

**Final Use of Resources Report**

**London Borough of  
Hillingdon**

**September 2009**

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# 1 Executive Summary

## 1.1 Scope

An annual requirement of local authority appointed auditors is to perform an assessment of an authority's use of resources. An interim assessment was carried out during May 2009 in order to provide indicative scores to the Audit Commission by their interim deadline of 31 May 2009. This was followed by a final assessment which was carried out during July and August 2009 in order to provide final scores to the Audit Commission by their final deadline of 12 August. The findings in this report provide the scores reported to the Audit Commission for both the interim and final submissions. Within the report, we have outlined a summary of our findings in reaching the scores reported, including areas where the Council is performing well and areas where there is a need for improvement in controls and/or documentation to support these procedural activities.

Our findings in this report have been reviewed by the Audit Commission as part of their national review process in August 2009 and we await comments from this. As a result of this final stage assessment by the Audit Commission, scores may change from those outlined within this final report. Confirmed final scores will be released in October 2009.

## 1.2 Final findings

The assessment is made under three overall areas, or themes. Within these there are a number of key lines of enquiry ("KLOEs"). Each KLOE is assessed by considering what auditors would expect to see at authorities which are performing adequately or performing well.

We have assessed the London Borough of Hillingdon ("LBH") with the following scores at the interim and final stages of our review:

Overall area	KLOE	Interim KLOE score	Final KLOE score	Final Theme score
Managing finances	1.1 Planning for financial health	3	3	3
	1.2 Understanding costs and achieving efficiencies	2	2	
	1.3 Financial reporting	2	3	
Governing the business	2.1 Commissioning and procurement	2	2	2
	2.2 Use of information	2	2	
	2.3 Good governance	2	2	
	2.4 Risk Management and control	2	2	
Managing resources	3.1 Natural resources	2	2	2
	3.2 Strategic asset management	3	3	

Details of the scoring process appear at Appendix 1. We consider the Council to have achieved a strong level 2 performance overall, with a clear path visible to achieve a level 3 in the future. This is considered to be a very positive outcome, and the Council is congratulated on its performance.

## 1.3 Key areas for improvement

Throughout this report we have included details of the following recommendations where we believe that evidence of outcomes achieved in 2008/09 may not exist, but consideration of these points may enhance the assessment for 2009/10.

The key recommendations which should be considered for the 2008/09 final assessment are listed below and in Appendix 2 with management responses.

<b>KLOE 1.1</b> Managing spending	LBH should ensure collection targets are set for all applicable material income streams. Performance against these targets should be regularly monitored so that further actions can be implemented to improve rates of collection which are below target.
<b>KLOE 1.2</b> Decision making	We recommend that the Council considers further analysis and use of benchmarking information to identify areas where there is further scope for efficiency savings to be achieved. A key focus of this would be adult social care.
<b>KLOE 1.3</b> Publishing reports	The Council should continue to develop its approach to identifying and reporting key information to its stakeholders in relation to its environmental performance given the high profile of this agenda.
<b>KLOE 2.1</b> Clear vision of expected outcomes	The Council should continue to develop an overarching commissioning plan that links identified needs to Council priorities and specific actions.
<b>KLOE 2.1</b> Extensive involvement in commissioning	We consider that the Council should develop a more coherent approach to obtaining user involvement when developing its service and strategic priorities.
<b>KLOE 2.1</b> Improvement through service redesign	We recommend that the Council continues to identify and evaluate opportunities to use technology in innovative ways to enhance the experience of the service user

**KLOE 2.1**  
**Understanding the supply market**

We suggest that the Council continues to explore opportunities to work with a wider range of suppliers, including the third sector

**KLOE 2.2**  
**Relevant and reliable data**

LBH could further develop its approach to data quality across the Council, for example, that there is a full risk assessment of which indicators and systems are reviewed, with subsequent action plans that are monitored and reviewed.

**KLOE 2.2**  
**Relevant and reliable data**

We recommend that LBH works with its partners to develop and implement a Partnership Data Quality Protocol, as a means of ensuring consistent expectations and standards around data quality.

**KLOE 2.2**  
**Supporting the decision making process**

LBH should consult with its partners to determine the most appropriate format, content and standard of performance information that is required.

**KLOE 2.2**  
**Data security**

We recommend that LBH follow up the findings from the internal audit review of data security as a matter of high priority.

**KLOE 2.2**  
**Monitoring performance**

We recommend that LBH undertake wide spread benchmarking of performance and develop action plans in areas where it is underperforming.

**KLOE 2.3**  
**Partnership governance**

The Council should present its assessment and demonstration that Hillingdon Partners and other significant partnership arrangements are achieving value for money in what they do.

KLOE 2.4  
Risk management

Members training around risk management may be through other routes than formal training sessions, and the Council should seek to present evidence of different forms of training, for example, logs of participation in the use of online resources. A record should also be maintained of the outcomes of training undertaken.

KLOE 2.4  
Counter fraud and corruption

A register should be maintained of all training that has been completed, and where necessary, training requirements should be updated and signed off annually. In addition, the Anti Fraud and Corruption training should contain a strong message to prevent cases of alerting individuals being investigated.

KLOE 3.1  
Understanding and quantifying the use of natural resources

The Council should ensure that it has appropriate processes in place to be able to monitor and measure the effectiveness of the overall strategy for the use of natural resources, and where required, be able to revise the strategy to ensure that the appropriate elements of the carbon footprint are being addressed.

KLOE 3.1  
Understanding and quantifying the use of natural resources

As the Climate Change Strategy becomes more embedded across the Council, clearer links with other strategies and plans should be established, including finance, risk and human resources.

KLOE 3.1  
Managing performance to reduce impact on the environment and managing environmental risks

The Council should continue the work it has already commenced by further embedding and developing its plans to achieve, manage and communicate its environmental strategy.

## 2 Introduction

The Use of Resources ('UoR') assessment forms part of the Comprehensive Area Assessment ('CAA') from 2009.

The UoR assessment considers how well organisations are managing and using their resources to deliver value for money and better, sustainable outcomes for local people. It is structured into three main themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people.

