



HILLINGDON
LONDON



Corporate Services and Partnerships Policy Overview Committee

Councillors on the Committee

Richard Lewis (Chairman)
Michael White (Vice-Chairman)
Beulah East (Labour Lead)
Robin Sansarpuri
Neil Fyfe
Raymond Graham
Shirley Harper-O'Neill
Richard Mills

Date: THURSDAY, 21 JULY 2011

Time: 7.00 PM* PLEASE NOTE
THE START TIME

Venue: COMMITTEE ROOM 5 –
CIVIC CENTRE, HIGH
STREET, UXBRIDGE, UB8
1UW

**Meeting
Details:** Members of the Public and
Press are welcome to attend
this meeting

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This Agenda is available online at:

<http://modgov.hillingdon.gov.uk/ieListDocuments.aspx?CId=243&MId=1098&Ver=4>

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Policy Overview

About this Committee

This Policy Overview Committee (POC) will undertake reviews in the areas covered by the Deputy Chief Executive's Office and Finance and Resources Directorate and can establish a working party (with another POC if desired) to undertake reviews if, for example, a topic is cross-cutting.

This Policy Overview Committee will consider performance reports and comment on budget and service plan proposals for the Deputy Chief Executive's Office and Finance and Resources Directorate.

The Cabinet Forward Plan is a standing item on the Committee's agenda.

The Committee will not consider call-ins of Executive decisions or investigate individual complaints about the Council's services.

Terms of Reference

The Constitution defines the terms of reference for Policy Overview Committees as:

1. To conduct reviews of policy, services or aspects of service which have either been referred by Cabinet, relate to the Cabinet Forward Plan, or have been chosen by the Committee according to the agreed criteria for selecting such reviews;
2. To monitor the performance of the Council services within their remit (including the management of finances and risk);
3. To comment on the proposed annual service and budget plans for the Council services within their remit before final approval by Cabinet and Council;
4. To consider the Forward Plan and comment as appropriate to the decision-maker on key decisions which relate to services within their remit (before they are taken by the Cabinet);

Policy Overview Committees will not investigate individual complaints.

This Committee performs the Policy Overview role in relation to the following services:

1. human resources and personnel service;
2. e-Government and ICT;
3. democratic services;
4. legal services;
5. the Council's property portfolio, including property and asset acquisition and disposal, and capital programme;
6. corporate finance, including:
 - a. development of a medium term budget strategy;
 - b. scrutiny of the Council's management of its resources;
 - c. reviewing the operation of the Council's financial rules making proposals to the Cabinet and/or Council for their development
7. the Council's overall performance and corporate improvement work particularly in relation to the Comprehensive Performance Assessment and Corporate Assessment;
8. economic development and single regeneration budget;
9. the Local Strategic Partnership and Community Strategy;
10. Local Area Agreement;

11. community partnerships and the Council's voluntary sector strategy;
12. corporate aspects of diversity & equalities policy;
13. Best Value;
14. any other cross-cutting portfolios that might be created and any functions not included within the remit of the other Policy Overview Committees.

Agenda

CHAIRMAN'S ANNOUNCEMENTS

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes of meeting held on 9 June 2011 **(Pages 1-4)**
- 4 Exclusion of Press and Public
To confirm the items of business marked Part I will be considered in public and that the items marked Part II will be considered in private.
- 5 Budget Planning Report for Central Services 2012/13 **(Pages 5-10)**
- 6 First Major Review - Effectiveness of the Audit Committee and its Terms of Reference - Draft Scoping Report **(Pages 11-28)**
- 7 Recent Power Cut in the Civic Centre
TO FOLLOW
- 8 Challenges to the Voluntary Community Sector in Hillingdon **(Pages 29-32)**
- 9 Procurement in Hillingdon **(Pages 33-36)**
- 10 Work Programme 2011/12 **(Pages 37-40)**
- 11 Cabinet Forward Plan **(Pages 41-44)**

Minutes

**Corporate Services and Partnerships Policy
Overview Committee
Thursday 9 June 2011
Meeting held at Committee Room 5 - Civic Centre,
High Street, Uxbridge UB8 1UW**



| | | |
|----|--|--------------------------|
| | <p>Members Present: Councillors Richard Lewis (Chairman), Beulah East, Neil Fyfe, Raymond Graham, Shirley Harper-O'Neill, Richard Mills, Robin Sansarpuri and Michael White.</p> <p>Apologies: None.</p> <p>Officers: Khalid Ahmed (Democratic Services Manager).</p> | |
| 2. | <p>DECLARATIONS OF INTEREST</p> <p>Councillors Raymond Graham and Richard Lewis declared Personal Interests In Agenda Item 5 – Review Topics 2011/12 as they were both Members of the Audit Committee. They remained in the room and took part in discussions.</p> | |
| 3. | <p>MINUTES OF THE MEETINGS HELD ON 16 MARCH AND 12 MAY 2011</p> <p>Agreed as accurate records, subject to the deletion of Councillor Richard Lewis in the list of those Members in attendance at the meeting held on 12 May 2011.</p> | |
| 4. | <p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all items of business were considered in public.</p> | |
| 5. | <p>REVIEW TOPICS 2011/12</p> <p>Discussion took place on possible review topics for the forthcoming Municipal Year.</p> <p>Members were provided with a brief background paper which provided details of possible areas which the Committee could review.</p> <p>These included:</p> <ul style="list-style-type: none"> • The Audit Committee – How effective were the terms of reference of the Audit Committee over the last four years • The Compact and Third Sector Commissioning – The Compact was an agreement between the statutory and voluntary and community sectors | <p>Action By:</p> |

| | | |
|--|--|--|
| | <p>which sets out the principles of a good working relationship. This Compact was important, particularly in the present economic climate where local authorities were making cut backs and the voluntary and community sector had been suggested as an alternative to local service delivery.</p> <ul style="list-style-type: none">• Big Society – How this Council and its strategic partners can work to create a climate which empowered local people and communities to build a big society which would improve peoples' lives, putting more power in peoples' hands by transferring power from Government to communities. <p>Members agreed that the first major review which the Committee should undertake should be looking at the Effectiveness of the Terms of Reference of the Audit Committee. This review would be timely in view of the Department for Communities and Local Government consultation on the future plans for local audit after the Audit Commission was disbanded. This impending legislation was proposing changes to the composition of Audit Committees which would increase the number of Independent Members and also involve Audit Committees in the appointment of external auditors.</p> <p>A draft scoping report was asked to be produced, together with a background paper which would include information on the performance of the Audit Committee since its inception, the successes, the failures, the appropriateness of the Committee's Terms of Reference, the reporting structure for Internal Audit and the role of External Auditors.</p> <p>Members were also informed that the next meeting of the Audit Committee was to take place on 27 June 2011 which Members were invited to attend. To assist Members in the forthcoming review a copy of the Annual Audit Letter on this Council's 2010 audit, together with the existing Terms of Reference for the Audit Committee would be sent to Members of this Committee.</p> <p>The Committee asked that officers produce briefing reports and draft scoping reports for the next meeting on both The Compact and Third Sector Commissioning and on the Big Society and what this Council and its strategic partners can do to fulfil this.</p> <p>Another possible area for a review was around Procurement and Members asked that the Head of Procurement be asked to provide a paper at the next meeting on the procurement process of this Council together with a draft scoping report on a potential review.</p> | <p>Action By:</p> <p>Khalid Ahmed / Head of Internal Audit</p> <p>Khalid Ahmed</p> <p>Khalid Ahmed</p> <p>Head of Procurement</p> |
|--|--|--|

| | | |
|-----------|--|---------------------|
| | <p>Discussion also took place on the recent power failure in the Civic Centre on 17 May 2011 and the failure of the back-up generator which resulted in chaos within the Civic Centre for staff and visitors. Officers were asked to brief Members at their next meeting on the events of the day, what went wrong, the details of the evacuation procedures and information on what testing was carried out in relation to the back up generator.</p> <p>RESOLVED-</p> <ol style="list-style-type: none"> 1. That approval be given to the actions outlined above. 2. That the first major review of this Committee would be to look at the Effectiveness of the Terms of Reference of the Audit Committee. | Action By: |
| 6. | <p>WORK PROGRAMME 2011/12</p> <p>The report was noted.</p> | |
| 7. | <p>CABINET FORWARD PLAN</p> <p>It was agreed that Cabinet reports which fell within the remit of this Committee would be emailed out to Members of this Committee once the Cabinet agenda had been published.</p> | Khalid Ahmed |
| | <p>Meeting closed at 8.30pm Next meeting: 21 July 2010 at 7.00pm.</p> | |

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. Circulation of these minutes are to Councillors, Officers, the Press and Members of the Public.

