*	Performance is worse than in previous quarter.  NB there is no arrow in the trend column – where there is no data in the previous quarter

\*'Tolerance' has initially been set at  $\pm 5\%$  from target.

- 6.8 Managers have been asked to provide an exception report where variance from target exceeds tolerance and these commentaries appear in the rightmost column of the spreadsheet. In some cases the word "Exception" appears on its own: this is generated by a formula, which compares Q2 performance with target, and indicates that an exception report is due but has yet to be received.
- 6.9 A considerable number of BV indicators are not (or not currently) capable of quarterly reporting. For completeness, they have been included in appendix 3.

6.10 It is proposed that the next (Quarter 4) will be provided to Cabinet in May 2004 and to the next Overview and Scrutiny Committee.

7. **Consultation**

7.1 Within the process for the IDeA review and the Corporate Assessment element of the CPA, a wide range of partner organisations were consulted by those carrying out the assessment. For the reviews and inspections contributing to the core services, which were included in the CPA, consultation was a key part of Best Value Review and was incorporated by inspectors within their new agreed frameworks.

8. **Finance Observations**

8.1 None

9. **Legal Observations**

9.1 None

10. **Conclusion**

10.1 All services have set targets for improvement for 2003/04 to 2005/06 in the Best Value Performance Plan. Quarterly reporting of performance on the Best Value Performance Indicators enables the Authority to monitor progress on achieving targets in a more effective way and will highlight potential problem areas in advance.

11. **Background Documents**

Improvement and Development Agency Review (May 2002)

Comprehensive Performance Assessment (July 2002)

Improvement Plan for the IDeA Review and the Comprehensive Performance Assessment



12. **Author**

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**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**



Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
<p><b>Improving services for local citizens</b></p>	<p>PO/TL</p>	<p>BS/MD/PO'D</p>	<p>Andrew Trehern</p>	<p>Establish New Harrow Project including Area Delivery Model and subsequent extension to other areas following evaluation of pilot. Joint working with Primary Care Trust and other partners to be included</p>	<p>South Harrow Public realm maintenance Services Pilot, launched November 2002, has been reviewed by Audit Commission Inspectors, Scrutiny Committee and the New Harrow Project Pilot Panel. All deemed it to be a success.</p> <p>Cabinet on 17<sup>th</sup> July agreed to the phased implementation of this approach starting October 2003 and ending March 2006.</p> <p>NHP Operational Area 2 "Central Harrow" was commissioned on 1 October 2003. The initial deep clean completed by the end of December.</p>	<p align="center"></p> <p align="center"></p>

**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
					Capital investment project of £250k is in progress within the Town Centre to improve quality of the street infrastructure.	✓
					Operational Area 3 is “the Kentons”. Will be commissioned on 5 January 2004.	✓
					Operational Area 1 is operating well with consistently good standards of maintenance and high levels of customer satisfaction being maintained.	
					Partnership working the police is developing very well.	
					The formation of the new Area Community Safety and Maintenance Services Department has now begun. The potential of the services merged within the new Department will be maximised during 2004/05.	↕







**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
	PO	BS	Javed Khan	Put in place action plans for all recent external inspections and ensure that progress on the plans is regularly reported to Members	<p><b>Education</b>  <u>Re: Ofsted LEA Inspection</u>                      All key actions have either been addressed or have been integrated within the Education Strategy that is monitored and evaluated annually and reported to Members.</p> <p>Progress on the action plan was considered at 3 meetings of the Lifelong Learning Scrutiny Committee. The action plan was signed off through a report to the Cabinet.</p> <p>The DfES's SEU adviser met regularly with officers to check progress. He confirmed, in writing, that all actions were being addressed.</p>	<p align="center"></p> <p align="center"></p>

**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
					<p><b><u>Adult Learning Inspection</u></b>                      A post-inspection action plan has been submitted to the Learning &amp; Skills approved the plan. It is now being implemented. Council who have</p>	↕
	PO'D		Brynn Hodgson		<p><b><u>Environment</u></b>                      Urban Living is undertaking a three stage Best Value review/inspection of the Environment.                      Stage I- the South Harrow Project is the only recently inspected service and the Audit Commission has made recommendations and an action plan has been produced.                      A Stage II inspection will take place in March 2004 and discussions about the scope of the review are to be held with the inspectors from Deloitte and Touche in October.</p>	↕

**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
					Discussions have taken place and Stage II inspection will take place in March 2004.	
					An improvement plan to address performance in Planning is being finalised.	
	KB		Mick Wright		<b>Housing</b> Housing was awarded Beacon Status for Tackling Homelessness in 2003/4.	
					The BVR of Your Home Your Needs was reported to the BVAP in September. Cabinet approved the Improvement Plan in October. An inspection will take place in November 2003 and the outcome will be reported to BVAP after that. Cabinet will need to approve an amended Improvement Plan. (NB Outcome of Housing Inspection 2 starts with promising prospects for improvement).	


**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
					<p>Following approval to set up an Arms Length Management Organisation a further inspection of Landlord Services functions is anticipated around October 2004.</p> <p>The arrangements for submitting performance management reports to Members and for gaining Member approval to amendments will depend on whether or not the function is delegated to the ALMO through to management agreement but a revised Housing Information Bulletin, developed with the Housing Portfolio Holder will contain regular reports on key Pls such as rent collection and void properties.</p>	<p align="center"><b>X</b></p> <p>Date for ALMO 'Going Live' has been deferred to enable effective implementation.</p>








**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Jill Rothwell / Paul Osburn / Nick Bell / Tony Lear	Appoint new senior management team and develop the directorate structure.	All four Executive Directors are now in posts. 9 of the 13 Director posts are filled, including the Director of Finance & Business Strategy (151 Officer) who takes up appointment on 1.3.04.  Remaining 2 posts are in process of being filled. 2 Area Director posts roles are under further consideration.	<b>X</b>  Target dates for appointments delayed due to recruitment difficulties.
			Jon Turner	Put in place an organisational change agreement with UNISON and the teacher trade unions.	Report to Employee's Consultative Committee 8 July 2003 agreed document – subject to further discussions on protection arrangements.	
<b>Strategic Planning</b>	JM/JR/NB	SD	Jill Rothwell	Ensure that the Council's vision and values are fully incorporated into, and help determine, the content of service priorities.	Vision is incorporated within Corporate Plan and Corporate Plan will shape service priorities.	<b>X</b>  Target dates missed due to delay in finalising Corporate Plan.

