



## **Plymouth City Council**

VFM conclusion 2009-10

Final

# Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Detailed findings</b>	<b>4</b>

## Appendices

<b>A</b>	<b>Action plan</b>	<b>13</b>
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# 1 Introduction

## **Introduction**

- 1.1 In carrying out our audit, we comply with statutory requirements governing our duties, in particular, the Audit Commission Act 1998 and the Code of Audit Practice (the Code).
- 1.2 The Code of Audit Practice emphasises the respective responsibilities between audited bodies and their auditors. The Council is responsible for putting in place proper arrangements for the preparation of its accounts, governance of its affairs and for making adequate arrangements to secure economy, efficiency and effectiveness in the use of its resources. We are required to form an opinion on the Council's annual financial statements and whether the Council has adequate arrangements to secure economy, efficiency and effectiveness in the use of its resources.
- 1.3 In May 2010, the Government announced that the Comprehensive Area Assessment (CAA) would be abolished. Following this the Audit Commission confirmed that our work for the Use of Resources assessment (UoR) should cease with immediate effect.
- 1.4 Whilst there will not be a scored UoR assessment for 2009-10, the work completed has been used to inform our value for money conclusion.
- 1.5 In August 2010 the Audit Commission set out its new approach to assess Councils' value for money arrangements. From 2010-11, our assessment will be based on a more targeted approach, focussing on specific local risks and issues, concentrating on the Council's arrangements for securing financial resilience and prioritising resources within tighter budgets.
- 1.6 The areas for further improvement identified within this report have, therefore, been framed to address these areas.

## **Scope**

- 1.7 We have completed the work in connection with our value for money conclusion in accordance with our agreed audit strategy as set out in our Annual Fee Letter presented to the Audit Committee on 25 March 2009. The scope of our audit was an assessment of the Council's arrangements for:
  - financial management;
  - commissioning and governance; and
  - Management of natural resources, assets and people.

## Overall conclusions

### **Financial management - How effectively does the Council manage its finances to deliver Value for Money?**

- 1.8 We have identified that the Council have implemented a range of improvements following our review last year, which has resulted in the strengthening of the Council's financial management arrangements.
- 1.9 The Council achieved an under spend of £1.5 m and an overall reserve balance of £11.5 m. This was achieved despite significant financial pressures and a number of high profile projects occurring in year.
- 1.10 The Council has demonstrated a significant and improved stakeholder consultation process in 2009-10 and has established a consultation network with representatives from all key directorates to ensure that where there are opportunities for improving community engagement they are identified and acted upon.
- 1.11 Benchmarking has identified that value for money has been achieved in a number of services and action plans are in place to drive further improvements. However, there is scope for the Council to further develop their understanding of the opportunities to share resources between key Partners to maximise value for money and to ensure that resources are used effectively to drive local improvement targets.
- 1.12 The Statement of Accounts and supporting working papers continue to be prepared to a high standard and in accordance with statutory deadlines. Adequate progress has been made towards the implementation of International Financial Reporting Standards. To ensure that the Council remains on track to meet the required deadline, the Council should focus on restating their comparatives to ensure that all issues are identified and resolved early on in the process.

### **Commissioning and governance - How does the Council govern itself and commission services that provide value for money and deliver better outcomes for local people?**

- 1.13 The Council has continued to develop its arrangements to ensure that it commissions and procures quality services and supplies, tailored to local needs to delivery sustainable outcomes and value for money. However arrangements could be strengthened further to ensure that the Council has a good understanding of their supply market, resulting in improved outcomes.
- 1.14 The Council has improved its arrangements for producing relevant and reliable data and information to support decision making and manage performance. In particular, we have noted significant improvement in the quality of data relating to revenue and benefits. That was noted as a particular concern last year.
- 1.15 Internal control arrangements continue to be strong and will be enhanced further through the adoption and communication of the 'Code of Practice on Partnerships' and by ensuring that the detailed checklists and questionnaires within the code of practice are applied to all current and new partnerships.
- 1.16 During the year, there has been evidence of strong risk management processes. However, arrangements with partners could be strengthened further by ensuring that the risk management guide to Partnerships is approved and communicated to all key stakeholders and that risk registers are put in place with all key partners.

- 1.17 The Audit Committee continues to operate effectively and have demonstrated some areas of good practice, for example, the production of an annual report demonstrating the work and benefits of the Audit Committee over the past year

**Management of natural resources, assets and people - How well does the Council manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?**

- 1.18 The Council maintains sound arrangements for the management of its assets. The Accommodation Strategy is leading, on a phase basis to more effective use of Council properties.
- 1.19 The joint provision of services and co-location of teams are actively pursued with good example of partnerships within the Adult Social Care teams with the PCT working co-operatively together.
- 1.20 The Council have established sound processes relating to workforce planning, however this could be enhanced further by introducing a process to clearly identify the skills gaps and develop comprehensive plans to address these gaps.