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BUDGET PLANNING REPORT FOR CENTRAL SERVICES 2012/13

Contact Officer: Paul Whaymand
Telephone: 01895 566074

REASON FOR ITEM

This is the first opportunity for the Policy Overview Committee to discuss the current stage of development of budget planning work with regard to Central Services. Within the context of the Council's overall financial position, this paper sets out the main financial issues facing the Group's services and the work being undertaken to respond to them. This paper gives a strategic context in which the detailed proposals to be discussed at Policy Overview Committee meetings in January 2012 will need to be considered. An update on the council's performance and risk management arrangements is attached as an appendix.

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the development of the financial planning process undertaken to date, and comments as appropriate on the response to the issues being developed by the Group.

INFORMATION

- 1 This is the first of two opportunities within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2012/13. The focus of this report is the major issues that have been identified through the service and financial planning process for Central Services. The report to be considered in January 2012 will set out the detailed budget proposals for the Group, those proposals having been included in the report to Cabinet on the Medium Term Financial Forecast (MTFF) on 15 December 2011.

Corporate Summary

- 2 While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
- 3 Both the Comprehensive Spending Review 2010 and the two-year local government finance settlement in January 2011 clearly set out the financial challenge facing the council over the next few years. Cuts in funding from central government are being front loaded with the most significant reductions happening in 2011/12 and 2012/13. As a result, the budget report to Council in February 2011

identified the savings requirement for 2012/13 as £16.4m. The breakdown of this £16.4m target is currently allocated as follows:

- Social Care, Health & Housing £7.1m
- Central Services £1.6m
- Planning, Environment, Education & Community Services £7.5m
- Other cross cutting savings £0.2m

4 This is in addition to any emerging pressure which may arise throughout this financial year which will have to be provided for in next year's budget. The budget gap will be monitored throughout the year and the budget strategy adjusted accordingly to ensure that a balanced budget for 2012/13 can be set.

Strategy to deal with the budget gap

5 The Council is strongly placed to deal with the challenges ahead. We have a good track record of coming in or under budget each year and have accumulated balances of £17.0m by the end of 2010/11. We have a well established HIP programme that has helped steer the Council from a position of having low balances to one of having healthy balances at the same time as dealing with significant external challenges. This has been enhanced by the development of the BID programme as the main vehicle for delivering the fundamental changes required to the Council's structure and ways of working in order to address the reductions in funding going forward.

MTFF process update

6 The timetable for the budget process was revised last year in order to obtain earlier engagement with CMT and the Leader of the Council in reviewing the MTFF position to develop a robust financial strategy. As the plans for 2012/13 are the next phase of the transformation programme developed during 2011/12, the first MTFF sessions with Groups took place during March to ensure the focus remained on the continuing development of savings proposals. Initial programmes of savings for 2012/13 were identified by each group, which were then developed into detailed budget proposals for the second round of MTFF sessions in June and July. Progress on the development and delivery of these proposals will be monitored monthly by CMT and the Leader of the Council throughout the remainder of the year.

Timetable for 2011/12 Budget

7 The broad timetable is as follows:

| Process | Timetable |
|-------------------------------------|-----------|
| Initial Scoping Meeting with Leader | March |

| | |
|---|-------------|
| Monthly CMT updates (March 11 to Feb 12) | Monthly |
| Monthly Leader MTFF updates (March 11 to Feb 12) | Monthly |
| Heads of Finance challenge sessions | February |
| MTFF Group Review (1) – Scoping session | March |
| MTFF Review (2) – Challenge Session (balanced set of proposals for 2012/13 finalised) | June / July |
| POC Report on the budget context | July |
| Joint CMT and Cabinet Awayday | October |
| MTFF Review (3) – Final Sign-off | November |
| MTFF reported to Cabinet | December |
| POC review of draft Group Plans and budget proposals | January |
| Council Tax setting | February |

Budget Planning in Central Services - Summary of Key Financial Issues

- 8 As explained earlier in the report, the significant cuts in funding and the frontloading of those cuts in 2011/12 and 2012/13 was a key driver in the Council transforming the way it operates. Central Services took the opportunity to review each service, both the structure and business processes. Additionally, as part of the council wide transformation several support functions were brought together in the centre of the organisation. In the first phase of this process, Central Services' identified budget savings in 2011/12 totalling £2,634k across all services.
- 9 The 2012/13 MTFF proposals, totalling £1.582k, build on this work, with the most significant savings being proposed by HR £466k, Finance £630k and Policy, Performance & Partnerships £324k. Many of the ongoing restructures are being designed to ensure that the central service functions have the capacity and capability to add the value required by the rest of the council.
- 10 Alongside the development of these savings proposals, potential pressures and emerging issues are being monitored, particularly the potential financial impact of impending Localism Bill, with the provision for local referendums and individual registration, and the impact on income from schools either through opting out of buying council services or through becoming academies. Once any impact from these potential pressures can be quantified this will be fed into the 2012/13 budget.

Next Steps

- 11 The Medium Term Financial Forecast setting out the draft revenue budget and capital programme will be considered by Cabinet on 15 December 2011 and issued for consultation during the remainder of December 2011 and January 2012. This will include detailed consideration by each of the Policy Overview Committees of the proposals relating to their respective services.

SUGGESTED COMMITTEE ACTIVITY

Consider whether there are suggestions or comments the Committee wish to make.

BACKGROUND PAPERS

The Council's Budget: General Fund Revenue Budget and Capital Programme 2011/12
– reports to Cabinet 17 February 2011 and Council 24 February 2011.

London Borough of Hillingdon - Performance and Risk Management Arrangements

1. **The London Borough of Hillingdon** has set out its vision of 'Putting Residents First' and established four priority themes for delivering efficient, effective and value for money services. The priority themes are; 'Our People', 'Our Natural Environment', 'Our Built Environment' and 'Financial Management'. The delivery of these priorities will be achieved through a combination of strategic management tools, which include: the Hillingdon Improvement Programme, Business Improvement Delivery programme and Medium Term Financial Forecast process of service and annual budget planning.

2. **The Hillingdon Improvement Programme (HIP)** is the council-wide transformational programme delivering a range of performance, organisational, culture and process improvements. The programme is led by the Leader of the Council, and the Deputy Chief Executive and Corporate Director for Central Services is the programme director. Cabinet members and directors are also responsible for specific parts of HIP.

3. **The Business Improvement Delivery (BID)** programme is a key part of HIP and has been designed to fundamentally transform the way the Council operates and deliver the council's savings targets of £26.2 million for 2011-12 and more than £60 million over the Comprehensive Spending Review four year period. The BID programme delivery and expenditure is overseen by the Leader of the Council, and the Deputy Chief Executive and Corporate Director of Planning, Environment, Education & Community Services.