The approach, as with the previous UoR assessment, is based upon reviewing Key Lines of Enquiry ('KLOE'). However, the new KLOE are more broadly based than the old ones, and embrace wider resources issues such as the use of natural resources. The KLOE focus more than ever on value for money achievements, outputs and outcomes rather than processes, and assessments will be based on a rounded judgement. This will make achieving higher scores under the new regime more demanding than the previous UoR assessment. The KLOE are detailed below:

<b>Area 1</b>	<b>Managing Finances</b>	
Key Question	How effectively does the organisation manage its finances to deliver value for money?	
KLOE	1.1	Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?
	1.2	Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?
	1.3	Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?
<b>Area 2</b>	<b>Governing the Business</b>	
Key Question	How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	
KLOE	2.1	Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?
	2.2	Does the organisation produce relevant and reliable data and information to support decision making and manage performance?
	2.3	Does the organisation promote and demonstrate the principles and values of good governance?
	2.4	Does the organisation manage its risks and maintain a sound system of internal control?
<b>Area 3</b>	<b>Managing Resources</b>	
Key Question	How well does the organisation manage its natural resources, physical assets, and people to meet the current and future needs and to deliver value for money?	
KLOE	3.1	Is the organisation making effective use of natural resources?
	3.2	Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?
	3.3	Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

The scores from our final assessment were reported to the Audit Commission on 12 August 2009.

This final deadline was brought forward significantly from the prior year. This resulted in the Council's UoR team having markedly less time to produce self assessment information, as well as less time to perform the assessment.

We held a UoR workshop for key officers of the Council in February 2009. This was to share training and information that had been given to Deloitte with the Council, in order to ensure that the Council understood what auditors had been instructed to look for when performing the assessment. It is important to note that this new UoR assessment is still evolving, and some of the realities of performing the assessment for the first time may need to be reflected in future UoR workshops, however it is felt that the workshop was useful and lead to the Council producing high quality self assessments. Given the very short turnaround time for these self assessments from the Council being informed of the interim submission deadline in early March 2009 to the submission of the self assessments for review in late April 2009, the quality of them is all the more notable.

## 3 Managing finances

In assessing Managing Finances the key question addressed is how effectively the organisation manages its finances to deliver value for money. This question is answered through three KLOEs, which are further broken down into more focused areas, detailed in sections 3.1 to 3.3 below.

Managing finances is a particular area where significant evidence for the UoR assessment did not exist at the interim stage. Specific key areas of KLOE 1.3 in particular focus on preparation of accounts and publishing reports, which for the 2008/09 year was assessed fully with evidence obtained through the year end audit process.

### 3.1 KLOE 1.1: Planning for financial health

#### 3.1.1 Overall summary

This KLOE asks for an assessment on whether “the organisation plans its finances effectively to deliver its strategic priorities and secure sound financial health”.

Our final assessment score for this KLOE is ‘3’.

Requirement	Interim Score	Final Score
Integrated financial planning	3	3
Medium to long term financial planning	3	3
Engaging with stakeholders	3	3
Managing spending	2	2
Financial leadership and governance	3	3

We found that LBH has financial planning processes that are integrated with its strategic priorities. The Council has been able to set a balanced budget, as well as achieve significant efficiency savings targets over the past 4 years. Furthermore, the Council is continuing to be proactive in addressing short term risks within its overall medium term financial planning processes. There is strong leadership and governance around financial management, which has resulted in stronger financial performance of the Council.

#### 3.1.2 Key features

**Integrated financial planning:** There is a clear track record of delivering a balanced budget, with evidence of integration between revenue, capital and treasury management strategic priorities. There is good evidence of leadership from members, as well as services developing their budgets from the bottom up using this strategic direction. A demonstration of this joined up process is seen in the comprehensive service reviews that were undertaken in 2008/09 involving the service delivery teams and finance. These service reviews have added further potential savings to the £45m efficiency savings achieved over the last four years. In response to increasingly challenging economic circumstances, LBH has further developed this approach through the introduction of a Business Transformation Board (BTB), which will focus on business transformation.

The 2008/09 budget was the first to be constructed on a 'zero based' principle, and included £11m of savings. There is evidence through this budget planning process that key priorities of LBH are identified, and resources are subsequently diverted to them. An example of this is where savings in back office functions have been diverted to actual front line service provision.

There are examples whereby budgets have been devolved to local areas. For example, the Chrysalis scheme enables a pool of money to be used for needs identified by local people and bid for through local Councillors. This enables what are seen to be more local issues rather than strategic priorities to be addressed.

Communication of key issues around financial planning appears to be well developed, for example, staff are kept abreast of progress through intranet blogs and team briefings, as well as the Leader's Roadshow.

While acknowledging that Hillingdon has £20m invested with Icelandic banks, it has responded to the banking crisis by reviewing and updating its Treasury Management policies in line with latest guidance. The deposits made in Icelandic banks were made before the banks' credit ratings were cut and were within the Treasury Management Policy prevailing at the time.

**Medium to long term planning:** LBH has implemented and embedded a medium term financial forecast that identifies key drivers of costs over a four year planning horizon. The Council's key priorities are incorporated into this forecast. The Sustainable Communities Strategy provides clear direction for the medium term financial forecast ("MTFF").

The Council incorporates a 'contingency' element into its MTFF and annual budget as a mechanism through which to manage unforeseen risks. During 2008/09 it was able to use this contingency to manage its budget after the identification of £2m of cost pressures including those relating to energy and fuel costs.

Members are involved in the financial planning process, both through setting the strategic direction of the Council, as well as the Member for Finance and Business Services meeting regularly with the Director of Finance.

LBH has been able to use its approach to medium term financial planning to influence both its approach to partnership working, and the actions of its partners. An example included the ability of the Partnership Group to increase its partnership reward grant to 85%, which has increased throughout the year.

#### **Engaging with stakeholders:**

Partner organisations are engaged with through the Partnership Board and LAA meetings, information from which is fed back through service areas, into budgets and the MTFF and Hillingdon Partners Sustainable Community Strategy. Primary outputs of engaging with stakeholders are considered to be the residents' feedback results, utilisation of ward schemes enabling local people to request funding for issues local to them and performance of Hillingdon Partners against LAA targets

LBH has developed a range of means to obtain the views of its residents including targeted consultation and working with hard to reach communities within the borough. The Sustainable Community Strategy provides the strategic direction through which the Council delivers its goals and priorities.

The Council has strengthened its approach to consultation with its residents by developing initiatives that enable spending decisions to be taken at a lower level, for example, the Chrysalis programme.

The Council has demonstrated improvement in residents' perceptions of services being delivered through enhanced responses from its residents' surveys.

**Managing spending:** LBH has a recent track record of delivering efficiencies, building up reserves, whilst maintaining service delivery and improving residents' satisfaction levels. The Council has faced budgetary and financial pressures that emerged in 2008/09, including increased energy costs and a reduction in income, and has taken actions to address these areas.

LBH produces a monthly Financial Digest, which includes key performance statistics including collection rates for Council tax. However, some material incomes streams still need to have targets developed for them, and for these, there is little evidence that collection rates have improved. As personal financial circumstances become more challenging, there is potential that collection of these income streams may deteriorate in the future.