**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Jill Rothwell	Devise a system of corporate performance management (based on the principles in the Best Value Plan); ensure that this is built into all service plans, it is cascaded into units' planning processes and individual officers' accountabilities, and that it provides data for Members and officers to make informed decisions to achieve the corporate priorities.	Performance Management System is being developed. Will utilise evaluation of this year's BVPP and BVPI experience.  Agylis is working with the Council on a partnership basis to develop a Council-wide Performance Management system.	  Target date of September 2003 not achieved
			Nick Bell	Establish Business Connections directorate to rebuild business processes, including financing in 2002-04 and in future budgets.	Director of Finance & Business Strategy advertised externally – closing date 9 July. However post was not filled. Post now filled and candidate takes up appointment on 1 March 2004. Director of Business Services filled by internal ringfence. Directorate went 'live' 1 October 2003. Cabinet agreed ICT Strategy 14 October 2003. Cabinet 12 January 2004 agreed creation of Strategic Partnership.	
			Carol Cutler	Develop a framework ICT Strategy before decision making whether to enter into partnership with an external provider to drive forward the change process.		





**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Nick Bell	Commence next phase of Implementing Electronic Government (IEG) Action Plan, including investment in South Harrow Portal jointly with the Local Strategic Partnership.	LGOL funding served to deliver key aspects of e-government, including web site development. PIP for individual projects completed and progress reported to HSP Executive	✓
			Nick Bell	Agree provision for an ICT investment strategy in the 2003/04 budget to meet priorities, with reductions identified in ongoing costs.	Investment strategy agreed as part of MTBS for March 2004 – May 2006. Funding allocated over 3 years of MTBS. ICT strategy approved during October 2003.	✓
<b>Financial Strategy</b>	NB	SD	Nick Bell	Appoint a permanent Chief Financial Officer.	Post of Director of Finance & Business Strategy has been externally advertised. Post now filled.	✓ Initial target of July 2003 not achieved due to recruitment difficulties


**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
				Institute a programme of budget-awareness training amongst all officers who have financial responsibilities including training, improved access to budgetary accountabilities and levels of delegated authority.	12 basic financial management workshops have been developed and delivered in May/June 2003 to raise awareness of budget monitoring and financial regulations. All departments have written schemes of delegation although these will need to be reviewed as part of the restructuring of the Council and in the light of any revised financial regulations. Longer term training programme to be agreed by September 2003 although this may have resource implications due to the lack of capacity in corporate and departmental finance teams. Financial Regulations review started April 2003 – currently on target with a view to being operational for 2004-05. Work on a budget management handbook still at a very early stage and again may have resource implications due	<p>✓</p> <p>✗</p> <p>Target not achieved due to lack of resource.</p>




**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
					to the lack of capacity in corporate and departmental finance teams.	
			Nick Bell	Establish realistic and robust base budgets throughout the Council, with new agreed base budgets or changes in policy where necessary and an in-depth review of Social Services base budgets.	Key high risk base budgets reviewed and made realistic during 2003/04 budget process as part of Medium Term Budget Strategy (MTBS) with an additional £1.7 million added to the budget. Further work on other base budgets will continue during 2003-04 in preparation for the 2004-05 budget. Review of Social Services Budgets completed and additional resource allocated.	
			Nick Bell	Complete a process for medium-term planning.	An initial Medium Term Budget Strategy was agreed as part of setting the 2003-04 budget. The strategy has been reviewed and refined during 2003 in the build up to the 2004-05 budget to take into account changing circumstances and the balance between the cost of services and the Council Tax.	





**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Nick Bell/Perry Scott	Complete the cross-cutting Best Value review of procurement and implement its recommendations, including establishing a procurement team and ensuring the procurement strategy is developed.	<p>The Corporate Procurement Team was established in Jan 2003, with the final member of the team being appointed July 2003.</p> <p>The improvements achieved from the Procurement Best Value Improvement Plan and further development to the Strategy launched in Oct 03.</p> <p>In addition to the Strategy the Procurement team launched the revised Contract Procedure Rules in Oct 03, these will cover all aspects of procurement. In order to assist Offices they will also be supplied with an e-toolkit to facilitate ease of compliance with the rules.</p>	




**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
<b>Role of Elected Members</b>	JM	AF	Joyce Markham	Strengthen political leadership, including realigning portfolio holding with new management structure, establishing an all party Cabinet membership of Best Value Advisory Panel in place and ensuring Cabinet overview of interagency working on safeguarding.	An initial programme developed through discussions with University of Birmingham on tailored programme for members on leadership and community governance was scheduled for late 2003. Political group mentoring under discussion	
			Nick Bell	Identify clear and focussed policy priorities and non-priorities as part of the budget process.	Work on priorities as part of developing the Corporate Plan, developing the initial Medium Term Strategy, and designing a budget process for 2004-05 that links resources to priorities and service delivery produced in August 2003. The resulting strategic position statements formed a key part of the budget process for 2004/5.	
			Jill Rothwell	Identify budget and lead officer(s) for Member development to drive change, especially focussing on Members' strategic roles and responsibilities, including participation in a Local	Budget for Member development identified and located with Executive Director (Organisational Development). Member development programme produced in	




**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
				Government Information Unit programme on political leadership.	conjunction with Member Development Working Group published on a regular basis.	
					Research has identified that University of Birmingham is more able than LGIU to provide tailored programmed training for members. Member development workshops on strategic approach to community governance and developing leadership capacity after CPA are planned for Autumn 2003. Programmes will now take place in March 2004	 Targets dates missed as result of tailoring programmes to meet specific needs
<b>Renewing local partnership(s)</b>	NB	NS	Bindu Arjoon-Matthews	Develop the Harrow Partnership into the Local Strategic Partnership for Harrow	Harrow Strategy Partnership (HSP) launched on 20 May 2003	
	JR	NS	Bindu Arjoon-Matthews	Develop, consult and publish the Community Plan.	Draft Community Strategy Plan considered by Cabinet for consultation with partners, residents and stakeholders in November 2003.	