4. **The Medium Term Financial Forecast (MTFF)** process is the system of service, financial and annual budget planning. This runs from the preceding spring to February with a robust challenge process involving members, Corporate Directors and the Chief Finance and S151 Officer. Monthly reports on key financial health indicators are produced and communicated through the finance management team.

5. **The Sustainable Community Strategy (SCS) 2008-2018** sets out the Local strategic Partnership aims and ambitions for the London Borough of Hillingdon over the next 10 years. The Local Strategic Partnership (LSP) 'Hillingdon Partners' and its theme groups have overall responsibility for delivering the commitments made in the Sustainable Community Strategy. The partnership is currently in the process of reviewing and updating the SCS to ensure it continues to reflect the changing circumstances of the borough.

6. **The Performance Management Framework** is used to capture and report performance against Council priorities and SCS priorities. Performance is monitored on a regular basis via Senior Management Teams and reported quarterly to the Corporate Management Team.

7. **The Performance and Development Appraisal (PADA)** process is completed by all officers and senior managers. This records employee's key objectives and tasks, sets

targets for when these must be delivered and identifies staff learning and development needs. There are competency frameworks for staff, managers, senior officers and Directors, with descriptors outlining the performance that is expected at each level. Performance reviews are completed on a bi-annual basis against the relevant competency framework and PADA guidance is available to support both staff and managers through the process. The London Borough of Hillingdon has established effective **risk management systems**.

Agenda Item 6

First Major Review – Effectiveness of the Audit Committee and its Terms of Reference – Draft Scoping Report

Contact Officer: Khalid Ahmed
Telephone: 01895 250833

REASON FOR ITEM

To enable the Committee to consider the draft scoping report for the Committee's first major review of 2011-12, the Effectiveness of the Audit Committee and its Terms of Reference.

OPTIONS OPEN TO THE COMMITTEE

1. The Committee is asked to consider the draft scoping report and make comments and suggestions as appropriate.
2. The Head of Audit and Enforcement will be present at the meeting and will provide Members with an overview of the responsibilities of the Audit Committee.
3. The Committee is asked to consider the witnesses it would like to attend future meetings to obtain evidence for the review.

INFORMATION

1. At the last meeting of the Committee held on 9 June 2011 Members agreed that their first major review should be looking at the Effectiveness of the Audit Committee and its Terms of Reference. Members were informed that a review would be timely in view of the Department for Communities and Local Government consultation on the future plans for local audit after the Audit Commission was abolished. However, Members should note that any legislation which results from the consultation will not be in place until after the review has been completed.
2. A draft scoping report is attached for Members to review and discuss and to make changes where necessary. **(Appendix 1)** The Head of Audit and Enforcement will attend the meeting and will provide the Committee with an overview of the Audit Committee and be available to answer Members' questions
4. For Members information a copy of the Audit Committee's existing terms of reference is attached. **(Appendix 2)** In addition the recent Audit Committee Annual Report to Council (7 July 2011) is attached which provides a summary of activities of the Audit Committee in the last 12 months. **(Appendix 3)**

PAPERS WITH THE REPORT

Corporate Services & Partnership Policy Overview Committee – 21 July 2011
Part 1 – Members, Public and Press

Draft Scoping Report (Appendix 1).
Audit Committee's Terms of Reference (Appendix 2)
Audit Committee Annual Report to Council (Appendix 3)

SUGGESTED COMMITTEE ACTIVITY

1. Members question the Head of Audit and Enforcement and identify important issues for their review.
2. Members identify areas where further information and evidence is required to help greater understanding of the issues.
3. Member to update the draft scoping report as appropriate.



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Corporate Services & Partnerships Policy Overview & Scrutiny Committee Review Scoping Report 2011/12

OBJECTIVE

Short title of review

**THE EFFECTIVENESS OF THE AUDIT COMMITTEE
AND ITS TERMS OF REFERENCE**

Aim of review

This review will assess the effectiveness of the Audit Committee and its terms of reference since it was set up by this Council in January 2007 and review the Committee's role in terms of its responsibilities for audit activity, the regulatory framework and the annual statement of accounts.

Terms of Reference

- To review the Terms of Reference of the Audit Committee and whether they are fit for purpose and have delivered the recommendations arising from the original Policy Overview Committee review of 2006
- To fully examine the Department for Communities and Local Government's (DCLG) recent proposals on the Future of Local Public Audit and the likely impact on local authority Audit Committees
- To assess the value (or otherwise) that the Audit Committee adds to this Council's financial and non-financial performance, the financial reporting process, financial compliance, governance and risk management procedures.
- To examine the role of the Audit Committee within the Council's decision making structure and reporting arrangements.
- To examine the roles and responsibilities of Officers advising the Committee and the External Auditor.
- To investigate best practice in Audit arrangements in the private sector and public sector.

DRAFT

- To make recommendations to Cabinet on the outcome of this review, and where there are any constitutional changes required, onto full Council following Cabinet approval.

Reasons for the review

The Council at its meeting in May 2006 agreed to the establishment of an Audit Committee and asked the Corporate Services & Partnerships Policy Overview Committee to look at the Committee's role and scope. The results of the review were reported to Cabinet in December 2006 when the Audit Committee's role and scope, together with the terms of reference of the Committee were agreed.

Some four years after its formation, the time is ripe to review the effectiveness of the Audit Committee in terms of its effectiveness in relation to the independent assurance it provides on the Council's risk management framework and associated internal control environment and how effective it is in relation to leadership on governance, financial reporting and audit issues.

A review would also be timely in view of recent proposals launched and consultation undertaken by the Department for Communities and Local Government on the future of local public audit. Prior to this, it was announced that the Audit Commission was to be disbanded with the intention of refocusing audit of local public bodies on helping local people hold those bodies to account for local spending decisions.

The Government's proposals are for a new audit framework which would be designed to be more closely aligned with the statutory arrangements, professional ethical and technical standards that currently apply to the private sector. They are attached in Appendix 1.

However, it should be noted that the proposals contained in the DCLG consultation will not become legislation during the time span of the review.

Supporting the Cabinet & Council's policies and objectives

The Audit Committee is responsible for independently assuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control. This also includes consideration of risk management issues and performance reports that are covered under the Cabinet's responsibility.

It executes much of its role independently from the Cabinet and other Committees of the Council. It provides an annual report to full Council each year.

INFORMATION AND ANALYSIS

Key Issues

- To examine the Audit Committee's terms of reference and to look at how the Audit Committee fits into the Council decision-making structure

Corporate Services & Partnerships POC 21 July 2011
PART 1 – MEMBERS, PUBLIC & PRESS

DRAFT

- The independence of the Audit Committee and the experience of the members of the Committee
- The implications of the DCLG consultation on the Future of Local Public Audit on the role of local audit, particularly in relation to the Audit Committee having a role in the appointment and monitoring of the External Auditors
- The transparency of the audit process within the Council and whether the results of local audit work is easily accessible to residents
- How effective is the assurance the Committee gets from Council officers that appropriate action has been taken to address risk and control issues and to respond to issues raised by the external auditor
- How does the Audit Committee provide effective challenge across the Council, independent assurance on the risk management framework and associated internal control environment and effective leadership on governance, financial reporting and audit issues?
- To look at the workings of other local authority Audit Committees and best practise used

Remit - who / what is this review covering?

The review will be looking at the financial controls within the Council, with emphasis on Internal Audit. Also the External Auditor of the Council. Other local authorities.

The Cabinet Member for Finance, Property and Business Services but other Cabinet Members if appropriate.