<p><b>Recommendation – LBH should ensure collection targets are set for all applicable material income streams. Performance against these targets should be regularly monitored so that further actions can be implemented to improve rates of collection which are below target.</b></p>
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**Financial governance and leadership:** The Cabinet and Corporate Management Team (CMT) have worked together to develop an integrated approach to financial planning within the Council. During 2008/09, the Council has taken difficult decisions to address financial challenges that have occurred during the developing global recession. Portfolio Members have regular meetings with their service areas during the budget setting process, and manage financial performance throughout the year through specific financial reports made to committees.

The audit committee receives and considers both internal and external reports relating to financial management and governance. It monitors progress made against recommendations, and there is evidence of senior managers being challenged on areas where further progress could be made.

LBH has developed a web based Financial Management Toolkit for its staff, as an initial reference guide for all managers. Over the past year, all tier 1 and 2 managers have attended a 2 day course on basic accounting techniques to improve overall business and financial management skills. The Council is looking to devolve this further throughout the organisation.

## 3.2 KLOE 1.2: Understanding costs and achieving efficiencies

### 3.2.1 Overall summary

The KLOE focuses upon whether “the organisation has a sound understanding of its costs and performance and achieves efficiencies in its activities”.

Our final assessment score for this KLOE is ‘2’.

Requirement	Interim Score	Final Score
Understanding costs	2	2
Decision making	2	2
Making efficiencies	3	3

The Council uses a wide range of comprehensive information in its decision making framework. LBH has access to a wide range of benchmarking and comparative information but is using this information in an inconsistent way across the Council. Whilst the Council has a good recent track record of achieving efficiencies across the Council, we feel there is further scope to analyse areas of further gains through gaining a fuller understanding of why comparative costs in some areas are higher than other similar Councils.

### 3.2.2 Key features

**Understanding costs:** LBH has a clear recent track record of setting and achieving challenging targets for efficiency gains throughout the Council. In order to achieve these savings, considerable work has been undertaken through the service review programme across the Council.

Despite the significant achievements made to date, benchmark information indicates that there are further efficiencies which can be made by the Council. When compared to nearest neighbours, the Council’s costs lie above average in all areas, and in the upper quartile for children’s and adult social care, although Ofsted benchmarking reports for children’s services, which are considered to be the most relevant for LBH, demonstrate value for money in this area and provide confirmation that children’s services are rated as ‘good performance’, although more work needs to be done in improving ‘attainment’ in exam results. At this stage, the Council cannot demonstrate level 3 performance.

**Decision making:** LBH does have access to, and uses, good quality information about costs of its services to inform its decision making processes. Services are subject to detailed costing of activities, and where appropriate, this is linked to benchmarking information. Costing information that is considered includes whole life, transaction and unit cost information, as well as consideration of environmental impact through impact assessments. Budgets are managed monthly, and further costing information is used where corrective action is required.

Business cases are required for all key decisions, in line with the MTF framework, and covers both revenue and capital expenditure decisions. The revenue model used by LBH is based on the *Mietool*, which does include benchmarking against private sector KPIs.

However, this tool is a recent addition to the decision making framework of the Council, and therefore requires further development to fully demonstrate its effectiveness.

Whilst the Council has a good track record of achieving efficiency gains, we feel there is further potential to achieving efficiencies in some areas. The Council is a member of the CIPFA Benchmarking Club, but does not widely use benchmarking information as a source of identifying areas where efficiency savings can be made. An example of this in adult social care, where although considerable savings have been achieved, LBH remains within the top quartile of comparative costs. Furthermore, there was evidence during our review that unit costs were increasing in some areas.

**Recommendation – we recommend that the Council considers further analysis and use of benchmarking information to identify areas where there is further scope for efficiency savings to be achieved. A key focus of this would be adult social care.**

**Making efficiencies:** As has been discussed above, LBH has a strong recent track record of achieving its efficiency targets. Through comprehensive service reviews, the Council has achieved £45m of efficiency savings over the past 4 years. Efficiency gains are managed through out the year, with cost and performance being reported on a monthly basis.

The Audit Commission Value for Money (VFM) profiles indicate that unit costs are higher than average in LBH, and in some areas, such as adult social care, the Council is one of the most expensive. However, LBH has indicated that this is due to specific local factors, including the ‘Heathrow effect’, as well as having a higher than average number of asylum seekers.

The Council is developing an understanding of underlying drivers of costs, although this is progressing slowly. The Council is a member of the West London Alliance, which is working to procure services across the boroughs within the Alliance. This is one example where unit costs are being analysed on a regular basis, but where further progress is needed to address the underlying costs and bring charges in line with its partners. It is clear that further progress can be achieved in this area. Further work has been undertaken in aligning service delivery bases, for example, some PCT staff have moved into the Civic centre to rationalise joint working. However this is in early stages of development and therefore sustained and improved outcomes can not yet be demonstrated.

## 3.3 KLOE 1.3: Financial reporting

### 3.3.1 Overall summary

The aim of this KLOE is to determine whether the “organisation’s financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people”.

Our final assessment score for this KLOE is ‘3’.

Requirement	Interim Score	Final Score
Financial monitoring and forecasting	3	3
Fit for Purpose financial reports	3	3
Preparation of accounts	2	3
Publishing reports	2	2

The Council has developed and implemented a clear and comprehensive monthly budgetary monitoring framework that encompasses budget managers, senior service managers and members. Variances are analysed and outturn forecasting is undertaken on a monthly basis.

### 3.3.2 Key features

**Financial monitoring and forecasting:** LBH has achieved a turnaround in its financial position in the past 4 years, including significant achievements in building its reserves to £12m and achieving £45m of efficiency savings across the Council. Month end reports are produced and discussed for all service areas within a strictly timetabled 3 weeks of the month end, and this is summarised into information for the Cabinet. Cabinet reports are published on the Council’s website.

The forecasting arrangements in place have enabled the Council to address key risks that have emerged within the Council as a result of the global recession that has arisen during 2008/09. At year end, the forecast outturn was in line with the revised budget. In year forecasting and updating short term risks within the MTFE framework has ensured that these issues have been addressed within the 2009/10 budgets.

Monthly budget reports are clear and comprehensive, identifying variances against profiles and prior month performance. Variances are also extrapolated to assist in calculating forecast outturn position. Further sensitivity and risk analysis is performed within monthly reports, reflecting that undertaken through the budget process. Reports can, where appropriate, also include key information from partners.

**Fit for Purpose financial reports:** A review of financial reporting tools within LBH was undertaken in 2008/09, the outcomes from which include a new suite of standard corporate reports. Information can be tailored to the level of analysis required. Corporate standards to meet both management and Best Value chart of accounts have been reviewed during 2008/09, which will be supported by further review of account codes and the system of internal recharges in 2009/10. Additionally, the Financial Digest has also been reviewed and further developed in 2008/09. This is discussed at monthly meetings of the Heads of Finance meetings.