**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**



Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
				Rebuild the Drugs Action Team and the Crime & Disorder Reduction Panel to improve focus on crime reduction	Initial consultation phase now complete and outcomes to be considered by HSP Board on 26 January.  Safer Harrow Management Group met meet for the first time in September 2003 with agreed terms of reference. It will report to the HSP Executive and lead on the development of the merged DAT/CDRP	
<b>Customer focussed approach</b>	NB/JR	NS/KB	Jill Rothwell	Implement Service Improvement recommendations from the Best Value First Contact review. Obtain agreement on the Fundamental Step Change options in the review and begin planning the way forward.	Most Service Improvements now Implemented. Signage is being updated following new corporate logo decision at September Cabinet.  Consultants have been engaged to identify the actions needed to ensure progress of the Step Change options. Draft report to be produced January 2004.	  

**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**


Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Bindu Arjoon-Matthews	Identify what the Council currently does to engage with the community, review strengths and weaknesses, agree the elements of a good community engagement strategy and decide upon which activities to cease, which to do differently and which to introduce.	4 community and voluntary sector representatives have been elected to the Board of the HSP. One representative sits on the Executive. As part of the consultation on the Community Strategy, a voluntary sector forum is being established . Alongside the Grants Review being done within the Council, a review of the Council's approach to Community Development will be scoped in November 2003.	
<b>Internal &amp; external communication</b>	JM	AF	Peter Brown	Complete a new Council Communication Strategy, taking account of the New Harrow Project.	New communication strategy agreed by Cabinet in September 2003.	
				Organise media training programme for Members and senior officers.	Media training session for members arranged in June – further session to take place on 10 <sup>th</sup> February 2004. Senior officer programme being arranged.	




**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
				<p>See Best Value First Contact.</p> <p>Expand intranet, especially for internal communication, and service information</p>	<p>Additional service information and internal feature incorporated as part of continuing programme.</p> <p>Intranet re-launched on 1 October 2003.</p>	
<b>Human Resources Strategy</b>	JR	SD	Maggie Rees/ Jon Turner	Commission bi-annual staff attitude survey.	<p>Workplace survey commissioned from the Work Foundation based on a format which will enable benchmarking against other London Boroughs. A project outline has been developed to achieve completion of the survey by Dec 2003.</p> <p>Survey completed and draft report of outcomes received.</p>	


**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Jon Turner	Programme of measures to address sickness absence.	<p>Improved monitoring and management of absence resulted in the number of working days per employee lost due to sickness falling from 10.65 to 9.98 in 2002-03 (BVPI 12).</p> <p>The programme of measures is ongoing and Marsh Consultants have been engaged to undertake an audit and review of current Council policies and practices. A 'desk top' review of relevant policies and procedures was undertaken in March, followed in April by meetings with key stakeholders including representatives from the trade unions and Occupational Health Service. The information gained from these interviews formed the basis for a series of focus groups held in June involving managers and staff from all services. Marsh reported back with</p>	

**APPENDIX A - CPA IDeA – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**


Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
					their findings in October 2003 and an action plan to ensure implementation has been agreed.	
			Maggie Rees	Review current management competencies and management development programme.	Analysis of the results from the development centres using the current competencies has been completed and key areas for improvement have been identified. A review of the current Certificate in Management programme has also been completed and options for change identified and implemented. A DMS programme will run for the first time in 2004/5. An outline framework for revised competencies and management development programme is under development and will be implemented from Feb 2004	


**APPENDIX A - CPA IDEa – IMPROVEMENT PLAN – PROGRESS REPORT DECEMBER 2003**

Priority Area	Chief Officer Responsible	Designated Portfolio Holder	Officer Responsible for Task	Task	Progress to Date	Progress Against Target Dates
			Jon Turner	Develop Human Resources Strategy incorporating vision and values (Key Priority 2) and the need to bring about organisational change as part of the New Harrow Project.	A Project Outline for developing a HR Strategy has been agreed. In order to facilitate meaningful consultation, the target date for completion has been revised. Consultation workshops for key partners and stakeholders took place on 18 July.  Draft strategy will be produced by January 2004 and be considered by Cabinet in March 2004	 Original target of September 2003 not achieved. Revised target March 2004 agreed in view of resource limitations

**Key:**

 - Task achieved by target date

 - Task underway and further work required

 - Task outstanding and target date not achieved.

