BRISTOL CITY COUNCIL
AUDIT COMMITTEE

8th April 2011

Report of: Strategic Director (Corporate Services)

Title: Review of Implementation of Grant Thornton Recommendations

Ward: Citywide

Officer presenting report: Richard Powell, **Chief Internal Auditor**

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RECOMMENDATION

The Audit Committee note, and comment as appropriate, on management's progress with implementation of Grant Thornton's high priority recommendations.

Summary

This report is a summary of progress towards implementation of high priority recommendations made by Grant Thornton.

The significant issues in the report are:

- the progress being made against high priority recommendations

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Policy

It is considered good practice to have a procedure for monitoring the Council's progress in implementing External Auditor recommendations. The Audit Committee agreed at its 25th September 2009 meeting to receive regular reports of progress against all Grant Thornton's high priority recommendations. The last progress report was received by the Audit Committee at its 16th April 2010 meeting.

Consultation

Internal: Responsible Officers contacted for progress against Grant Thornton recommendations.

External: None necessary

Background and Introduction

1. Internal Audit monitor implementation of the high priority recommendations made by Grant Thornton since they became the Council's External Auditors. Internal Audit resources are not currently sufficient to enable a full and independent follow up of recommendations ourselves. Therefore follow up will be by way of obtaining management responses only regarding the current position in respect of each area. This report is a retrospective review and summary of the progress made to date against all Grant Thornton high priority recommendations.

    Progress on implementation of high priority recommendations is detailed in the table below. The following reports have been excluded from the table:
    *   Use of Resources 2008 as this has been superceded by the 2009 assessment
    *   2008-09 and 2009-10 Annual Audit and Inspection Letters as these reports do not contain actions plans
    *   2009-10 Interim Audit Report as the report does not contain an action plan
    *   Assessment of Audit Committee effectiveness - as this is already being separately monitored by the Audit Committee
    *   WEP review - as progress was reported to the Audit Committees 27th September meeting
    *   Follow Up review of Capital Project Management Arrangements - as the action plan does not attach a risk rating to recommendations.

    Since their appointment as our External Auditors, Grant Thornton have issued eighteen reports containing action plans (excluding those detailed above) which contain eighty-one high priority recommendations. Responses were requested from management and the table below details progress made to date. Reports of progress were made to the Audit Committee in January 2010 and April 2010 and are further updated here.

    The recommendations that are still in progress are included in detail with the actions taken to date in Appendix A, as supplied by the responsible officer.

2. Management responses will be monitored and obtained for high priority recommendations only.

3. Internal Audit will provide comments in the report where more information about the area is known from other planned Internal Audit work undertaken.

4. Grant Thornton will provide Internal Audit with copies of all reports they issue and liaise with us should they complete their own follow up in order to avoid duplication of work.

Report	Report Date	No High Priority Recs	Implemented	In Progress	Not yet due	Not Implem- ented	Response not yet received
Scrutiny Arrangements	Jun 2008	6	6				
Capital Project Management	Feb 2008	3	3				
Tackling Health Inequalities	Sept 2008	6	6				
Data Quality	Dec 2008	0					
HR Strategy and Processes	Mar 2009	7	4*	3			
Risk Management	Sep 2008	9	8	1			
Governance Report	Sep 2008	4	4				
2008-09 Budget Setting Arrangements	Dec 2008	5	5				
Performance Management within Mental Health Services	Feb 2009	3	2	1			
ISA 260 for 08-09 in Annual Gov Report	Sept 09	2	2				
Tackling Health Inequalities Follow Up	Sept 09	3	2	1			
2008-09 Grants Report	Jan 10	7	7				
Use of Resources Assessment Report 2009	Jan 10	5	5				
Financial Standing Report	Aug 10	2	2				
Business Transformation Review	Sept 10	5	1	4			
ISA 260 for 09-10 in Annual Report to those charged with governance	Sept 10	3			3		
VFM Conclusion	Sept 10	8	2	6			
2009-10 Grants Report	Jan 11	3			3		
Total so far		**81**	**59**	**16**	**6**		

* Some of these recommendations were part implemented and part in progress

Other Options Considered

None necessary

Risk Assessment

Monitoring of implementation of high risk recommendations is a valuable contribution to the Council's governance and risk management framework.

Equalities Impact Assessment

None required for this report.

Legal and Resource Implications

Legal - none sought.

Resources - none arising from this report.