Narrative descriptions and explanations are provided within reports, and are linked to key decisions made throughout the year by LBH, for example, where remedial action is required to address service performance issues.

**Preparation of accounts:**

The working papers delivered have been assessed by Deloitte as being to a good standard, comprehensively addressing the information requests, and being consistent with the draft accounts.

The overall quality of the draft accounts approved on 29 June 2009 is considered to be good. A complete set of notes and disclosures accompanied the main statements. All errors identified to date have been non-material balance sheet reclassifications. The accounts have been supported by thorough working papers, and further information requests have been dealt with very efficiently. While the audit of the accounts is still ongoing, there are no significant issues to be reported to the audit committee at this stage.

A detailed closedown plan was compiled and followed during the process. The compilation of accounts in record time enabling numerous detailed reviews prior to submission to audit committee for approval demonstrates that the closedown and reporting arrangements were adequately resources.

Attendance at the audit committee meeting during which accounts were approved provided evidence of the member's exercising their responsibility for financial reporting, with a good level of challenge being provided.

**Publishing reports:** Financial reports (both internal and external), accounts and annual audit and inspection letters are published on LBH's website, enabling a wider audience to obtain access to these documents. The website was identified as being a key means of accessing information in the Council's most recent resident survey, and the Council is further developing the nature and extent of information available in this way.

However, the main means through which local residents access key information is through the newsletter *Hillingdon People*. This includes financial information, forthcoming issues and matters, and performance and impact evaluation. Further information is available in a variety of formats and means, for example, visiting the Civic Centre.

The resident newsletter is supported by a separate staff newsletter *Team Hillingdon*, allowing key messages and issues to be shared with staff. This newsletter appears to be well received based upon results of the most recent staff survey.

LBH has recently consulted on its draft Climate Change Strategy 2009/12, and responses are being incorporated into the final strategy. The Council has recognised that it needs to review the nature and type of information it reports in relation to its environmental performance, and is looking to develop this.

<p><b>Recommendation –The Council should continue to develop its approach to identifying and reporting key information to its stakeholders in relation to its environmental performance given the high profile of this agenda.</b></p>
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## 4 Governing the business

In assessing Governing the Business the key question addressed is how well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people. This question is answered through four KLOEs, which are further broken down into more focused areas, detailed in sections 4.1 to 4.4 below.

### 4.1 KLOE 2.1: Commissioning and procurement

#### 4.1.1 Overall summary

This KLOE considers whether “the organisation commissions and procures quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money.

Our final assessment score for this KLOE is ‘2’.

Requirement	Interim Score	Final Score
Clear vision of expected outcomes	2	2
Extensive involvement in commissioning	2	2
Improvement through service redesign	2	2
Understanding the supply market	2	2
Evaluation of procurement options	2	2
Reviewing service competitiveness and achieving value for money	2	2

LBH does have a clear picture of service user needs, for example, from introducing user panels in all service areas. However, this approach is not yet consistently implemented across the Council, and further work could be undertaken to improve this, and inform commissioning decisions. The Council does not yet have an overarching Commissioning Plan which clearly links strategic priorities with specific actions, and this should be addressed as a matter of priority.

#### 4.1.2 Key features

**Clear vision of expected outcomes:** LBH does have a clear picture of the needs of its local communities, for example through the JSNA and detailed information across each service area. There are clear links between the information that is currently available and the forecast information, for example, around demographic trends, and these sources have been used to inform the Sustainable Communities Strategy. The Council is looking to enhance and rationalise information available having brought the PCT’s Public Health Team into the Civic Centre. The Council has not, however, provided evidence of an overarching commissioning plan linking to identified needs and Council priorities. The Council has recognised the need to develop an overall Commissioning Strategy, although this remains in early stages of development.

**Recommendation –The Council should continue to develop an overarching commissioning plan that links identified needs to Council priorities and specific actions.**

**Extensive involvement in commissioning:** User panels have been established across all service delivery areas, and the outcomes from these are used to amend commissioning decisions. Specific examples of where user views have been incorporated into decision making include carers in Hillingdon, and development of users of an Independent Living pilot scheme. However, further work is required to ensure that this extent of consultation is applied across the Council to inform commissioning and service delivery decisions.

The Council has an inconsistent approach to involving users in the determination of strategic priorities. There is evidence that this has been considered in adult social care and that good engagement occurs within children’s services.

**Recommendation – we consider that the Council should develop a more coherent approach to obtaining user involvement when developing its service and strategic priorities.**

**Improvement through service redesign:** There is evidence that the Council is making progress in enhancing the customer experience through the use of technology, although this is in early stages and should be further developed. The launch of *Hillingdon Social Care Direct* in adult social care has created a single point of contact for service users, ensuring a timely response to queries. A significant review of Facilities Management has also been undertaken, which has resulted in the function being outsourced. However, there is inconsistency across the Council, with technology being more developed in adult social care, and further work is required to further exploit these opportunities throughout the Council.

Procurement activity is managed through the *London Tenders Portal* enabling tender throughput to increase by over 50% in 2008/09.

**Recommendation – we recommend that the Council continues to identify and evaluate opportunities to use technology in innovative ways to enhance the experience of the service user.**

**Understanding the supply market:** LBH is making progress in engaging with the supply market and thereby developing its knowledge of the market. Activities have included workshops and open days, and development of the *Hillingdon Business Directory*.

The Council is developing its links across the third sector, especially in mental health, and has specifically broken large contracts into smaller value/ volume contracts to ensure that the third sector is well placed to tender for them.

Whilst the Council is making progress in engaging with the third sector, this approach is not consistent across the organisation, and further work could be undertaken to ensure that this remains a key objective within its commissioning framework.

**Recommendation – we suggest that the Council continues to explore opportunities to work with a wider range of suppliers, including the third sector.**

**Evaluation of procurement options:** The Council is proactively addressing this area, as it identified that the savings that were being generated were not in line with other service support areas. As a result of review, the Central Procurement Team has been restructured and aligned to the six directorates, and Directorate Procurement Delivery Plans are currently being developed. A Director of Procurement has been appointed, and is looking to further develop the procurement framework and supporting arrangements, with an aim to bring practices in line with the private sector.

LBH looks for efficient and effective ways to procure services, for example, through the West London Alliance, the Council is looking at ways of procuring adult social care across the boroughs within the alliance.

A level 3 score has not been given for this area in this assessment as there is currently a lack of demonstrable outcomes resulting from restructuring of the central procurement team.