Connected work (recently completed, planned or ongoing)

The Corporate Services and Partnerships Policy Overview Committee Final Report on "Members' Role in Audit: Terms of Reference for the Audit Committee – Approved by Cabinet – 12 December 2006

Report to Audit Committee on 27 June 2011 on Briefing Note on the Consultation on the Future of Local Public Audit

Key information required

DCLG – Consultation on Future of Local Public Audit

Guidance produced by Chartered Institute for Public Finance & Accountancy (CIPFA) CIPFA Scotland and the Financial Reporting Council

Surveys of other London Borough Council's and their Audit Committee arrangements

Written reports from Head of Audit and Enforcement, Deputy Director of Finance etc

EVIDENCE & ENQUIRY

Witnesses

Head of Audit and Enforcement – LBH

Chairman of Audit Committee - LBH

Deputy Director of Finance – LBH

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PART 1 – MEMBERS, PUBLIC & PRESS

DRAFT

Deloitte – External Auditors
Officers from other Local Authorities
Company Secretary from the Private Sector

Intelligence

Are there existing surveys, intelligence or feedback from service users or residents that can be used? (Seek advice from Customer Engagement Team / Policy Team).

There should also be reference made to relevant literature and websites for background reading for Members.

Consultation and Communications

Survey / questionnaire to other LAs
London Democratic Services Forum survey

Lines of enquiry

1. What is Audit? Please describe its purpose, scope and function.
2. What are the key linkages between Audit and other business disciplines and processes such as accounting, financial management, business planning, risk management and performance management?
3. What is the role of Members in Audit?
4. What are the advantages of Hillingdon having a separate Audit Committee?
5. Is the scope of Hillingdon's Audit Committee sufficient to enable it to function effectively?
6. What are the powers that Hillingdon's Audit Committee have in relation to (a) Council, Cabinet and other Member-level committees and (b) officers?
7. Is the composition of the Audit Committee sufficient to enable the Committee to operate effectively? Is the level of expertise and knowledge of Members sufficient to enable them to carry out their tasks and duties to a high standard?
8. What are the advantages and disadvantages of the Audit Committee having an independent Chairman? What would the advantages be of the Audit Committee consisting of a majority of independent Members?
9. How effective is the relationship that Audit Committee has with the External Auditors?
10. What level of training do Audit Committee Members require?

PROPOSALS

Are there any early ideas or recommendations emerging from the Committee to meet the objective of this review? This section will, of course, be fleshed out in more detail towards the end of the review.

LOGISTICS

Proposed timeframe & milestones

| Meeting Date * | Action | Purpose / Outcome |
|-----------------------|----------------------|--|
| 21 July 2011 | Agree Scoping Report | Information and analysis |
| 13 September 2011 | Witness Session 1 | Evidence & enquiry |
| October 2011 | Witness session 2 | Evidence & enquiry |
| 10 November 2011 | Draft Final Report | Proposals – agree recommendations and final draft report |

** Specific meetings can be shortened or extended to suit the review topic and needs of the Committee*

Risk assessment

There are no high risk factors that have been identified which might hinder the success of the review, however it should be noted that there are proposals contained within the “Future of Local Public Audit” consultation which when enacted will change the arrangements for local audit. The review should bear this in mind when reaching its conclusions.

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This Committee

This Committee will be responsible for ensuring that the financial management of the Council is adequate and effective and that the Council has a sound system of internal control. This Committee will also consider risk management issues and performance reports.

Terms of Reference

The Constitution defines the terms of reference for the Audit Committee as:

Statement of Purpose

The purpose of Audit Committee is to:

- provide independent assurance of the adequacy of the Council's risk management framework and the associated control environment
- provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment
- oversee the financial reporting process.

Audit Activity

The Audit Committee will:

1. Approve but not direct Internal Audit's strategy and plans, ensuring that work is planned with due regard to risk, materiality and coverage. This will not prevent Cabinet directing internal audit to review a particular matter.
2. Review the Head of Internal Audit's Annual Report and Opinion and Summary of Internal Audit Activity (actual and proposed) and the level of assurance this can give over the Council's corporate governance arrangements.
3. Review summaries of Internal Audit reports and the main recommendations arising.
4. Review a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
5. Consider reports dealing with the management and performance of the providers of internal audit services.

AUDIT COMMITTEE – TERMS OF REFERENCE – APPENDIX 2

6. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
7. Monitor management action in response to issues raised by External Audit.
8. Receive and consider specific reports as agreed with the External Auditor.
9. Comment on the scope and depth of External Audit work and ensure that it gives value for money.
10. Liaise with the Audit Commission over the appointment of the Council's External Auditor.
11. Commission work from Internal and External Audit, following a formal request by the Committee to and a joint decision from the Leader of the Council and Cabinet Member for Finance & Business Services.
12. Ensure that there are effective arrangements for ensuring liaison between Internal and External audit.

Regulatory Framework

The Audit Committee will:

1. Maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour. And, where necessary, bring proposals to the Cabinet and/or Council for their development.
2. Review any issue referred to it by the Chief Executive or a Director, or any Council body.
3. Approve and regularly review the authority's risk management arrangements, including regularly reviewing the corporate risk register and seeking assurances that action is being taken on risk related issues.
4. Review and monitor Council policies on 'Raising Concerns at Work' and anti-fraud and anti-corruption strategy and the Council's complaints process.
5. Oversee the production of the authority's Statement of Internal Control and recommend its adoption.

AUDIT COMMITTEE – TERMS OF REFERENCE – APPENDIX 2

6. Review the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.
7. Consider the Council's compliance with its own and other published standards and controls.

Accounts

The Audit Committee will:

1. Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the auditor that need to be brought to the attention of the Council.
2. Consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

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REPORT TO COUNCIL ON THE WORK OF THE AUDIT COMMITTEE 2010/11

Reporting Officer: Head of Audit and Enforcement

SUMMARY

This report summarises for Council the work of the Audit Committee during 2010-11 in undertaking its responsibilities for overseeing and challenging the key areas within its remit, specifically:

- Internal Control;
- Risk Management;
- Internal Audit;
- Additional financial assurances;
- Anti Fraud; and,
- Annual Accounts and External Audit.

The report provides an opportunity for Members to review the work of the Committee and comment on its contribution and performance. This report details the key areas reviewed by the Committee in 2010-11. The Committee has had an impact on all areas of its remit. Notable areas were:

- Raising the profile of Internal Audit through its review of its activities and acknowledged support for the service;
- Receiving and reviewing
 - the annual plan for Internal Audit
 - the periodic progress reports presented by the Head of Internal Audit & Corporate Governance;
 - Audit assessment of their arrangements for the transfer of responsibilities for Hillingdon Homes audit on its return to the council.
 - Internal Audit's Terms of Reference
 - reports on the risk management process;
 - updates on International Financial Reporting Standards.
 - reports on Revised Treasury Management Practices
 - Treasury management Strategy Statement and Investment policy and associated training
 - regular reports from the external auditors on the accounts
 - External Audit report on the Pension Fund Annual Report and Accounts
 - the Comprehensive Area Assessment indicative report
 - External Audit report on the key Financial Risks relating to the Icelandic bank investments
 - Results of a Fraud Awareness Survey and a Consolidated Fraud Report
 - Revised Anti - Fraud and corruption strategy.
- Approved the annual accounts and presented a robust challenge by addressing questions and seeking assurances from both officers and the external auditors

APPENDIX 3

- Monitored the production of the Annual Governance Statement and its supporting evidence, and recommended the adoption of the statement to the Leader and Chief Executive.
- Conducted a review of the Internal Audit Function.
- Reviewed and set its work programme
- Kept up to date on changing legislation and emerging issues.

RECOMMENDATION: That the annual report be noted.

INFORMATION

1. Background

The Audit Committee has a wide ranging brief that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including audit, anti-fraud and the financial reporting frameworks. The Audit Committee also approves the Annual Accounts and receives regular reports on the work of the external auditor. The Terms of Reference for the Audit Committee are reproduced at Appendix 1 for information.