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)											
P/No.	CORPORATE HEALTH	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
1a	Does the authority have a Community Strategy, developed in collaboration with the local strategic partnership, for improving the economic, social and environmental well being in a way that is sustainable?	No	N/A	No	No	No					
1b	By when (mm.yy) will a full review of the community strategy be completed? If such a review was scheduled for this year, was it completed on time?	-	N/A	-	-	-					
1c	Has the authority reported progress towards implementing the community strategy to the wider community this year? If no, by when (mm.yy) will this be undertaken?	-	N/A	-	-	-					
1d	By when (mm.yy) does the authority plan to have such a strategy in place? Are the partnership arrangements in place to support the production of the strategy?	1-May-04	N/A	1-May-04	1-May-04	1-May-04					
2a	The level (if any) of the Equality Standard for Local Government to which the authority conforms.	1	[2]	2							
2b	The duty to promote race equality: checklist score		N/A	60%							
8	The percentage of invoices for commercial goods and services that were paid by the authority within 30 days of such invoices being received by the authority.	84.00%	[2]	88.00%		71.00%	79.37%		↓	↑	The accounts payable was upgraded in June 2003 which has had an impact on the speed of data input. In order to maintain target for processing invoices and avoiding delays in payment, the planned additional data input to monitor receipt of invoices for payment and advising departments of their performance in processing invoices for payment has not been done. As previously reported, the implementation of e-procurement system and rollout of purchase cards during 2004/2005 will enable 100% target achievement.
9	Percentage of Council Tax collected.	97.20%	[1]	98.00%	35.08%	64.18%	89.20%			↑	Collection is in line with expected results for 2003/2004. Please note that the Quarterly figures are cumulative; the key results will be those shown at Quarter 4.
10	The percentage of non-domestic rates due for the financial year which were received by the authority.	99.20%	[1]	99.25%	41.01%	73.94%	92.23%			↑	
11a	The percentage of top 5% of earners that are women.	35.30%	[3]	37.50%		32.70%			↓		The figure is calculated at 1/2 and full year. The senior management restructuring has to date resulted in a reduction in women in Senior Posts
11b	The percentage of top 5% of earners from black and minority ethnic communities.	5.30%	[4]	7.50%		7.00%			↓		The figure is calculated at 1/2 and full year. The senior management restructuring has to date resulted in an increase in BEM in Senior Posts which if continued will result in us achieving our full year target

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
12	9.98	[2]	9.50	2.58	4.51	7.35				The figure is cumulative and can only be compared to the target at the end of the fourth quarter, however the projected outturn is now below target although an improvement on the previous year.
14	0.12%	[1]	0.45%		0.23%			↑		The actual numbers are so small that minor variations result in disproportionate variances
15	0.47%	[3]	0.35%		0.14%			↑		The actual numbers are so small that minor variations result in disproportionate variances
16	2.40%	[2]	3.00%		3.00%			↔		The figure is calculated at 1/2 and full year. The target had been achieved at 1/2 year.
	11.10%	N/A			11.10%			-		
17	27.40%	[3]	30.00%		28.20%					The figure is calculated at 1/2 and full year. The 1/2 figure demonstrated an improvement towards the full year target
	42.70%	N/A			42.70%			-		
156	11.00%	[3]	18.00%							
157	35.50%	[4]	41.60%		31.90%	33.20%		↓	↑	The figure for the Outturn 3rd quarter is higher than the 2nd quarter is but lower than the 2002/3 outturn. We changed our methodology to use the IDEA's ESD Toolkit and are currently employing an external consultant to produce our current score and to develop an action plan for increasing the score in future quarters. We expect to slightly exceed the 2003/4 target by the end of the year by concentrating on information transactions as we move into the APLAWS framework.

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
<b>EDUCATION</b>										
34b	0.00%	[1]	0.00%	-	-	-	-			Not available quarterly but annual estimate to be provided.
38	59.10%	[1]	61.00%	-	-	-	57.70%	→	n/a	This figure embargoed until 15/1/04. Final figures will be published on 15/1/04. Although this represents a shortfall on target, Harrow's value added figure shows that this year group of pupils made considerably higher than average progress from Key Stage 3.
39	91.20%	[1]	94.00%	-	-	-	90.20%	↔	n/a	provisional figure
40	79.60%	[1]	81.00%	-	-	-	76.70%	→	n/a	Outturn is as published by DfES; further research is needed to establish reasons for shortfall. Exception report to be provided at end of year
41	80.80%	[1]	83.00%	-	-	-	82.10%	↔	n/a	Outturn is as published by DfES
43a	85.70%	[4]	100%		100%	100.00%		↔	↔	
43b	15.90%	[4]	43%		21.40%	31.30%		→	↑	On track to reach target by year end
45	8.10%	[1]	8.00%	-	-	-	7.70%	↔	n/a	This figure embargoed until 15 January final data not published until 15 January 2004
46	6.20%	[1]	6.10%	-	-	-	5.90%	↔	n/a	Outturn is as published by DfES
48	0.00%	[1]	0.00%	0.00%	0.00%	0.00%	0.00%	↔	↔	

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
181	Percentage of 14-year old pupils in schools maintained by the local education authority achieving Level 5 or above in the Key Stage 3 test in:									
	a) English	75%	[1]	73%	-	-	71%	↔	n/a	outturn as published by DfES
	b) Mathematics	73%	[1]	73%	-	-	75%	↔	n/a	outturn as published by DfES
	c) Science	72%	[1]	70%	-	-	72%	↔	n/a	outturn as published by DfES
	d) ICT Assessment		N/A	70%	-	-	76%	↑	n/a	Exception
194	The percentage of pupils achieving level 5 or above in Key Stage 2.									
	a) English.			34%			32.80%	↔	n/a	Outturn is as published by DfES
	b) Maths.			36%			36.20%	↔	n/a	Outturn is as published by DfES
<b>SOCIAL SERVICES</b>										
49	Stability of placements of children looked after by the authority by reference to the percentage of children looked after on 31st March in any year with three or more placements during the year.									
		3.10%	[1]	11%	4.40%	6.70%	3.96%		↓	↓
56	Percentage of items of equipment costing less than £1,000 delivered within three weeks.									
		95.20%	[2]							
56	Percentage of items of equipment delivered within 7 working days.									
	(amended ind.)		N/A	96.10%	73.90%	64.70%			↓	↓
58	Percentage of people receiving a statement of their needs and how they will be met.									
		76.50%	[4]	94.00%	-	70.00%	82.25%		↓	↑
162	The percentage of child protection cases which should have been reviewed during the year that were reviewed.									
		100.00%	[1]	100.00%	100.00%	100.00%	100.00%	↔	↔	↔



BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)											
		2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
163	The number of looked after children adopted during the year as a percentage of the number of children looked after at 31 March that had been looked after for 6 months or more.	5.00%	[2]	7.30%	1.50%	2.80%	2.40%		↓	↓	Exception
195	Percentage of new older clients where waiting time for assessment was acceptable.			65%							
<b>HOUSING</b>											
62	The proportion of unfit private sector dwellings made fit or demolished as a direct result of action by the local authority.	1.00%	[4]	1.50%	0.25%	0.90%	1.38%		↓	↑	This is an annually calculated indicator which fluctuates over short periods of time depending on when works are completed in relation to grant aided activity and enforcement action. The trend shows significant improvement and the target will be achieved but outturn is likely to be below top 25th percentile. Additional enforcement staff have been provided for in the draft budget which will significantly increase activity.
63	Energy Efficiency - the average SAP rating of local authority owned dwellings.	54.00	[3]	55.00	56.00	56.00	56.00		↔	↔	No improvement data input as contractors still on site. Will be reported at year end.
64	The number of private sector vacant dwellings that are returned into occupation or demolished during 2003/04 as a direct result of action by the local authority.	104	[2]	120	32 + additional 16	27 + additional 41	25 + additional 70		↓	↑	The BVPI64 guidelines have been amended and revised in conjunction with the ODPM to clarify what can and cannot be included in local authorities reporting of successes on BVPI64. These new guidelines include the following statement: Each nomination to private landlords eg rent deposits where there is no formal nomination right (thus LA has to actively promote/support each new letting). This is not any kind of new direction for these guidelines, but merely clarifying the matter for local authorities to ensure there is some level of consistency shown nationwide on the reporting of these figures as at the current time there are wide discrepancies across local authorities. As a result the amended figures provided now include every Finders Fee acquisition in LBH as opposed to solely those which had been empty for 6 months. Local indicators will continue to monitor the work of the Empty Homes Strategy on long term empty properties.
66a	Local authority rent collection and arrears: proportion of rent collected.	96.79%	[1]	98.50%	84.49%	88.14%	90.61%		↓	↑	The target for the year is 98.5%, however the qtr 3 fig of 90.61% includes arrears of current tenants and those former tenants transferring with the year. The actual proportion of rent collected excluding these arrears is 95.79%.
164	Does the authority follow the Commission for Racial Equality's code of practice in rented housing and follow the Good Practice Standards for social landlords on tackling harassment included in Tackling Racial Harassment?	Yes	[1]	Yes	Yes	Yes	Yes		↔	↔	

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments	
183	16	[2]	20	16.8	15.9		↔	↑	This indicator actually measures historical performance over which we have no control. Representations have been made to the OPDM Homelessness Directorate that this indicator does not measure current performance due to the time households spend in second stage accommodation in London Boroughs. For London Boroughs the indicator is actually measuring how long households were in B&B and hostels as long as 5/6 years ago.	
	18	[2]	37	21.4	11.8		↑	↑		
184a	49%	[2]	52%	52%	52%		↔	↔		
185	0%	[4]	0%	0%	0%		↔	↔		
<b>HOUSING BENEFIT AND COUNCIL TAX BENEFIT</b>										
76	Yes	[1]								
							↓	↓	All major visits targeted and completed in third quarter, however, due to changes in legislation visiting requirements have altered significantly	
a) The number of claimants visited, per 1,000 caseload.			44.92	37	12.21		↓	↓		
b) The number of fraud investigators employed, per 1,000 caseload.			0.23	0.31	0.29		↑	↑	Have made sound improvements in this area due to assistance from BFI and PEAT Team	
c) The number of fraud investigations, per 1,000 caseload.			21	6.15	6.71		↓	↑	have cleared a significant backlog of work in this area. Performance for Q4 should reflect the considerable effort in this area of this quarter	
d) The number of prosecutions and sanctions, per 1,000 caseload.			0	0	0.14		↓	↑	The activity in this area has increased sharply in the last quarter and Harrow achieved the first sanctions of 2003, which will continue to grow into the fourth quarter	
Speed of processing: Average time for processing new claims (days)	86.56	[4]	92.94	97.38	86.76		↓	↑	New Claims received since August 18th Harrow are processed within 3 days and the backlog of claims has been significantly reduced. Performance has improved this quarter and we expect further improvement in quarter 4	
Speed of processing: Average time for processing notifications of changes of circumstances (days)	18.70	[3]	21.76	23.71	23.85		↓	↓	The priority since September has been to target the core elements of Housing Benefit processing and not to concentrate on items of work not associated with putting and keeping claims in payment. The benefits of this will be reflected in fourth quarter, however urgent cases are processed within 3 days	
Speed of processing: Percentage of renewal claims processed on time.	45.45%	[4]	28.50%	28.40%	42.22%		↓	↑	Performance in this quarter has improved by 14% and further improvement is expected in the fourth quarter, as the number of renewals outstanding is negligible	

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)											
		2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
79a	Accuracy of processing: Percentage of cases for which the calculation of the amount of benefit due was correct on the basis of the information available for the decision for a sample of cases checked post-decision.	93.80%	[4]	98.00%	97.60%	98.70%	97.68%		↔	↓	
79b	Accuracy of processing: The percentage of recoverable overpayments (excluding Council Tax Benefit) that were recovered in the year.	39.07%	[2]	33.00%	12.20%	18.58%	24.52%	n/a		↑	O/P Recovery on target and expect to meet target for the year in the fourth quarter
<b>ENVIRONMENT</b>											
82a	Percentage of the total tonnage of household waste arisings which have been recycled.	9.40%	[2]	16.00%	9.50%	9.80%	10.00%		↓	↑	2003/4 target quoted is incorrect. 16% refers to the combined total of 82a) and b).
82b	Percentage of the total tonnage of household waste arisings which have been sent for composting.	0.00%	[4]	4.00%	2.50%	3.00%	3.00%		↓	↔	2003/4 target quoted is incorrect. 16% refers to the combined Second organic round will be introduced in March and this should provide the installed capacity to meet the statutory target. The final outturn will however be below the target.
82d	Percentage of the total tonnage of household waste arisings which have been landfilled.	90.60%	[4]	84.00%	88.00%	87.20%	87.00%		↔	↑	
<b>TRANSPORT</b>											
99	Road safety - number of road accident casualties per 100,000 population in these categories:										
a) Pedestrians											
	Killed/Seriously Injured	19.23	[2]	5.88	3.31	5.67	3.78		↑	↑	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
	Slight Injuries	50.96	[1]	35.71	6.62	10.39	12.29		↑	↓	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
b) Pedal cyclists											
	Killed/Seriously Injured	2.88	[1]	3.11	0.00	0.00	1.42		↑	↓	Better than expected accident reduction achieved in 2003
	Slight Injuries	16.83	[1]	11.30	0.95	2.83	6.62		↑	↓	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
c) Two-wheeled motor vehicle users											
	Killed/Seriously Injured	5.29	[1]	5.80	0.95	2.36	1.89		↑	↑	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
	Slight Injuries	28.85	[1]	25.36	4.25	2.83	3.31		↑	↓	Better than expected accident reduction achieved in 2003


BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
<b>d) Car users</b>										
Killed/Seriously Injured	18.75	[1]	18.74	2.84	2.36	2.36		↑	↔	Better than expected accident reduction achieved in 2003
Slight Injuries	217.31	[2]	180.38	42.06	48.20	52.46		↑	↓	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
<b>e) Other vehicle users</b>										
Killed/Seriously Injured	4.33	[2]	1.33	0.47	0.00	0.48		↑	↓	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
Slight Injuries	20.19	[1]	11.77	4.25	4.72	4.73		↑	↔	Target for 2003 was set against the exceptionally low accident rates achieved in 2002
Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by road works per km of traffic sensitive road.	1.43	[4]	1.50	0.125	0.753	0.414		↑	↑	Exception
The percentage of pedestrian crossings with facilities for disabled people.	100%	[1]	100%	100%	100%	100%		↔	↔	
The percentage of total length of footpaths and other rights of way which were easy to use by members of the public.	90.90%	[1]	95.00%	90.90%	90.90%	95.00%		↔	↑	
<b>PLANNING</b>										
Planning cost per head of population ( <i>shown cumulatively</i> )	12.51	[3]	13.71	2.90	6.50	10.74				Exception
Percentage of planning applications determined in line with the Government's new development control targets to determine:-										
a) 60% of major applications in 13 weeks;	32%	[3]	50%	17.00%	43.00%	68.75%		↑	↑	Exception
b) 65% of minor applications in 8 weeks; and	38%	[4]	50%	35.00%	32.00%	49.54%		↔	↑	
c) 80% of other applications in 8 weeks.	63%	[3]	75%	75.00%	82.00%	80.00%		↑	↓	Exception
The percentage of standard searches carried out in 10 working days.	99.90%	[3]	100%	99.03%	99.50%	99.85%		↔	↑	
The number of decisions delegated to officers as a percentage of all decisions.	85.00%	[4]	90%	87.00%	86.00%	88.00%		↔	↑	
Plan making: a) Do you have a development plan (or alterations to it) that has been adopted in the last 5 years and the end date of which has not expired?			Yes			No		↓	n/a	
200										


BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
			Yes			Yes				
	b) if 'No' are there proposals on deposit for an alteration or replacement, with a published timetable for adopting those alterations or the replacement plan within three years?								n/a	
<b>ENVIRONMENTAL HEALTH &amp; TRADING STANDARDS</b>										
166	Score against a checklist of enforcement best practice for environmental health/trading standards:-									
	a) Environmental Health	[3]	90%	90.00%	90.00%	90.00%	90.00%			The Target of 90% will be achieved by year end retaining the indicator within the top 25th percentile. The indicator is currently open to consultation and may be discontinued from the end of period 2 in 2004/05. A response has been provided to the consultation objecting to the proposals. The lead response is being provided by the GLA and LACORS, who it is believed will also be objecting to the revision of the indicator. A final decision is not expected until the end of this financial year.
	b) Trading Standards	[1]	100%	90.00%	90.00%	90.00%	90.00%			The Target of 100% should be achieved by year end retaining the indicator within the top 25th percentile. The indicator is currently open to consultation and is very likely to be discontinued from the end of period 2 in 2004/05 with a new indicator based on the National Enforcement Framework for Trading Standards. A final decision will not be made before the end of this financial year.
<b>CULTURAL &amp; RELATED SERVICES</b>										
117	The number of physical visits per 1,000 population to public library premises.	[2]	6,700	-	-	-	7,078		n/a	
170a	The number of visits to/usages of museums per 1,000 population.	[2]	165	*	*	73.60			n/a	Figures now being collected by ACH are on a different basis to last year
170b	The number of those visits that were in person per 1,000 population.	[2]	165	*	*	70.90			n/a	Exception
170c	The number of pupils visiting museums and galleries in organised school groups (this does not include visits by sixth form colleges or adult education institutions).	N/A	432		517	717				Exception

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments
<b>COMMUNITY SAFETY</b>										
126a	23.80	[3]	23.44	22.29	22.39	26.19		↓	↓	+ 11.73% increase. The third quarter burglary figures show a significant increase that can be attributable to seasonal trend. Burglary figures usually increase significantly in the lead up to Christmas caused by darker evenings, Diwali celebrations and increased number of consumer goods in people's homes. Significant resources are being invested by the Council and Police in burglary reduction, including over £50,000 in the Safer homes project providing free security to older and more vulnerable residents.
127										
										-10.39% reduction probably attributable to increased Town Centre Security, CCTV in the Bus Station and additional robbery patrols, introduction of Police Community Support Officers funded by the PSA for Robbery
	9.14	[1]	9.14	8.42	8.81	8.19		↑	↑	-13.06% reduction probably attributable to increased Town Centre Security, CCTV in the Bus Station and additional robbery patrols, introduction of Police Community Support Officers and PSA agreement objectives
	11.07	[1]	11.07	10.58	10.50	9.40		↑	↑	
	not available	-	not available							
	not available	-	not available							
	2.95	[1]	2.65	2.78	2.61	2.46		↑	↑	-7.16% reduction probably attributable to increased Town Centre Security, CCTV in the Bus Station and additional robbery patrols, introduction of Police Community Support Officers and PSA agreement objectives
128a	14.95	[1]	12.71	14.7	12.59	13.11		↔	↓	
176	0.30	[3]	0.48	0.48	0.48	0.48		↔	↔	
<b>COMMUNITY LEGAL SERVICES</b>										
177	20.00%	[4]	25.00%	25.00%	25.00%	25.00%	-	↔	↔	Percentage of authority expenditure (whether in-house or external) on legal and advice services which is spent on services that have been awarded the Quality Mark and meet legal needs identified in the Community Legal Service Partnership strategic plan.