**Reviewing service competitiveness and achieving value for money:** The achievement of value for money is more clearly identified in some service areas than others across the Council. However, we do recognise that the restructure of the procurement department is recent, and outcomes can, and have, not yet been demonstrated.

LBH is able to demonstrate specific cases where efficiency savings have been achieved, for example, participation in an OGC *education* for desktop IT equipment.

## 4.2 KLOE 2.2: Use of information

### 4.2.1 Overall summary

The KLOE essentially seeks to determine whether “the organisation produces relevant and reliable information to support decision making and managed performance”.

Our final assessment score for this KLOE is ‘2’.

Requirement	Interim Score	Final Score
Relevant and reliable data	1	2
Supporting the decision making process	2	2
Data security	2	2
Monitoring performance	2	2

Due to material errors that were identified within the spot checks that were undertaken on the six identified performance indicators, one element of this KLOE has been awarded the lowest score. However, we are able to review progress in this area in time for the final assessment. Within other areas of the KLOE, we found that arrangements were adequate. The Council has in place a transition plan to the Government secure network, although further work is required to ensure consistent data security across the Council.

### 4.2.2 Key features

**Relevant and reliable data:** Within this section of the KLOE, we are required to consider the outcomes of Spot Checks. Due to the assessment that was given in 2008 of ‘performing well’, we selected six indicators to review, including two required Housing Benefit indicators. We found material errors in the checks on the Housing Benefit Indicators, whereby incorrect start dates were used, resulting in claim days being overstated. However, since this was identified, LBH has put in place training for staff. We identified that new controls implemented in May 2009 appear to be operating effectively, based on the results of our testing. As such, we have raised our interim score assessment from a 1 to a 2 in this area. This issue has not impacted on the overall KLOE score as based on the evidence we have, we consider it an issue confined to Housing Benefit Indicators, rather than a pervasive issue.

Data quality is a key area on which the Council can focus in order to improve its assessment in this area. The involvement of internal audit in respect of data quality is limited, although the Corporate Performance Team undertakes spot checks (although these are largely focused on new systems).

**Recommendation –LBH could further develop its approach to data quality across the Council, for example, that there is a full risk assessment of which indicators and systems are reviewed, with subsequent action plans that are monitored and reviewed.**

A Data Quality Strategy is in place, and provides an overall foundation for all managers to address data quality. Monthly reports are prepared, and performance issues are discussed within service delivery areas.

Although there is an overall Partnership Performance Protocol in place, this currently does not include a partnership data quality protocol between LBH and the partners it works with.

**Recommendation – we recommend that LBH works with its partners to develop and implement a Partnership Data Quality Protocol, as a means of ensuring consistent expectations and standards around data quality.**

**Supporting the decision making process:** Quarterly performance information is reported to CMT, Cabinet and Policy Overview Committees. The focus of these reports is the identification and discussion of significant variances in performance around service critical issues.

LBH is looking to rationalise the data systems used across the Council, and improve the interface between systems in use. There are currently three main systems, and 40 minor systems in place, and a plan has been developed to rationalise this framework.

The Council does not yet consult with its stakeholders, both internal and external, on what are the key requirements of performance information produced, and therefore, could be omitting key areas of performance data.

**Recommendation – LBH should consult with its partners to determine the most appropriate format, content and standard of performance information that is required.**

**Data security:** Business continuity has now been incorporated into the overall Corporate Emergency Response and Recovery Plan.

Internal audit has reviewed data security, and the review indicated that only limited assurance could be given in this area. Key findings included a Data Security Policy is not in place within the Council and a Council wide data audit has not been conducted.

**Recommendation – we recommend that LBH follow up the findings from the internal audit review of data security as a matter of high priority.**

**Monitoring performance:** There is clear evidence that performance is monitored and managed on a regular basis, and is considered with supporting financial information. Reports prepared use a variety of data, which includes user feedback, for example, information received on street cleansing.

LBH has developed a suite of indicators that allow it to monitor and manage its performance against its strategic priorities. There is evidence that key indicators are being met, for example, significant achievements in its targets around efficiency gains. However, specific improvements can be made in the area of benchmarking performance and learning from a wide range of activities.

**Recommendation – we recommend that LBH undertake wide spread benchmarking of performance and develop action plans in areas where it is underperforming.**

## 4.3 KLOE 2.3: Good governance

### 4.3.1 Overall summary

This KLOE is seeking to verify whether “the organisation promotes and demonstrates the principles and values of good governance”.

Our final assessment score for this KLOE is ‘2’.

Requirement	Interim Score	Final Score
Principles of good governance	2	2
Ethical framework and culture	3	3
Partnership governance	2	2
Purpose and vision	3	3

There is clear evidence of a consistent vision and strategic priorities within key documents. The Audit Commission has assessed LBH as having good arrangements in place around Ethical Governance, and recommendations raised in their report have been acted upon.

### 4.3.2 Key features

**Principles of good governance:** The Constitution clearly outlines roles and responsibilities; a Scheme of Delegation; and Codes of Conduct for members and officers, all of which are reviewed annually.

Members are supported in their roles, for example, a Member Development allows members access to a wide range of training from both internal and external sources. There is scope for some members to take further advantage of the training offered, for example, through use of the *Personal Development Toolkit*.

A high proportion of Members responding to a Member Survey for 2008/09 stated that they had not used the personal development plan available to them. Other responses indicate limited uptake of other development opportunities provided to Members. While there is demonstration of commitment to Member training through a specified allocated budget for this purpose, its effectiveness has not been fully demonstrated. We understand that an internal review is due to be undertaken in September 2009.

**Ethical framework and culture:** The role of the Standards Committee has developed since its inception, and further more so as a response to the Audit Commission’s Ethical Governance review. Further training on ethics has been provided to all members. The Committee has an independent Chair. Members are required to declare interests. The ethical agenda is disseminated and expected of staff as well as members.

Complaints are closely monitored and managed, as well as compliance with codes and procedures. The policies are communicated to staff, including the *Whistleblowing Policy*.

Arrangements are in place to enable review and monitoring of claims made by Members and Officers for expenses. A recent internal audit review has indicated no issues over Member expenses, but some procedural recommendations have been made around officer expenses.

**Partnership governance:** The Council has implemented a Partnership Governance Framework, which includes a partnership database (utilising CIPFA guidance), and this is updated bi-annually. The maintenance of the Framework is undertaken by the Partnership Office. The arrangements appear to be more established for the most significant partnerships, for example, those with the PCT including the *Supporting People Programme*.

There is evidence that significant achievements are being made in some areas of partnership working, for example, the Hillingdon Partners has achieved 85% reward grant. However, more wide reaching and consistent evaluation of value for money from partnerships should be considered.