2. Membership

- 2.1 The Committee membership is shown below. They have a wide range of skills and bring both technical and professional experience to the role. The Independent Chairman is a qualified accountant with wide experience in the private and public sector.

| | |
|------------------------|----------------------|
| Mr. John Morley | Independent Chairman |
| Cllr. George Cooper | Elected Member |
| Cllr. Phoday Jarjussey | Elected Member |
| Cllr. Richard Lewis | Elected Member |
| Cllr. Raymond Graham | Elected Member |

- 2.2 During the course of meetings members are briefed on relevant issues in relation to local government accounts, External Audit, Internal Audit, Use of Resources, Anti-Fraud arrangements, and risk management.

3. Internal Control

- 3.1 In compliance with the Accounts and Audit Regulations 2011, the Committee has reviewed the effectiveness of the systems of internal control by receiving regular reports from those areas that contribute to the control framework, specifically;
- Internal Audit;
 - External Audit
 - Risk Management;
 - Anti Fraud activities;
 - Annual Governance Statement steering group.

APPENDIX 3

3.2 The Committee has received reports from the Annual Governance Statement Steering Group. This group reviews and challenges the assurances used to support the Annual Governance Statement that accompanies the statutory accounts. It also reviewed the resultant draft Annual Governance Statement 2009-10 and recommended its approval to the Leader and Chief Executive and will do the same for 2010-11.

4. Risk Management

4.1 Regular reports on the Council's corporate risks are produced and presented to the Audit Committee, which presents a further challenge to the identified risks.

4.2 The Committee received assurance that the Corporate Risk Management Group (CRMG) continued to meet regularly and to challenge and review the risks and mitigation strategies.

4.3 All corporate risks have a Risk Management Action Plan, which is effectively a strategy for reducing the effect of the risk.

5. Internal Audit

5.1 The Council's Internal Audit service is mainly provided by an in-house team, with IT audit outsourced to a private firm. Staffing and resources have continued to improve with 90% of the plan completed to draft stage by the end of May 2011. High levels of assurance are key to the production of the Head of Audit & Enforcement's assurance statement, which in turn supports the Annual Governance Statement. Consistent with last year 99% of audit recommendations were accepted, against a target of 95%. Acceptance and implementation of audit recommendations is a key element of improving overall control. Implementation rates of around 80% were achieved at follow up and the committee continues to present a challenge where recommendations have been outstanding for long periods of time.

5.2 During the year, the Audit Committee received regular updates on performance and summaries of audit reports. The Committee plays an important role in raising the profile of Internal Audit by supporting it in its role of assisting management in the Council. Senior officers are required to provide a commentary on the actions they are taking where a report received no or limited assurance and the Committee can, if it considers it necessary, ask officers to appear before it.

5.3 The audit plan and strategy approved by the Committee for 2011-12 is risk based and uses a methodology adopted three years ago. Using this methodology the highest risk-ranked audits are undertaken each year with the risks being re-evaluated annually to take account of emerging and receding issues. As part of their review of Internal Audit the Committee were able to view the system used for recording and updating risks.

5.4 In line with CIPFA guidance, an annual review of Internal Audit was undertaken. This year, the Committee itself carried out the review in a specially organised training session. The service was found to be largely compliant and the Committees suggestions will be taken on board in the forthcoming year.

APPENDIX 3

5.5 Following good practice the Audit Committee held a private meeting with the Head of Audit & Enforcement during the year.

6. Additional Financial Assurance

6.1 The banking crisis continued to have an effect on the finance of all areas of government and during the year the committee received reports on the Council's Icelandic Bank investments and our updated Treasury Management and Investment Strategy.

7. Anti-Fraud

7.1 In June the Committee reviewed the results of the Fraud Awareness Survey and noted the improved level of awareness among staff of all elements of the anti-fraud strategy.

7.2 During the year, the Audit Committee received summarised reports of the outcome of Internal Audit investigations into alleged Fraud and Irregularity.

7.3 Seventeen investigations were carried out into fraud or irregularities and these have been reported to the committee in updates throughout the year. Largely they have fallen into three categories:

- No issue at the conclusion of the investigation.
- Issues to be addressed by management action
- Disciplinary issues

7.4 In October 2011 the Head of Audit assumed responsibility for the Housing Benefit Fraud Team and that team now forms the Corporate Fraud team. This has facilitated the use of the team's skills to tackle wider fraud issues affecting residents. Most notably Blue Badge fraud where initial checks in Uxbridge town centre have led to a number of seizures and the issuing of penalty notices. Prosecutions may follow some investigations.

7.5 Investigations where serious continue to account for a significant proportion of the total time for all investigations.

8. External Audit

8.1 The external auditors have attended each meeting of the Committee. The Head of Audit & Enforcement has met with Deloitte's Audit Manager to discuss the respective approaches to audit. Deloitte staff have reviewed internal audit files to satisfy themselves that they can place reliance on our work. Both the Partner and Audit Manager attended and provided input to the session held for the committee to review Internal Audit. The relationship is now well established. Deloitte are currently reviewing Internal Audit files for their 2000-11 audit and we expect that they will be able to place reliance on the work. Representatives from both Deloitte continue to attend Audit Committee meetings to present various reports and answer questions. The Audit Committee met the Deloitte auditors independently, in keeping with good governance arrangements.

APPENDIX 3

9. Annual Accounts and Financial Reporting

- 9.1 The Audit Committee received or approved the following reports
- In June 2010 the Audit Committee approved the 2009-10 Statement of Accounts;
 - In September 2010 it received the auditor's draft Annual Governance Report on the audit of the statement of Accounts, prior to formal sign off
 - Also in September Deloitte's report on the Pensions Fund Annual Report and accounts
 - In March, Deloitte's Annual Grant Audit Letter and their 2010-11 Annual Audit Plan.
- 9.1 Although on 26 May 2010 the coalition Government announced the abolition of the Use of Resources Assessment, Deloitte had already substantially completed their assessment. An indicative report was therefore provided to the committee in June 2010. This indicated a significant improvement in the council's score to 3 in every category except one concluding in an overall score of 3. Deloitte drew particular attention to the council's 'sustained performance in financial management.'
- 9.2 The Committee have maintained an active interest in all financial matter, including Treasury Management and in the move to International Accounting Standards. Reports have been received on Revised Treasury Management Practices, Treasury Management strategy Statement and Investment Strategy 2011-12, International Accounting Standards.
- 9.3 In support of 2009-10 work, the Committee received an Audit and Inspection plan from Deloitte in March 2010.

10. Committee Training and Development

- 10.1 Following the Local Government elections, The Committee membership underwent some substantial change, with two Members joining for the first time and one being reappointed after an absence. All the new Members have financial skills and one has audit experience. The Head of Audit & Enforcement and the Chairman of the Committee met independently with the new members (and some substitutes) to assess their training needs prior to their first Committee meeting.
- 10.2 In December the whole Committee received training and guidance on the Treasury Management Strategy 2011-12 to 2013-14. During the review of Internal Audit they were guided through the process of carrying out a risk based audit and reviewed examples of working papers.
- 10.3 The Committee has a work plan which is reviewed and updated at each meeting.

11. Conclusion

- 11.1 The Audit Committee believes it has made a significant contribution to ensuring that the key elements of the Governance Framework are given proper consideration and are appropriately challenged. It will continue to develop this role and contribute to strengthen internal control, risk management and governance throughout the authority.

APPENDIX 3

BACKGROUND PAPERS: Terms of reference for Audit Committee; Annual Governance Statement Framework

Contact Officer: Geoff Eldridge / Steve Smith
Telephone: 01895 277231 / 250518

REASON FOR ITEM

At the last meeting of the Committee, Members asked for a briefing on the recent power failure which took place in the Civic Centre on 17 May 2011 and the impact this had on the Council's officers and visitors to the Civic Centre. The Council's Facilities Manager will be in attendance at the meeting to answer Members' questions.