Appendices:

Appendix A - Table of recommendations that are 'In Progress'

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

'In Progress' Grant Thornton High Priority Recommendations

GT Ref.	Recommendation	Priority	Management Response	Officer Responsible	Due Date	Current Status of Implementation
	Review of HR Strategy and Processes					
	HR should support and embrace strategic change through leading by example and ensuring the HR function provides a first class customer focused HR Service to the council.	H	The transformation programme will include a restructuring of strategic and transactional HR services. The latter will be incorporated into a Shared Transactional Service Centre (STSC), which will focus upon the delivery (to clients) of cost effective services and improved systems.	~~David Trussler~~ and ~~Robert Britton:~~ **Will Godfrey**	October 2009 (and ongoing)	**In progress:** STS HR – Operational HR services have been separated from strategic HR functions. STS HR and F&P moved to Somerfield house late 2009. STS new ways of working are still embedding and STS are implementing stabilisation measures.
	The HR function should ensure that it provides feedback to users to demonstrate the changes and outcomes as a result of consultation	H	New customer monitoring and feedback will be introduced as part of the performance monitoring arrangements for the STSC.	~~David Trussler:~~ **Will Godfrey**	October 2009	**In progress:** More work needs to be done on customer monitoring and feedback. Early 2011 will see some new initiatives to engage customers.
	The HR function should demonstrate improvements made from the feedback of the customer monitoring forms and satisfactions surveys.	H	New customer monitoring and feedback will be introduced as part of the performance monitoring arrangements for the STSC.	~~David Trussler:~~ **Will Godfrey**	October 2009	**In progress:** The service continues to receive feedback on performance. This is actively considered when preparing service delivery plans.

Ref.	Recommendation	Priority	Management Response	Officer Responsible	Due Date	Current Status of Implementation
	Risk Management					
Rec 17	**Members - department risk register review** Executive Members should ensure they review the department risk register for the department they are responsible for on a quarterly basis. This review should be evidenced.	High	Agreed. the Cabinet has agreed that a standard item should be included on each quarterly informal Executive Briefing Agenda. Evidence of this Executive review will also be recorded on the version control table. This revision to procedure will be incorporated into the Risk Management Policy Statement (RMPS) when it is reviewed by the Audit Committee in November and placed before the Cabinet in January 2009.	~~Acting Strategic Director Resources~~ Will Godfrey	Sep 2008	**In progress:** It is a requirement of the RMPS that each departmental risk register is reviewed quarterly by the Executive Member. The migration of DRR's to the SPAR.net automated system provides the facility to filter reports by Portfolio and so enable submission to the appropriate Executive Member. Executive Members for CYPS, Neighbourhoods (General Fund) and City Development have regularised reviewing Directorate Risk Registers. A Risk Management Survey of Members and Officers was undertaken by Internal Audit and the key findings were reported individually to each Directorate in December 2010. The key findings were: - outstanding Directorate Risk Registers for H&SC and Neighbourhoods (HRA) to be migrated to SPAR.net by 31/3/11 - Risk Registers to be reviewed quarterly - Members to review risk registers quarterly The importance and requirement for Member review has also been emphasised through the Risk Management Group.

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	Review of Performance Management within Mental Health Services					
3	Given the absence of a formal accommodation strategy, ACC needs to urgently discuss with AWP the potential connections between housing availability and spending, and to make the formal links with housing where collaborative efforts are needed to achieve publicised MH service targets especially in connection with housing policy.	High	Health & Social Care are working towards an accommodation strategy - Catherine Wevill is the lead officer for this. As the Council moves towards a one council approach the corporate responsibility for housing for people with mental health challenges will become further integrated.	~~Elizabeth Saunders~~ ~~To link with Nick Hooper~~ Catherine Wevill	by end of March 2009	**In Progress:** A working group looking at delayed transfers of care from hospital to suitable accommodation has been set up between HSC commissioning and AWP. A project has been initiated to work with the housing directorate to establish MH and LD specific housing that will have floating support commissioned separately in order for MH service users to maintain their tenancy. A project has also recently commenced to develop the services being delivered by the largest MH residential provider in Bristol. This will shift the emphasis towards more independent living and a "move through" the service which didn't exist before. **Update as at Dec 10** Since the last audit a joint project has been initiated with Neighbourhoods to provide council and RSL managed properties to those with MH needs and LD. A floating support service will offer initial support to those in these properties gradually withdrawing as needs decline. This scheme will see its first participant in December/January The lead for this project is Andy Heron from HSC and Nick Hooper from Neighbourhoods.