<p><b>Recommendation – the Council should present its assessment and demonstration that Hillingdon Partners and other significant partnership arrangements are achieving value for money in what they do.</b></p>
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**Purpose and vision:** LBH's vision is clearly outlined in the 2007/10 strategic plan, and this is supported by the Sustainable Community Strategy which the Hillingdon Partners are responsible for delivering through the 2008/11 Local Area Agreement (LAA).

The Audit Commission's review of Ethical Governance highlighted a strong relationship between the Leader and Chief Executive and Chair of the Standards Committee.

## 4.4 KLOE 2.4: Risk management and internal control

### 4.4.1 Overall summary

The focus of this KLOE is around how does the “organisation managed its risks and maintain a sound system of internal control”.

Our final assessment score for this KLOE is ‘2’.

Requirement	Interim Score	Final Score
Risk management	2	2
Counter fraud and corruption	2	2
Systems of internal control	3	3

There is a key focus on risk management and anti fraud and corruption within the Council. Key strategies are in place, and are being supported by comprehensive training for staff and members. Internal audit has a separate anti-fraud and corruption plan, and works with the Housing benefit fraud team. The Audit Committee provides robust challenge and has an independent chair with a financial management background.

### 4.4.2 Key features

**Risk management:** The Risk Management Strategy outlines the risk management process, emphasising it is the duty and responsibility of all employees and members, with some groups having particular responsibilities.

The Risk Register is reviewed and updated at both group and corporate levels, and at each Senior Management Team meeting. The register is reviewed at quarterly Corporate Risk Management Group meetings. The risk register includes risk associated with key partnerships. Additionally, significant projects have their own risk register, and are reported to the Project Board.

Training in risk management was delivered to Members and managers in early 2008, and updated for Members in March 2009, however not all Members attended formal training courses in this area. Training may be through other mechanisms than solely formal training sessions, and it is recommended that details are recorded of other exposure to risk management training. Where learning material is available online, it is recommended that a log is kept of who has accessed those materials.

LBH is making further progress on integrating risk management into its business planning processes, including ensuring that it is recorded on the single performance management system.

**Recommendation – Members training around risk management may be through other routes than formal training sessions, and the Council should seek to present evidence of different forms of training, for example, logs of participation in the use of online resources. A record should also be maintained of the outcomes of training undertaken.**

**Counter fraud and corruption:** LBH has a Counter Fraud and Corruption Strategy, approved by members and communicated to staff. It is supported by a range of policies, including Codes of Conducts and Standing Orders. The Strategy is overseen by the Head of Audit and Corporate Governance to ensure that it is up to date and complies with good practice guidance. Training to support the strategy has been rolled out across both staff and members, including development of *elearning* modules. The modules were developed partly as a result of not all managers attending training.

**Recommendation – A register should be maintained of all training that has been completed, and where necessary, training requirements should be updated and signed off annually.**

A separate Internal Audit plan for anti-fraud is in place, and results of any investigations are reported to the Audit Committee. A protocol is in place between Internal Audit and the Housing Benefit Fraud team, allowing joint investigations to be held. Arrangements are in place to share information with police. The outcomes of successful investigation are communicated

Review of whistleblowing investigations have identified occasions where the whistleblower has subsequently discussed the matter with the person in question. This is not helpful to any subsequent investigation. The existing anti-fraud training, and the new elearning module, do not contain a strong, explicit message that individuals making whistleblowing disclosures should not discuss their concerns with anyone else.

**Recommendation – the Anti Fraud and Corruption training should contain a strong message to prevent cases of alerting individuals being investigated.**

**Systems of internal control:** The Audit Committee is chaired independently by a qualified accountant, and the Committee works to Terms of Reference that are in line with CIPFA guidance. The Committee has been seen to provide robust challenge to key areas, for example, action taken after the collapse of the Icelandic banking system.

LBH has developed an Assurance Framework based upon CIPFA/ SOLACE guidance, bringing together assurance sources from across the Council. This is supported by arrangements within each directorate which require Directors to provide assurance of internal controls annually as part of the *Annual Governance Statement*.

The draft Annual Governance Statement (“AGS”) for 2008/09 has been reviewed. It includes those items considered by the Corporate Governance Working Group to merit disclosure in the AGS, and the action plan to address them. It also lists the issues noted in the prior year AGS and what has been done to address them to date.

## 5 Managing resources

In assessing Managing Resources the key question addressed is how well does the organisation manage its natural resources, physical assets and people to meet the current and future needs and deliver value for money. This question is answered through three KLOEs, however KLOE 3.3 is not assessed in local authorities for 2008/09. KLOE 3.1 and 3.2 are further broken down into more focused areas, detailed in sections 5.1 to 5.2 below.

### 5.1 KLOE 3.1: Natural resources

#### 5.1.1 Overall summary

This KLOE requires an assessment of whether “the organisation makes effective use of natural resources”.

Our final assessment score for this KLOE is ‘2’.

Requirement	Interim Score	Final Score
Understanding and quantifying the use of natural resources	2	2
Managing performance to reduce impact on the environment and managing environmental risks	2	2

The Council has produced a Climate Change Strategy, and supporting delivery through the Carbon Management Plan. However, this is in early stages of implementation, and outcomes are still limited.

#### 5.1.2 Key features

**Understanding and quantifying the use of natural resources:** LBH has recently published a *Climate Change Strategy* and outlined its delivery in a *Carbon Management Plan*. This includes ambitious targets around reducing the Council’s carbon footprint by 40% by 2015. However the policy and plans have only recently been implemented, and therefore, progress that can be evidenced is still limited. Furthermore, whilst there is some baseline data about current usage, including water and energy, the strategy is less focused on targeting specific parts of its carbon footprint.

**Recommendation – the Council should ensure that it has appropriate processes in place to be able to monitor and measure the effectiveness of the strategy overall, and where required, be able to revise the strategy to ensure that the appropriate elements of the carbon footprint are being addressed.**

There is currently little explicit linkage of the Climate Change Strategy to other key strategies within the Council

**Recommendation – as the Climate Change Strategy becomes more embedded across the Council, clearer links with other strategies and plans should be established, including finance, risk and human resources.**

LBH is working with partners across London to share good practice, including membership of the London Environment Coordinators Group.

**Managing performance to reduce impact on the environment and managing environmental risks:** The Climate Change Strategy that has been developed is supported by a Climate Change Working Group, and initial projects have been introduced at the Civic Centre, including managing energy usage. Additionally, the relocation of the PCT team to the Civic Centre has enabled environmental considerations to be included in the impact assessment of this transition.