OPTIONS AVAILABLE TO THE COMMITTEE

1. To question the Council's Facilities Manager on the detail contained in the report and to ask for clarification on any issue.

Background

1. On Tuesday 17th May, at approximately 11:00, the electricity supply to the Civic Centre failed. It was later confirmed this was due to a local grid fault. The power failure left all electrical equipment non-operational, with the exception of the battery powered emergency lighting and the uninterruptable power supply to ICT servers including the internal telephone system. Although the recently installed generator started immediately, it failed to provide power to the building.
2. The Civic Centre electrical supply is supplied from a high voltage supply which serves a ring circuit around Uxbridge. One common metered supply then serves the entire Civic Centre. This supply is then divided through four main high voltage switches 3 of the switches serve the offices in phase 1 of the building and another switch serves phase 2 of the building. The new generator has been set up to feed switch panels 1 – 3, which will provide full power to the main office of the Civic Centre but only back-up power to Phase 2.
3. The two old generators that the new generator replaced only provided back-up power to the standby lighting circuits, lifts, water services and ventilation plant. The old generators were there basically to enable safe evacuation of the building in the event of a power failure.
4. By 12.30 we were in a position to start to reoccupy the building and Customer Contact centre representatives were contacted to ask those staff to return. That aspect and the prioritisation of Customer Contact Centre services worked well. No injuries were reported throughout the incident and vulnerable residents who attended the Civic Centre were looked after by reception staff. A "triage" system was established and visitors who had been waiting outside of the building were quickly dealt with. Staff returned by 1.30pm and ICT systems were largely restored by 2.30pm. An Uxbridge Gazette article the following day contained a positive comment regarding action being taken to resolve power cut and restore services to residents.
5. Although the fault with Southern Electricity's supply was restored relatively quickly, power to the Civic could not be restored until 13:15 due to a generator control fault. Full ICT was restored by 15:00 and the emergency aspects of telephony remained active throughout. However, because of the uncertain nature of the incident the Head of ICT and Business Services Page 10 of 21

systems. Although initially protected by UPS (backup) power the loss of the cooling system to the servers resulted in rapid climbs in temperature leading to a possibility of ICT systems suffering severe damage from overheating. The UPS devices are not designed to keep ICT equipment running power for that is supplied by the standby generator. The UPS devices enable an orderly shutdown of systems only

Facilities Management

6. Facilities Management had contacted Southern Electric who confirmed that there had been a power loss in the area but that it has been quickly restored. Those within the Civic centre were unaware of the restoration of power as the generator was running and acting as a block to the restoration of Southern Electricity's supply to the building. As mentioned above the generator, despite running, was not providing power from its own source either. Whilst this was ongoing Facilities Management also made contact with the Council's contractors – Mitie. Mitie had project managed the supply and installation of the generator. Mitie contacted their project manager and electrical sub-contractor who they needed to bring the generator back on line (we were unaware that the generator itself was blocking the Southern Electric restored supply at this time) but it was some 40 plus minutes before those people attended site.

The Generator and the role of Hillingdon's maintenance Contractor Mitie

7. As mentioned above the new generator was supplied and installed in January 2011, the project was managed by MITIE and the generator was installed by a sub contractor of MITIE, Alan Electrical. The generator was tested and commissioned at the time of the installation and a failure of the electrical supply was simulated at the time of the installation. The testing at this time did not indicate any problems with the installation. A further full test of the generator had been planned to take place in July 2011 but as a result of this incident this was brought forward to the weekend of 18th/19th June.
8. This testing on the 18th June consisted of simulating electrical failures the first two tests were not successful but the final test following adjustments to the control mechanism was. Further tests carried out during the evening of the 8th July followed and the generator successfully operated on all three occasions following simulated failures. A schedule of further testing is being established to ensure that the system works well during the working day with full load being drawn.

Communications

9. As soon as the power failed, the council's emergency communications plan was activated. Staff remained working in the office to deal with internal communications issues and to respond to media enquiries. As telephones were working, the team was able to respond to media enquiries, logging calls and responses manually. Internal communications was more challenging as the team was informed the tannoy system was out of operation and once staff were evacuated from the building, it was not possible to communicate with them in a co-ordinated way.

Actions arising from the event

- Facilities Management are reviewing Civic Centre evacuation procedures with the Council's Civil Protection Service, associated signage and Horizon pages, and are re-train staff and managers as necessary.
- Facilities Management have reviewed their command, coordination and communication arrangements

- A review of where battery backed emergency lighting and alarms is being undertaken including within lifts ,at designated emergency meeting points and key evacuation locations
- 2 loudhailers have been purchased by FM. The possibility of a battery back up to the Tannoy system is being considered
- A regular regime of generator testing needs is being scheduled

SUGGESTED COMMITTEE ACTIVITY

1. Members to question the Council's Facilities Manager on the details of the report and to request further information on the incident if required.

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Challenges to the Voluntary Community Sector in Hillingdon

Contact Officer: Nigel Cramb / Sara Johnstone
Telephone: 01895 250394 / 256896

REASON FOR ITEM

This report provides Members with background information to a potential second major review on the Voluntary Community Sector.

OPTIONS AVAILABLE TO THE COMMITTEE

1. To discuss and consider the details contained in the report and to request clarification if needed.
2. To consider whether the Committee would wish to undertake a review into this area and if so ask that officers prepare a draft scoping report for the next meeting.

Introduction

1. The Council has been a long term committed supporter of the local voluntary sector. Its corporate grants programme – approx £1.5m on average per annum – is a direct investment in the form of core funding in the sector. This in turn provides services for residents. The Council also procures services via its directorates from the sector to deliver. A strong and thriving VCS is therefore desirable.
2. The sector undertakes a number of functions crucial to the delivery of the Council's aim and objectives including:
 - Contributing toward prevention which saves Council intervention
 - Providing added value, largely through volunteers, but also in a range of other ways
 - Providing partners in the community, developing services / pursue initiatives that we are unable to do on our own
 - Representing the diversity of the community, ensuring a voice for harder to reach groups and inclusion in policy and debate
 - Delivery of services on the Council's behalf
 - Providing services that we as a local authority cannot justify in terms of priorities (but value nevertheless)
 - Ability to secure funds that are not available to the Council
3. The Council has a vested interest in maintaining a healthy robust and challenging sector in terms of responding to needs, seizing new opportunities, mobilising volunteers, supporting initiatives etc. It does this by offering and committing funding to the sector. A significant % of

that funding is via the corporate grants budget. The council despite the continuing pressures on its own budget has maintained a core level of funding to a wide number of organisations covering a range of voluntary sector activity.

4. However, this is in a context of diminishing funding opportunities, within and external to the local authority, greater competition within the sector for those resources and introduction of competitive procurement to purchase services. In Hillingdon this has resulted in more new providers and private sector organisations challenging the established local sector.
5. A possible review could examine the challenges faced by the voluntary sector, both generally and specifically in Hillingdon and what the role of the Council's corporate grants is in sustaining the local sector. A POC review could explore what the Council gets out of its investment and assesses if and why the support should continue.