GT Ref.	Recommendation	Priority	Management Response	Officer Responsible	Due Date	Current Status of Implementation
	Tackling Health Inequalities Follow Up					
R2	Progress against the Health Inequalities Framework should be assessed and reported, at least annually, to the Bristol Partnership, supported by appropriate and relevant reporting to the Council and PCT.	High	Agreed Progress against the NHS Bristol World Class Commissioning Outcomes of Health Inequalities and Life Expectancy is reported to the PCT Governance Committee (a sub-committee of the board) as part of an annual programme of assurance reports from public health. These outcomes will also be subject to robust board scrutiny as part of the forthcoming World Class Commissioning Assurance Process. The Bristol Partnership is currently consulting on its Sustainable City Strategy, one of the key outcomes of which is reducing inequalities. The executive board is also currently agreeing its annual reporting and performance management agenda. This will be based on the key outcomes in the Sustainable City Strategy. Health inequalities will definitely therefore be reported to the partnership board at least annually.	Hugh Annett	March 10	**In Progress** In early 2010 the Community Health Development team was expanded and restructured into three area focused skill mix teams – North Bristol, the Inner City and South. Each area has a health improvement manager leading a team of health trainers, community health development workers, and in the case of Southmead, a health improvement project worker. These teams work alongside and with an older people team that are supporting Linkage. This facilitated better management of the 12 new health trainers including the two appointed to work with over 50s as part of Linkage. Each area is currently in the process of developing health improvement plans to ensure a clear strategic framework for delivery. In addition each team is developing a 'health hub' in their area, to provide office space for the team members, hot desking facilities for relevant workers from partners organisations, and space for one-to-ones with health trainers and self-help groups and other activities designed to address health inequalities.

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	Business Transformation					
3	The Council should ensure that it monitors the effect on services (business as usual) of transformational change to ensure the impact on performance is understood and the risk of any reduction in standards minimised.	High	As stated in the report plans for business continuity and business readiness were established for the STS programme and are part of the planning and transition approaches adopted by the Transformation Programme for all major projects and programmes. This action is highly dependant on good Directorate operational performance measures which are not consistently evident across the Council as again stated in the report. The Council is seeking to address this issue via performance scorecards and the programme will raise the importance of resolving this issue with the Service Director responsible whilst it ensures it continues to develop good practices in transitioning changes into the operations.	Service Directors Transformation and Performance Improvement to meet regularly starting Oct 2010 to ensure those areas effected by major change identify critical operational performance measures. Any issues identified to develop these measures will be escalated to the SLT the Board responsible for Operational performance.	Improvement to meet regularly starting Oct 2010	**In Progress** The Business Process and Analysis team are working closely with the Process Owners (Service Directors) to establish key the processes and resultant key measures.(customer experience outcome based as well as process based). This is at an early stage but will help in developing baseline performance. Lessons learned from past programme transitions are being incorporated into future programme transition planning with an emphasis on post implementation support mechanisms. Good practice standards will be developed by the Centre of Excellence Performance improvement department has undergone significant change and as a result the community of Business Change Managers (i.e. Service Directors) is being established and will be accountable to the newly established Benefits Realisation Board
5	The Council should ensure that programmes are supported by up to date business cases which include SMART non-cashable objectives. If information is not readily available to monitor non-cashable outcomes this should be clearly stated in the business case and alternatives sources of data, or the collection of new data considered.	High	All the programmes have up to date business cases with robust financial benefits identified linked into the programmes and operational budgets to ensure they are realised, some with well defined non cashable benefits. It recognised that there needs to be more consistency across all the business cases for non cashable benefits and processes are already being put in place to ensure these are developed with associated measures to ensure they can	All existing Transformation Programme and Major Project Business Cases will be reviewed over the next few months starting Oct 2010. New Business Cases will be subject to the new benefits management	Starting Oct 2010	**In Progress:** Action ongoing as described. NWOW Programme is developing a revised business case for submission to March 2011 Cabinet. Business cases for HSC Transformation, CYPS Transformation (Making the Change) and Modernising Customer Service all in development. There is a renewed

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			be tracked into delivery and operational performance. As stated previously many performance measures do not currently exist so in the future the development of this measures associated with these non cashable benefits will need to form part of the programmes deliverables.	framework being developed by the Centre of Excellence.		focus on outcomes as well as financial cashable benefits being highlighted in the business cases A Benefits Management Framework has been developed and agreed and is now being deployed for all new business cases / change initiatives. This will be applied retrospectively to all programmes and critical projects on a triage basis which are already in operation. The Benefits Management Framework introduces significant rigour to the identification and quantification of benefits within the business case , the link between programme outcomes, requirements, deliverables and benefits and to the monitoring of achievement of the same. The Benefits Management Framework is now in operation with a review Board made up of two Tier 1, Strategic Directors, now sitting monthly to ensure benefits achievement.
6	The Council should develop a robust business case for the New Ways of Working programme which includes clear and measurable non-financial outcomes against which progress can be monitored.	High	A revised business case based on the original cabinet approval in June 2008 is being developed waiting for SODB approval. The current climate has introduced a lot of uncertainty on the shape, size and purpose of the Council in the future so other alternatives are being investigated and it is likely a further revision of the business case will be required as more clarity becomes available	SRO NWOW submission to SODB Sept 2010, and Cabinet Nov 2010.	Sept 2010 and Cabinet Nov 2010.	**In Progress:** A Revised business case on the core option is being developed currently and an outline of approach and high level financial case presented to SODB in March 2011 with a number of options outlined. These options are being investigated in detail for a detailed business to be submitted to Cabinet in September 2011.