**Use of this report**

- 1.21 This report has been prepared to advise you of the matters arising from our audit work in relation to our value for money conclusion and should not be used for any other purpose or be given to third parties without our prior written consent.
- 1.22 Our report is part of a continuing dialogue between the Council and ourselves and should not be relied upon to detect all errors, systems or control weaknesses or opportunities for improvements in management arrangements that might exist. The Council should assess the wider implications of our conclusions and recommendations before deciding whether to accept or implement them, seeking your own specialist advice as appropriate.
- 1.23 We accept no responsibility in the event that any third party incurs claims, or liabilities, or sustain loss, or damage, as a result of their having relied on anything contained within this report.

**The way forward**

- 1.24 We have discussed the recommendations with the Director for Corporate Resources and will report the actions management have taken at the conclusion of our audit, in our Annual Audit Letter.

**Acknowledgements**

- 1.25 We would like to record our appreciation for the assistance and co-operation provided to us during our work by the Council's staff.

**Grant Thornton UK LLP**

1 September 2010

## 2 Detailed findings

### **Financial management**

- 2.1 This theme focuses on sound strategic and financial management, that is, whether the Council plans its finances to deliver its priorities, the extent to which it has a sound understanding of its costs and performance, and whether its financial reporting is timely, reliable and meets the needs of its population.

### **Financial planning**

- 2.2 The Council's budget-setting process continues to be robust, resulting in the Council achieving a surplus of £1.5 m and an overall reserve balance of £11.5 m (5.7% of the net revenue budget for 2010-11) for the financial year ending 31 March 2010. This was in line with their Medium Term Financial Strategy. Total savings of £5.8 m were achieved against an ambitious target of £6.2 m. This was achieved despite significant financial pressures such as enabling the housing stock transfer, an increase Adult Social Care spend due to a significant increase in the number and complexity of cases and continued pressure on Children Services as a result of additional referrals following high profile cases in 2009-10.
- 2.3 The Medium Term Financial Strategy recognises the likelihood of reduced financial settlements and other income streams in the prevailing economic climate. The strategy shows that resources are being shifted from support services to front-line delivery to enable desired service levels to be maintained. A transformational change programme is currently being developed that includes identifying opportunities for the more effective use of the existing estate to enable savings to be made.
- 2.4 The Council has demonstrated a significant and improved stakeholder consultation process in 2009-10. In particular, it has used interactive voting techniques at area committees and at the Drake Circus public event and the results of this were fed into an effective scrutiny process for the 2010-11 Corporate Plan and Budget.
- 2.5 A lead officer has established a consultation network with representatives from all key directorates to regularly consider engagement issues in the context of the relevant corporate improvement priorities (CIPs) and to identify improvement areas. In addition, the competency framework, introduced in 2009, includes competencies specific to need for effective engagement with stakeholders and partners.

### **Understanding costs**

- 2.6 The Council continues to have sound arrangements for managing costs and performance that integrate financial and strategic planning, based on its 14 CIPs. Our recommendations arising from the 2008-09 review are being addressed and include improved consultation with the local population and the use of social and environmental impact assessments for major developments. This has been demonstrated by its work on locating and establishing gypsy and travellers sites and on undertaking a sustainability impact assessment of the proposed Life Centre.
- 2.7 VfM profile data indicates that the Council's total net current expenditure has not increased at the same rate as its benchmark group and the Council's drive for improved value for money is

having a positive impact in respect of the Council's comparative position across key services. In some areas the Council has been able to reduce costs whilst improving service delivery, for example in waste collection where costs per head of population have fallen in 2009-10 and arrangements for collection have improved. In planning and development services key targets are being achieved and in adult social services the gross spend per adult head of population has been falling.

- 2.8 The Council recognises that there are further opportunities to reduce overall service costs and increasingly the Council is assessing the value for money of individual service components within departments, where staff contribute to ideas about service-based improvements and how services can be delivered differently. For 2010-11, the Council is focusing on developing value for money delivery plans for directorates, recognising the increasingly tight financial regime. The Council have appointed a new corporate Head of VFM and Efficiencies to ensure that value for money remains focused and that opportunities for improvement are pursued.
- 2.9 The Council's bi-monthly corporate reporting of finance and performance has been developed further in the year, though we have drawn attention to opportunities for further improvements in reporting timeliness and the need for greater clarity in the links between finance and performance data
- 2.10 The Council has undertaken some initial analysis of the scope to share resources between Partners to identify whether any potential savings can be delivered. The Council should undertake this analysis for all significant partnerships to maximise the opportunities for value for money to be secured and to ensure that resources are used effectively to drive local improvement targets.