Challenges for the Local Sector

- Reduced availability of funding
- Geography – outer London borough, access, transport
- Shift from grants to contracts
- Competitive commissioning and concurrent monopolisation of services by a few large groups external to the borough
- Large organisations who can take a long term lost leader view to gain initial access as a new service provider
- Shift of risk to the provider, payment by results
- Shift of control to procurer who identifies exactly what service specification should be
- Resources to undertake tendering processes
- Corporate grants as a closed shop for new and emerging groups and needs in the borough
- Lack of alternative core funding available
- To take on the efficiencies agenda
- Pressure to act as a business, generate income, take on contracts while workforce often volunteers, and maintaining third sector principles and ethos of caring.
- Often involved in preventative strategies where hard to evidence VFM

Challenges for Council

- Historical process which can produce complacency in organisations in receipt of funding
- Interdependence of corporate grant funding and directorate contracts
- Effect of corporate grant funding on competitive processes
- To prioritise prevention to save money in the future
- Is Hillingdon geographically able to support a diverse market required for truly competitive initiatives

SUGGESTED COMMITTEE ACTIVITY

Corporate Services & Partnerships POC 21 July 2011

PART 1 – MEMBERS, PUBLIC & PRESS

1. Members question officers on aspects of the report and to seek clarification if necessary.
2. Members make a decision on whether they would want to undertake a review into this area.
3. Members give consideration to any other areas or additional information they would like to be considered in any potential review.
4. If approval is given to a review taking place on this topic, officers be asked to produce a draft scoping report at the next meeting of this Committee.

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Procurement in Hillingdon

Contact Officer: Bob Alabaster

Telephone: 01895 556349

REASON FOR ITEM

At the last meeting of the Committee Members asked that officers produce a briefing paper on the procurement process within the Council. Unfortunately the Head of Procurement can not be in attendance at this meeting but will be happy if required to attend this Committee's meeting on 13 September 2011

OPTIONS OPEN TO THE COMMITTEE

1. The Committee is asked to note the report and that the Head of Procurement, if required will attend this Committee's meeting on 13 September 2011.
2. The Committee is asked to consider any other information or areas it may wish to raise with the Head of Procurement on Procurement.

Background

In 2008 the Hillingdon Improvement Programme (HIP) recognised the need to improve the Council's approach to Procurement. Under the leadership of Cllr Scott Seaman-Digby, an accelerated work programme was undertaken to rebuild the Procurement service. By February 2009 a fully staffed professional team was in place under the leadership of a Head of Service reporting into the Corporate Director of Finance & Resources.

In line with the structural changes to the Council introduced in 2011, the Head of Procurement reports to the Chief Finance Officer Paul Whaymand and the function is part of Central Services, led by Deputy Chief Executive and Corporate Director, Fran Beasley.

The Corporate Services & Partnerships Policy Overview Committee has requested this basic, descriptive briefing paper on Procurement in Hillingdon for the July POC.

Scope of Procurement

In its simplest form, procurement is the acquisition of goods and services. In reality, professional procurement is much broader and strategic than just purchasing the right thing at the right price.

In the context of the Council, the Procurement service is about ensuring robust control of external expenditure, understanding the business requirements, tendering and letting contracts in a compliant manner and enabling the management of supplier relationships in an effective and productive way.

Corporate Services & Partnership Policy Overview Committee – 21 July 2011

Part 1 – Members, Public and Press

Through this strategic approach to procurement the Council can demonstrate that it delivers the desired outcome for our residents at the best value for money.

Regulatory & Legal context

The European Union (EU) Directives set out the legal framework for public procurement activity. The EU Directives are implemented into national law in the UK by the Public Contract Regulations 2006 (as amended). The Regulations set out the procedures which must be followed by public sector contracting authorities (eg. Local Authorities) to ensure that public procurement is conducted in a fair, open and transparent manner.

The Council Constitution sets out in the Procurement & Contract Standing Orders how the Council conducts procurement activity to maintain compliance and probity. Based upon these Standing Orders, the Procurement team conduct tenders and seek approval for award of contracts. Approval to award a contract to a supplier is provided by Members or the Cabinet based upon the total contract value.

With the increasing environment for challenge of public sector procurement decisions, it is vital to protecting the Council's reputation and interests in maintaining strong compliance. The Procurement team play a key role in this by ensuring the Council follows the due process in the letting of supplier contracts.

Organisation & Operating model

Since February 2009, the Procurement team has evolved and aligned its resources to support the directorates of the Council. Through the Business Improvement Delivery (BID) programme the Business Partner operating model has been adopted and Procurement resource is now co-located alongside colleagues in their directorates. This co-location allows for strong internal working relationships to be created, to ensure that Procurement expertise and effort is aligned to deliver against the specific financial and budgetary objectives of the group.

These strong internal relationships also allow for credible challenge to be made on how services are provided to drive out inefficiency and intelligently approach the supply markets to secure the best solutions from suppliers as possible.

As part of the transformation of Finance, in October 2010 the eProcurement team was added to the Procurement service to complete the end to end management of the purchasing cycle, from requisition up to invoice payment.

This part of the team is leading the development and improvement of the Oracle system to ensure the Council has robust processes in place to manage the commitment of external expenditure. These system developments are on track for completion during winter 2011.

Therefore in total the Procurement service consists of 14.5 full time equivalent staff (FTE). The breakdown of the resource is as follows:

- Head of Procurement
- Procurement Managers (4.5 FTE)
- Procurement Executives (6 FTE)
- eProcurement Officers (3 FTE)

Achievement

The key focus of any Procurement service is to deliver savings in external expenditure to support the delivery of the financial objectives of the Council. Since February 2009 the Procurement service has played a key role in reducing the Council's overall external expenditure by over £9M to an annual figure of £178M (2010/11 financial year).

By leading compliant tender exercises, improved value for money contracts have been let and Procurement have supported colleagues in challenging how Council services are provided to improve efficiency. The key areas of expenditure that Procurement has targeted are:

- Temporary contingent labour
- ICT services
- Transport
- Social Care (domiciliary care and floating support for service users)
- Connexions service for Children
- Facilities Management
- Stationery and office equipment

The Procurement team also support the major capital projects of the Council and have supported colleagues in such projects as Library Refurbishment programme and New Years Green Lane development. The key programme going forward will be the Primary School capital programme and Procurement are supporting colleagues in Corporate Construction to ensure this is delivered successfully, on time and on budget.

Procurement also leads on collaborative opportunities, where they make sense for Hillingdon to participate. This collaboration takes place on a national, regional and sub-regional basis. A key achievement has been delivered in Adults Social Care where, at a West London level, a joint procurement unit has been formed to tackle the external expenditure on care services. By taking this collaborative, sub-regional approach all Boroughs in the West London Alliance have benefited from better value contracts for domiciliary care and the introduction of an accredited supplier scheme for residential care.

Another example of collaboration is the London Energy project, where Hillingdon has benefited from accessing collaborative contracts for the supply of electricity and gas.

Where Hillingdon's specific requirements can be met, this type of collaboration ensures that even greater Procurement results can be achieved than if Hillingdon were to approach this type of supply market alone.

Next steps

Going forward there is the continued requirement to meet the challenges of the Medium Term Financial Forecast (MTFF). In every area of the Council, external expenditure must be subject to review and challenge to ensure that every pound spent is done so in the best value for money way.

Through the Business partner operating model, Procurement is best placed to provide this challenge and support colleagues in maximising the value through its external suppliers. Robust Procurement delivery plans will be agreed with Members and Service Directors to ensure that Procurement resources are targeted on the priority objectives of the groups, to deliver the results required.

Some key priorities for the next period are:

- Supporting the ICT transformation of the Council (tender for Desktop and Managed Services contracts during summer 2011)
- Introduction of Council wide Contract Management Framework (commenced summer 2011) to improve the management of all Council suppliers
- Purchase of priority vehicles as part of broader Fleet review
- Review of Looked After Children (LAC) fostering contracts
- Delivery of further savings from outsourced FM contract with Mitie
- Increased availability of Telecare to service users (contract to be awarded summer 2011)
- Award of contracts for delivery of Primary Schools capital programme

Bob Alabaster
Head of Procurement

Agenda Item 10

WORK PROGRAMME 2011/12

Contact Officer: Khalid Ahmed
Telephone: 01895 250833

REASON FOR ITEM

This report is to enable the Committee to review meeting dates and forward plans. This is a standard item at the end of the agenda.