BEST VALUE PERFORMANCE INDICATORS QUARTERLY MONITORING STATEMENT - 3RD QR 2003/04 (Oct-Dec 03)										
	2002/3 Outturn	Quartile London	2003/4 Target	2003/4 Outturn 1st Qr	2003/4 Outturn 2nd Qr	2003/4 Outturn 3rd Qr	2003/4 Outturn 4th Qr	Target (see notes below)	Trend (see notes below)	Exception report/Comments

**Notes on Table Format**

The BVPIs highlighted  were used in the 2003 CPA model for unitary authorities.



The BVPIs highlighted  are CPA model indicators identified for particular attention from our external auditors.

**The table shows Harrow's quarterly performance outturn data for 2003/04 and compares it with the target set in the 2003/04 BVPP.**


The column headed 'Quartile London' shows Harrow's ranking when compared with all London boroughs. A ranking of 1 means Harrow was in the top quartile (top 25%). Conversely, a quartile ranking of 4 means Harrow was in the bottom quartile. Quartiles are based on 2002/03 data published by the Audit Commission.

In the last two columns headed 'Target' and 'Trend' Harrow's actual 2003/04 quarterly outturn data will be analysed.

**There are three 'arrow signs' used to give a quick view of Harrow's position.**

In the 'target' column, a green upward pointing arrow  indicates the quarterly performance outturn for 2003/04 was better than the target set for the year, or a quarterly representation of it, plus tolerance. The red downward arrow , on the other hand, indicates that the 2003/04 quarterly performance outturn was not as targeted.

In the 'trend' column, a green arrow pointing upwards indicates an 'improving' trend across Quarters. Conversely, a red downward arrow, a potentially declining situation.

The occasional use of a yellow horizontal arrow  indicates no upward or downward trend when used in the 'trend' column. For the 'target' column, it indicates that the actual data was spot on target, or within tolerance. Tolerance is the variance from target which is allowable before an exception report is required - normally +/- 5%.

BEST VALUE PERFORMANCE INDICATORS 2003/04 THAT CANNOT BE REPORTED QUARTERLY					
PI No.		2002/3 Outturn	Quantile London	2003/4 Target	Comments
<b>CORPORATE HEALTH</b>					
3	The percentage of citizens satisfied with the overall service provided.		N/A	60%	Survey to be conducted 2003/04. The previous survey was in 2000/01.
4	The percentage of complainants satisfied with the handling of their complaint.		N/A	35%	As BV3
180 a (i)	The energy consumption of local authority operational property, compared with comparable buildings in the UK as a whole (electricity).	111.00%	[2]	109.00%	New Indicator for 2002/2003.
180 a (ii)	The energy consumption of local authority operational property, compared with comparable buildings in the UK as a whole (fossil fuels).	184.00%	[4]	182.00%	New Indicator for 2002/2003.
180b (02/03)	Average lamp circuit wattage compared with average consumption/wattage by local authorities in the UK.	333.00	[1]		New Indicator for 2002/2003.
180b (03/04)	Average lamp circuit energy consumption for street lights, compared with the UK national average.				Amended Indicator for 2003/2004.
<b>EDUCATION</b>					
33	Youth Service expenditure per head of population in the Youth Service target age range.	52.97	[4]	54.29	Targets for 2003/04 and 2003/04 reflect a planned increase in expenditure of £300K in each year, as earmarked in the Medium Term Budgets Strategy, to bring Harrow closer to national standards.
34a	Percentage of primary schools with 25% or more of their places unfilled.	12.50%	[4]	12.50%	
44	Number of pupils permanently excluded during the year from all schools maintained by the local education authority per 1000 pupils at all maintained schools.	2.40	[4]	2.28	Amended definition 2002/03 - this indicator now covers all absence rather than unauthorised absence only.
159	The percentage of permanently excluded pupils provided with alternative tuition of: a) 5 hours or less; b) 6-12 hours c) 13-19 hours d) 20 hours or more.	42%	[1]	25%	As BV38. (Amended Indicator for 2002/2003.)
		14%	[1]	10%	As BV38. (Amended Indicator for 2002/2003.)
		2%	[4]	10%	As BV38. (Amended Indicator for 2002/2003.)
		42%	[3]	55%	As BV38. (Amended Indicator for 2002/2003.)
192	Quality of teaching for early years and childcare services. This replaces the Early Years Indicators (BV30) and under 5's expenditure (BV36a) which have now been deleted.				New Indicator for 2003/2004.
	a) Average days access to relevant training and development per practitioner delivering Foundation Stage education; and			4.00	As BV38. New Indicator for 2002/2003.
	b) Average number of QTS teachers per 10 non-maintained settings.			1.10	As BV38. New Indicator for 2002/2003.
193	How the authority's Schools Budget compares with its Schools Funding Assessment. a) Schools Budget as a percentage of the Schools Funding Assessment. b) Increase in Schools Budget on the previous year as a percentage of the increase in Schools Funding Assessment on the previous year.			101.69%	As BV38. New Indicator for 2002/2003.
				99.80%	As BV38. New Indicator for 2002/2003.
<b>SOCIAL SERVICES</b>					
50	Educational qualifications of children looked after (interface indicator with education services) by reference to the percentage of young people leaving care aged 16 or over with at least 1 GCSE at grades A*-G, or General National Vocational Qualification (GNVQ).	37.50%	[2]	75%	
51	Costs of services for children looked after by the authority by reference to the gross weekly expenditure per looked-after child in foster care or in a children's home (£)	708.00	[2]	743.00	Amended Indicator for 2002/2003.
52	Cost of intensive social care for adults and older people by reference to the average gross weekly cost of providing care for adults and older people (£)	531.00	[2]	567.00	Amended Indicator for 2002/2003.
53	Intensive home care per 1,000 population aged 65 or over.	13.50	[3]	16.00	Amended Indicator for 2002/2003.
54	Older people helped to live at home per 1,000 population aged 65 or over	70.00	[4]	80.00	Amended Indicator for 2002/2003.
161	The percentage of those young people who were looked after on 1 April in their 17th year (aged 16) who were engaged in education, training or employment at the age of 19.	62.10%	[2]	75.00%	
196	Percentage of new older clients where waiting time for provision of care packages was acceptable.		N/A	65%	
<b>HOUSING</b>					
74	Satisfaction of tenants of council housing with the overall service provided by their landlord (survey conducted in 2000/01)				Amended Indicator for 2002/2003.