LBH has started undertaking sustainability assessments, although these are at an early stage and are not yet fully embedded.

Reporting progress against its strategy and plans is impossible at this stage as the implementation is at such early stage. However, this should be considered as part of the wider performance reporting and communication frameworks within the Council.

**Recommendation – the Council should continue the work it has already commenced by further embedding and developing its plans to achieve, manage and communicate its environmental strategy.**

## 5.2 KLOE 3.2: Strategic asset management

### 5.2.1 Overall summary

The intention of this KLOE is to demonstrate whether “the organisation manages its assets effectively to help deliver its strategic priorities and service needs”.

Our final assessment score for this KLOE is ‘3’.

Requirement	Interim Score	Final Score
Strategic approach	3	3
Partnership and community working	3	3
Asset management	3	3

The Council has commenced two significant strategies in 2008/09: firstly, a consistent approach to asset reviews across the Council; and secondly, a corporate landlord for non-HRA assets. The Council is able to demonstrate that asset management is incorporated into its strategic priorities, and that partnership requirements and expectations are being addressed.

Significant changes in the asset management processes at the Council are relatively recent, although outcomes are already clearly being demonstrated. We have concluded that the Council is performing well in the area of strategic asset management, however the slightly lower level of demonstrable outcomes than ideal may leave this particular element open to challenge through the Audit Commission’s QA process.

### 5.2.2 Key features

#### Strategic approach:

The main strategic overview of asset management at Hillingdon comes through the Hillingdon Improvement Plan (HIP). As part of the HIP, a comprehensive review of the Council’s land and property base is underway, with a view to maximising use, and releasing surplus properties to generate capital receipts. Under this process, the Strategic Property Group has been established in order to enable a strategic approach to property management to become embedded, including the implementation of a corporate landlord model. This ties in with the Council’s aim of better integration of service planning across Hillingdon partners, and where possible, resource sharing with other agencies

The land and buildings owned and managed by LBH exceeds £1.3 billion. The Council has completed a number of significant projects, and is currently delivering the new Uxbridge, and Botwell, Sports and Leisure Centres. The Council is aware of local community needs as it makes its asset management decisions. A clear example of this is using local demographic profiles and resident feedback to incorporate facilities such as coffee shops within the library refurbishment programme.

CIPFA has cited the asset review procedure in place as being good practice, and the framework is being used in conjunction with the programme of reviews of services across the Council. This has been a major strategic programme for the Council in 2008/09.

The Council has moved to a *corporate landlord model* of asset management, based on information obtained from looking at practices across the UK and overseas. The model determines that all non-HRA dwellings are managed by a central team, with potential savings already achieved of £700k per annum.

The model is being implemented in line with the Hillingdon Improvement Plan (HIP) Estates Management workstream, enabling the programme to be addressed in a systematic manner across the Council. LBH is able to demonstrate benefits from this programme already, with improved asset utilisation and more strategically planned disposals.

**Partnership and community working:** The PCT has moved into offices within the Civic Centre, improving user access to services. The Council is clearly looking at options to use its assets for other partnership working, for example, considering the lease of Amberley Lodge to Age Concern rather than disposal of the asset. Consideration of potential partnership use of assets is one of the standard options in the first stage of the asset review programme.

**Asset management:** The HIP Estates Management workstream is comprehensively reviewing assets across the Council. It is a two stage process: firstly, develop options for assets (against standard financial and non-financial criteria); and secondly, an in-depth appraisal and recommendation is developed. Outcomes are fed into the Capital Strategy and MTFP.

Options appraisals being undertaken for all properties consider the financial rewards and benefits to the authority, as well as other factors, therefore building in a comprehensive value for money element to the review. Additionally, while at a relatively early stage in the overall process, real benefits and cost savings are already being delivered through the process.

Benchmarking is being undertaken in some areas, and is focused on under-performing areas. The main areas of benchmarking used include the National Property Performance Initiative Indicators.

LBH is able to demonstrate that through its service efficiency review programme, as well as its move to a Council wide asset review programme and its corporate landlord model, that it is incorporating its asset management and capital strategy into its overall strategic priorities.

## 6 Statement of Responsibility

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

Deloitte LLP

September 2009

### Contact Persons

Partner : Gus Miah

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Our audit work has been performed in accordance with the Audit Commission's Code of Audit Practice and has taken account of associated guidance issued by the Audit Commission. The respective responsibilities of the Council, its officers and members, the Audit Commission and ourselves as external auditors in connection with the audit and accounts of the Council are set out in the "Statement of Responsibilities of Auditors and Audited Bodies" issued by the Audit Commission.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements 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 national use of resources judgements methodology as they are derived solely from the Audit Commission. This report has been prepared solely for the use of the Council. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

It is the responsibility of audited bodies to maintain adequate and effective systems and to arrange for a system of internal controls over the systems. Auditors should evaluate significant systems and the associated internal controls and, in doing so, be alert to the possibility of fraud and irregularities. Our findings are based upon an assessment of the design of controls at the time of review. We did not review the operation of controls throughout the financial year.

For your convenience, this document has been made available to you in electronic format. Multiple copies and versions of this document may therefore exist in different media - in the case of any discrepancy the final signed hard copy should be regarded as definitive. Earlier versions are drafts for discussion and review purposes only.

## Appendix 1 – Use of Resources 2008/09 scoring

There will be an overall UoR score that the Audit Commission will determine by calculating the average of the appointed auditor's scores for each of the three themes in the assessment framework.

Auditors will normally reach their scores for each theme by calculating the average of the scores for each KLOE within the theme. The exceptions to this relate to themes where there is an even number of KLOEs. In these circumstances, the Audit Commission have specific certain KLOE which will have the effect of determining the direction of the rounding of theme score averages, as follows:

- For the Governing the Business theme, if the scores for the four KLOE's average 1.5, 2.5 or 3.5, then the score for KLOE 2.2 regarding use of information will determine whether the rounding is up to the next whole number, or down.
- For the Managing Resources theme, if the scores for the assessed KLOEs average 1.5, 2.5 or 3.5, the KLOEs will have the following ranking in determining the direction of rounding:
  - Workforce (KLOE 3.3)
  - Natural Resources (KLOE 3.1)
  - Strategic Asset Management (KLOE 3.2)

As single tier Councils have not been assessed under KLOE 3.3 in 2008/09, the Natural Resources KLOE in the Managing Resources theme is the dominant KLOE.

The scores awarded have the following definitions:

- Level 1 – does not meet minimum requirements, performs inadequately;
- Level 2 – meets only minimum requirements, performs adequately;
- Level 3 – exceeds minimum requirements, performs well; and
- Level 4 – significantly exceeds minimum requirements, performs excellently.