OPTIONS AVAILABLE TO THE COMMITTEE

1. To confirm dates for meetings
2. To make suggestions for future working practices and/or reviews.

INFORMATION

All meetings to start at 7.30pm except where stated

| Meetings | Room |
|--|------|
| | |
| 9 June 2011 | CR 5 |
| 21 July 2011 (7.00pm) | CR 5 |
| 13 September 2011 | CR 5 |
| 13 October 2011 (date needs to be re-arranged) | CR 5 |
| 10 November 2011 | CR 5 |
| 18 January 2012 | CR 5 |
| 21 February 2012 | CR 6 |
| 14 March 2012 | CR 5 |
| 18 April 2012 | CR 5 |

Corporate Services & Partnerships Policy Overview Committee

2011/12 DRAFT Work Programme

| Meeting Date | Item |
|---------------------|--|
| 9 June 2011 | Corporate Services & Partnerships Policy Overview Committee Review Topics 2011/12 |
| | Work programme for 2010/11 |
| | Cabinet Forward Plan |

| | |
|---------------------|--|
| 21 July 2011 | First Major Review in 2010/11 Effectiveness of the Audit Committee and its Terms of Reference - Scoping Report |
| | The Compact and Third Sector Commissioning |
| | Procurement |
| | Budget Planning Report for Central Services |
| | Recent Power Cut in the Civic Centre |
| | Work Programme |
| | Cabinet Forward Plan |

| | |
|--------------------------|--|
| 13 September 2011 | First Major Review in 2011/12 Witness Session 1 |
| | Cabinet Forward Plan |
| | Work Programme |

| | |
|------------------------|---|
| 13 October 2011 | First Major Review in 2011/12 – First Review Witness Session 2 |
| | Cabinet Forward Plan |
| | Work Programme |

| | |
|-------------------------|--|
| 10 November 2011 | First Major Review in 2011/12 – First Review Draft Final Report |
| | Cabinet Forward Plan |

| | |
|--|----------------|
| | Work Programme |
|--|----------------|

| | |
|------------------------|---|
| 18 January 2012 | Budget Proposals Report for Central Services |
| | Second Major Review in 2011/12 – Scoping Report |
| | Cabinet Forward Plan |
| | Work Programme |

| | |
|-------------------------|---|
| 21 February 2012 | Second Major Review in 2011/12 – Witness Session 1 |
| | Cabinet Forward Plan |
| | Work Programme |

| | |
|----------------------|---|
| 14 March 2012 | Second Major Review in 2011/12 – Witness Session 2 |
| | Cabinet Forward Plan |
| | Work Programme |

| | |
|----------------------|--|
| 18 April 2012 | Second Major Review in 2011/12 – Draft Final Report |
| | Cabinet Forward Plan |
| | Work Programme |

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Cabinet Forward Plan

Contact Officer: Khalid Ahmed
Telephone: 01895 250833

REASON FOR ITEM

The Committee is required to consider the Forward Plan and provide Cabinet with any comments it wishes to make before the decision is taken.

OPTIONS OPEN TO THE COMMITTEE

1. Decide to comment on any items coming before Cabinet
2. Decide not to comment on any items coming before Cabinet

INFORMATION

1. The Forward Plan is updated on the 15th of each month. An edited version to include only items relevant to the Committee's remit is attached below. The full version can be found on the front page of the 'Members' Desk' under 'Useful Links'.

SUGGESTED COMMITTEE ACTIVITY

1. Members decide whether to examine any of the reports listed on the Forward Plan at a future meeting.

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The Cabinet Forward Plan

Period of Plan: July 2011 to November 2011 onwards

| Ref | Report Title | Advance information | Ward(s) | Report to Full Council | Cabinet Member(s) Responsible | Officer Contact | Consultation | Background Documents | NEW ITEM |
|---|--|---|----------------|------------------------|--|---|--------------|----------------------|----------|
| CABINET - 28 July 2011 | | | | | | | | | |
| 600 | Extension of IP network and IP telephony support contracts | Cabinet will be asked to agree the extension of current contracts for supporting the Council's key communications networks. | N/A | | Cllr Jonathan Bianco | PEECS - Steve Palmer | | | |
| 632 | Total approach to Town Centre Regeneration - Support for Hillingdon's small, independent traders | Following a competitive tender process, this report recommends the award of a consultancy contract for a 2-year visual merchandising programme supporting small independent traders in three town centres, Hayes, Ruislip Manor and Northwood Hills. This initiative has been funded in full through the Local Area Agreement Reward Grant as agreed with partners within the Local Strategic Partnership | Various | | Cllr Douglas Mills / Cllr Scott Seaman-Digby | CS - Jales Tippell / Kevin Byrne / Helena Webster | | | NEW |
| SI | Voluntary Sector Leases Report | Regular report on discounted leases to voluntary sector organisations that benefit residents and the wider community | All | | Cllr Jonathan Bianco | PEECS - Gregory Morrison | | | |
| SI | Reports from Policy Overview Committees | Major Policy Review recommendations for consideration by the Cabinet as and when completed. | TBC | | as appropriate | DCEO - Democratic Services | | | |
| SI | Monthly Council Budget - monitoring report | The Cabinet receives a monthly report setting out in detail the council's revenue and capital position. | All | | Cllr Jonathan Bianco | F&BS - Paul Whaymand | | | |
| Cabinet Member Decisions - July 2011 | | | | | | | | | |
| 622 | Grant of Lease - Civic Centre, Uxbridge | This report seeks Cabinet Member approval for the grant of a lease to the contractor appointed to provide the Meals Service using Civic Centre kitchen facilities. The lease to be for the duration of the service contract period. | Uxbridge South | | Cllr Jonathan Bianco | PEECS - Mike Paterson | | | |
| CABINET - 29 September 2011 | | | | | | | | | |
| SI | Voluntary Sector Leases Report | Regular report on discounted leases to voluntary sector organisations that benefit residents and the wider community | All | | Cllr Jonathan Bianco | PEECS - Gregory Morrison | | | |
| CABINET - 27 October 2011 | | | | | | | | | |
| 625 | Future ICT Applications - Desktop Review Tender | Following a tendering exercise, Cabinet will be asked to make the necessary decisions in relation to awarding a software license contract and services agreement to support the future desktop computing model for the Council. Cabinet will receive details of how the project will proceed and also precipitate the savings identified for future years as part of the MTFF. | N/A | | Cllr Jonathan Bianco and Cllr Scott Seaman-Digby | PEECS - Steve Palmer | | | NEW |
| SI | Monthly Council Budget - monitoring report | The Cabinet receives a monthly report setting out in detail the council's revenue and capital position. | All | | Cllr Jonathan Bianco | CS - Paul Whaymand | | | |
| Cabinet - 24 November 2011 | | | | | | | | | |

| Ref | Report Title | Advance information | Ward(s) | Report to Full Council | Cabinet Member(s) Responsible | Officer Contact | Consultation | Background Documents | NEW ITEM |
|---|-----------------------------------|---|---------|------------------------|-------------------------------|---------------------------------|---------------------|----------------------|----------|
| ASCH&H = Adult Social Care, Health & Housing; DCEO = Deputy Chief Executive's Office; E&CS = Education & Children's Services; F&R = Finance & Resources; PE&CS = Planning, Environment & Community Services | | | | | | | | | |
| 584 | Responsible Retailer Pilot | Cabinet requested a further report back following the implementation of the pilot scheme and to consider any roll-out across the Borough. | All | | Cllr Douglas Mills | PEECS - Peggy Law / Sue Pollitt | Feedback from pilot | | |