BEST VALUE PERFORMANCE INDICATORS 2003/04 THAT CANNOT BE REPORTED QUARTERLY					
PI No.		2002/3 Outturn	Quartile London	2003/4 Target	Comments
75	(i) overall satisfaction - all tenants	80% (survey in 2000)	[1]	85%	
	(ii) black and minority ethnic	74% (survey in 2000)	[1]	85%	
	(iii) non-black and minority ethnic tenants.	81% (survey in 2000)	[1]	85%	
	Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord (survey to be conducted in 2003/04)				
	(i) overall satisfaction - all tenants			70%	
	(ii) black and minority ethnic			70%	
	(iii) non-black and minority ethnic tenants.			70%	
184b	The percentage change in proportion of non-decent local authority homes between 1 April 2003 and 1 April 2004.	-6.00%	[1]	0%	As BV38. New Indicator for 2002/2003.
<b>HOUSING BENEFIT AND COUNCIL TAX BENEFIT</b>					
80	Overall satisfaction with the service.				Survey to be conducted in 2003/04. Previous survey was in 2000/01.
	a) Contact/access facilities at the benefit office.			73%	
	b) Service in the office.			71%	
	c) Telephone service.			50%	
	d) Staff in the benefit office.			75%	
	e) Clarity of forms and leaflets.			64%	
	f) Time taken for a decision.			58%	
	g) Overall satisfaction.			65%	
<b>ENVIRONMENT</b>					
199	The proportion of relevant land and highways as defined under EPA 1990 Part IV section 86 (expressed as a percentage) that is assessed as having combined deposits of litter and debris (eg. sand, silt and other debris) across four categories of cleanliness (Clean, Light, Significant, Heavy).				New indicator 2003/04
	a) Clean			20.00%	
	b) Light			60.00%	
	c) Significant			18.00%	
	d) Heavy			2.00%	
84	Number of kilograms of household waste collected per head.	457.00	[2]	460.00	
86	Cost of waste collection per household (£)	46.03	[4]	51.79	
89	The percentage of people satisfied with the cleanliness standard in their area.				Next survey due 2003/04. Previous was 2000/01.
90	The percentage of people satisfied with -				as BV 89
	a) household waste collection.			80%	
	b) waste recycling			80%	
	c) waste disposal			80%	
91	Percentage of population resident in the authority's area served by a kerbside collection of recyclables.	89.00%	[1]	89.00%	Amended Indicator for 2002/2003. Target 2002/03 was based on earlier definition which included drop-off sites.
<b>TRANSPORT</b>					
96	Condition of principal roads - percentage with negative residual life	9.49%	[3]	8.00%	Amended Indicator for 2002/2003.
97	Condition of non-principal roads - percentage with negative residual life				
	a) Classified non-principal roads.	9.40%	[1]	9.00%	
	b) Unclassified non-principal roads.	16.80%	[2]	15.00%	
186	Roads not needing major repair				

BEST VALUE PERFORMANCE INDICATORS 2003/04 THAT CANNOT BE REPORTED QUARTERLY					
PI No.		2002/3 Outturn	Quartile London	2003/4 Target	Comments
	a) Principal road network where major structural treatment is not considered necessary.	42.880	[3]	42.880	New Indicator for 2002/2003. The outturn 2002/03 and forward targets have been calculated in a different way from the original target 2002/03, owing to updated guidance since issued.
187a	b) Non-principal road network where major structural treatment is not considered necessary. Condition of surface footway.	231.900	[2]	231.900	As BV186a. New Indicator for 2002/2003.
106	<b>PLANNING</b> Percentage of new homes built on previously developed land.	29.86%	[2]	30.00%	New Indicator for 2002/2003.
	<b>CULTURAL &amp; RELATED SERVICES</b>	100%	[1]	100%	
114	The adoption by the authority of a Local Cultural Strategy (score against checklist)	100%	[1]	100%	
118	The percentage of library users who found the book/information they wanted or reserved it and were satisfied with that outcome. a) Users - found a book to borrow.			67%	Survey to be conducted in 2003/04. Previous survey was in 2000/01
	b) Users - found the information they were looking for.			62%	
	c) Users - satisfied with the library overall.			83%	
119	The percentage of residents satisfied with the Local Authority Cultural services a) Sports and leisure facilities			45%	Survey to be conducted in 2003/04. Previous survey was in 2000/01
	b) Libraries			65%	
	c) Museums			35%	
	d) Arts activities and venues			35%	
	e) Parks and open spaces.			65%	
	<b>COMMUNITY SAFETY</b>				
174	The number of racial incidents recorded by the authority per 100,000 population.	61.06	[2]	61.00	
175	The percentage of racial incidents that resulted in further action.	66.14%	[4]	70.00%	