# Appendix 2 – Recommendations and management responses

<p>KLOE 1.1 Managing spending</p>	<p>LBH should ensure collection targets are set for all applicable material income streams. Performance against these targets should be regularly monitored so that further actions can be implemented to improve rates of collection which are below target.</p>
<p>Management response</p>	<p>Agree with recommendation. Additional income stream targets have been identified and are now included in the monthly financial digest monitoring and reporting process.</p>
<p>KLOE 1.2 Decision making</p>	<p>We recommend that the Council considers further analysis and use of benchmarking information to identify areas where there is further scope for efficiency savings to be achieved.</p>
<p>Management response</p>	<p>Agree with recommendation. Work has commenced, looking at other tools which can be used to further analyse the Audit Commission profiles and Hillingdon's position against our nearest neighbours. The output will be fed into the ongoing efficiency reviews within services to assist in the identification of savings.</p>
<p>KLOE 1.3 Publishing reports</p>	<p>The Council should continue to develop its approach to identifying and reporting key information to its stakeholders in relation to its environmental performance given the high profile of this agenda.</p>
<p>Management response</p>	<p>Agree with recommendation. The development of our reporting to and communication with our stakeholders is ongoing and particular emphasis will be given to environmental performance.</p>
<p>KLOE 2.1 Clear vision of expected outcomes</p>	<p>The Council should continue to develop an overarching commissioning plan that links identified needs to Council priorities and specific actions.</p>

Management response

Agree with recommendation.

Work is underway within groups (eg. Children's and Adults Services) to align the commissioning plans with Council priorities and specific actions. The next step will be to develop the links across the Council to form an overarching strategic commissioning plan.

KLOE 2.1  
Extensive involvement  
in commissioning

We consider that the Council should develop a more coherent approach to obtaining user involvement when developing its service and strategic priorities.

Management response

Agree with the recommendation, and are taking steps to address this.

KLOE 2.1  
Improvement through  
service redesign

We recommend that the Council continues to identify and evaluate opportunities to use technology in innovative ways to enhance the experience of the service user

Management response

Agree with recommendation.

Significant use of technology is already deployed to effectively manage sourcing projects (e-Tendering portal). Further work is ongoing, supported by Capital London, to utilise a cross council on-line expenditure analysis tool, which will ensure that collaboration opportunities are evaluated and acted upon.

KLOE 2.1  
Understanding the  
supply market

We suggest that the Council continues to explore opportunities to work with a wider range of suppliers, including the third sector

Management response

Agree with recommendation.

Work is underway to further develop the 3rd Sector supplier strategy, which will identify and increase opportunities to engage with this growing supply market.

KLOE 2.2  
Relevant and reliable  
data

LBH could further develop its approach to data quality across the Council, for example, that there is a full risk assessment of which indicators and systems are reviewed, with subsequent action plans that are monitored and reviewed.

Management response

Agree with recommendation.

An action plan is under development which will fully address this recommendation and this is being managed by the partners Performance Management Group.

KLOE 2.2  
Relevant and reliable  
data

We recommend that LBH works with its partners to develop and implement a Partnership Data Quality Protocol, as a means of ensuring consistent expectations and standards around data quality.

Management response

Agree with recommendation.

The Performance Co-ordinators Groups of the LSP, which is chaired by the DCE, is fully addressing this and actions are being developed for the theme groups.

KLOE 2.2  
Supporting the decision  
making process

LBH should consult with its partners to determine the most appropriate format, content and standard of performance information that is required.

Management response

Agree with recommendation.

Hillingdon is fully engaged with its partners on this issue and it is being addressed through the Performance Co-ordinators Groups of the LSP.

KLOE 2.2  
Data security

We recommend that LBH follow up the findings from the internal audit review of data security as a matter of high priority.

Management response

Agree with recommendation.

The findings from the Internal Audit are being fully implemented.

KLOE 2.2  
Monitoring  
performance

We recommend that LBH undertake wide spread benchmarking of performance and develop action plans in areas where it is underperforming.

Management response

Agree with recommendation.

Plans are being developed to undertake more detailed benchmarking to allow the Council to undertake the necessary analysis to develop improvement plans. LBH is fully engaged in London wide exercises, such as the London efficiency Challenge, which will improve the quality of the benchmarking information we can access.

KLOE 2.3  
Partnership governance

The Council should present its assessment and demonstration that Hillingdon Partners and other significant partnership arrangements are achieving value for money in what they do.

Management response

Agree with recommendation.

We already have in place a Partnership Governance Framework and the annual review of significant partnerships will address the issues raised in this recommendation.

KLOE 2.4  
Risk management

Members training around risk management may be through other routes than formal training sessions, and the Council should seek to present evidence of different forms of training, for example, logs of participation in the use of online resources. A record should also be maintained of the outcomes of training undertaken.

Management response

Agree with recommendation.

A members' Training register is already maintained and will be kept under review and the ability to incorporate logging of on-line training will be included.

Plans to deliver risk training to members are under development which will address this requirement.

**KLOE 2.4**  
**Counter fraud and corruption**

A register should be maintained of all training that has been completed, and where necessary, training requirements should be updated and signed off annually. In addition, the Anti Fraud and Corruption training should contain a strong message to prevent cases of alerting individuals being investigated.

**Management response**

Agree with recommendation.

Records are maintained of all officers who have received anti fraud training. The officer induction process is being reviewed to include this training and the e-learning package promoted. The training will be amended to ensure that the message on alerting individuals being investigated is strengthened.

**KLOE 3.1**  
**Understanding and quantifying the use of natural resources**

The Council should ensure that it has appropriate processes in place to be able to monitor and measure the effectiveness of the overall strategy for the use of natural resources, and where required, be able to revise the strategy to ensure that the appropriate elements of the carbon footprint are being addressed.

**Management response**

Agree with recommendation.

This recommendation is being fully addresses under our LA Carbon Management plan, which will also address the requirements of the Carbon Reduction Commitment.

**KLOE 3.1**  
**Understanding and quantifying the use of natural resources**

As the Climate Change Strategy becomes more embedded across the Council, clearer links with other strategies and plans should be established, including finance, risk and human resources.

**Management response**

Agree with recommendation.

The requirement for carbon reductions from across the council is integral to our LA Carbon Management plan, which will drive the links to all other plans and strategies.

**KLOE 3.1**  
**Managing performance to reduce impact on the environment and managing environmental risks**

The Council should continue the work it has already commenced by further embedding and developing its plans to achieve, manage and communicate its environmental strategy.

**Management response**

Agree with recommendation.

The council will build on the strong base provided by our Carbon Management plan and Climate Change strategy to review progress and embed carbon reduction activity across the authority.