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						All comment from ref: 5. above apply to NWOW.
9	The Council should ensure all programmes are delivering non-financial outcomes, as well as financial, by: · identifying and profiling all benefits; · developing benefits realisation plans; and · clearly and consistently monitoring and reporting achievement against the plan, throughout the agreed governance structure.	High	A greater focus will be placed on non financial outcomes than has been to date, the main focus having been on delivery of financial cashable benefits. However in the current climate the cashable benefits will always be the primary delivery. All programmes and projects will have associate benefit realisation plans developed in the future and this will form part of the Cof E role to check they are developed. It is recognised that the Council lacks good planning skills and this has impacted the transformation programme, several attempts have been made to improve this position by introducing planning capability, this will continue as it is critical to good clear, consistent monitoring.	SOBD – resolve the planning issue – Oct 2010. Service Director Transformation QA process on non financial benefit identification and benefit realisation plans. SRO's and Project Executives to ensure Benefit Realisation plans are produced.	Oct 2010.	**In Progress** See answer to Ref: 5. above. A Benefits Management Framework has now been developed and will be applied to Non Cashable & Non Financial benefits in the same way as Cashable. All programmes and projects will produce benefit realisation plans and be accountable to the Benefit Realisation Board. The major programmes and projects are subject to Quality Assurance Audits to assess their likelihood of successful delivery and the risks associated with benefit delivery Initial focus for obvious reasons given the Comprehensive Spending Review and it's impacts are currently on Cashable; however focus will widen rapidly to include all Benefits.

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	VFM Conclusion Report					
2.1	**Delivering efficiency savings** The Council should focus on ensuring that its services are VFM, for example Adult Social Care and Education.	High	Implementation of VFM strategy, and its agreed priority areas for action. Quarterly reporting to SLT re progress made.	SD – Resources and all Strategic Directors	Quarterly review	**Ongoing issue:** This is an ongoing issue. During 2010/11 we have developed an integrated financial and performance reporting template which provides more focus upon VFM.
2.2	**Delivering efficiency savings** The Council should monitor through the year its progress against efficiency targets, to ensure it is on track to deliver planned efficiencies.	High	Directorate VFM plans in place. SLT reviews on a regular basis and formerly on quarterly basis progress against delivering efficiency targets, and takes appropriate remedial action.	Strategic Directors SD – Resources and all Strategic Directors	End March 2011 Quarterly review	**In Progress:** The latest budget projections indicate a breakeven position by year end.
3	**Commissioning** The Council needs to build on its new arrangements, the Commissioning Strategy and Delivery Plan and demonstrates clear outcomes as a result.	High	Implementation of Enabling Commissioning Strategy, ensuring that there is VFM improvements in commissioning and procurement.	SD – Resources and all Strategic Directors	Quarterly review	**In Progress:** The new commissioning framework has been agreed and will be implemented for the beginning of 2011/12. The remaining part of 2010/11 will focus upon training for staff and politicians.
4	**Performance Management** The Council should introduce corporate performance monitoring, which integrates both financial and performance information.	High	New Performance Management Strategy 2010- 2013 agreed in July 2010, along with action plan, by Cabinet. Implementation of reporting of new report cards, which incorporate people (customer/ staff), pounds and performance, along with comparative data from August 2010. SLT reviewing different aspects of performance on a monthly basis.	Deputy Chief Executive	Strategy agreed July 2010. Implementation from August 2010. Monthly reports to SLT, Quarterly to Cabinet and Scrutiny	**In Progress** Report cards have been implemented but need to be revised as they don't give people what they need currently. Performance and Improvement Team are looking to improve this reporting. The Performance and Improvement Team are looking in detail at the CIPFA VFM toolkit which combines both finance and performance to take a fresh look at performance across the council. Depts are setting new performance indicators for next year.

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6	**Asset Management** The Council should demonstrate how its asset management plans support and help to deliver the Council's strategic and operational priorities.	High	Bristol is a partner with neighbouring councils in Total Place project re public sector asset review – to be delivered by 2012. Community Asset strategy on track to being agreed, and then move to implementation.	SD - Corporate Resources	Ongoing	**Ongoing:** The Community Asset transfer strategy has been agreed. The Council is constantly seeking to make the best use of its asset base and the outcome from the total place pilot will be evaluated in due course.
7.1	**Workforce** 7.1 The Council should develop Directorate workforce plans to support the People Strategy.	High	Directorate workforce plans and aligned with People Strategy.	Strategic Directors & HR Business Partners	Sept 2010	**In Progress:** These are now being developed and will be reviewed regularly.