### **Financial reporting**

- 2.11 Profiled budgets are monitored monthly within directorates and the position is reported to CMT and Cabinet through the joint financial and performance bi-monthly reports. The Internal Audit review on budgetary controls has confirmed that the budgetary control arrangements in place remain sound. Action plans to address significant variances are developed in a timely fashion and the bi-monthly reports contain sufficient narrative to enable members and lead officers to have a full understanding of the underlying issues.
- 2.12 The Council has a strong and effective accounts closedown process with information available on a timely basis. Financial reports contain appropriate information to enable performance to be monitored and support strategic decision making. These reports also enable the monitoring of finance and performance against key targets linked to the 14 CIPs throughout the year. Budget holders have live access to financial management system and the performance management system and produce action plans to address emerging issues on a timely basis, with the higher risk and more significant variances being included in the bi-monthly reports for CMT and Cabinet review. There is a clear policy on measures to be taken to address adverse variances with the use of working balances only available as a last resort.
- 2.13 The Council consistently prepares accounts which are approved, submitted and published in accordance with statutory requirements. There is a formal closedown plan which incorporates changes in the SORP and issues identified in the 2008-09 ISA 260. Key staff have attended professional training and have been proactive in discussing emerging accounting issues with ourselves as the external auditors. The statutory accounts and working papers are prepared to a high standard, with only minor adjustments being required to the 2009-10 accounts. Historically, there have been difficulties in obtaining third party information for the group accounts but a process has been introduced to improve this area in the current year.

- 2.14 Adequate progress has been made towards the implementation of International Financial Reporting Standards (IFRS), with the Council receiving an amber assessment against the Audit Commission's assessment of IFRS readiness. To ensure that the Council remains on track to meet the required deadline, the Council should focus on restating their comparatives to ensure that all issues are identified and resolved early on in the process.
- 2.15 The quality of financial governance and leadership has improved, for example, Audit Committee Members received specific external training in year which should enable them to more robustly scrutinise the Treasury Management and Investment Policy. Cabinet members also received specific training prior to the scrutiny of the 2010-11 budget, equipping them to provide more effective challenge and help to ensure that resources were targeted at priority areas.
- 2.16 The Council has attempted, for several years, to engage the local community on how to present financial information set out in the Accounts within an annual report. Due to low responses to previous feedback requests, the Council has planned to consult on an annual report which would have incorporated sustainability and social issues. However, due to resource constraints this consultation has not been possible for 2009-10, summary financial statements will be produced in line with previous years in a clear and understandable format with effective use of graphical representation of key figures and issued as an insert in the Council's "Plymouth Voice" newsletter.

### **Opportunities for improvement**

- 2.17 As a result of our review of this theme, we have identified the following areas for improvement:

#### **Securing financial resilience**

- The Council should ensure that their 2009-10 comparatives are restated using International Financial Reporting Standards at the earliest opportunity. We also recommend that they receive early assurance from us, as their external auditor, to ensure that any contentious issues can be resolved early in the process.

#### **Prioritising resources within tighter budgets**

- The Council should further develop their understanding of the opportunities to share resources between key Partners to maximise VFM opportunities and to ensure that resources are used effectively to drive local improvement targets.

### **Commissioning and governance**

- 2.18 This theme focuses on strategic commissioning and good governance, in particular how well the Council governs itself and commissions services that provide value for money and deliver better outcomes for local people.

#### **Commissioning and procurement**

- 2.19 The Council continues to develop its arrangements to ensure that it commissions and procures quality services and supplies, tailored to local needs to deliver sustainable outcomes and value for money.
- 2.20 Plymouth has an LSP, branded as Plymouth 2020, a Joint Strategic Needs Assessment, a Sustainable Community Strategy and a Sustainable Procurement Strategy, all underpinned by the Local Area Agreement, an accountability, governance and performance management framework and an assessment of the quality of life for residents of Plymouth. Together these represent a sound basis to achieve the city's vision.



- 2.21 The Council is engaged with a wide range of stakeholders including residents, businesses, the voluntary sector and service users and it is currently developing its understanding of the supply market.
- 2.22 The Council is seeking to improve the customer experience and has now established a central contact centre, has made improvements to its website and has implemented improvements to front-line desk arrangements at key first-stop civic offices. As part of the "procure 2 pay" strategy, the Council is setting up professional buyer posts throughout the organisation to deal with all negotiated requirements whilst using systems catalogues to deal with contracted items. It has also implemented extra care as an alternative to residential care and commissioned lifestyle services as an alternative to traditional day care.
- 2.23 Workshops have been held with local organisations on how to do business with the Council. Guidance is available on the web page and a formal training course on public procurement is available. The Council has hosted events for providers including a series of workshops around delivering personalisation and has appointed a project officer to work with "micro providers". The Council is also working with "Living Options Devon" to develop the capacity of user-led organisations, and with the Devon Procurement Partnership to increase market knowledge through the exchange of information and collaboration. However, we have not seen evidence of the extent of the Council's understanding of the supply market, nor that the Council has yet established a clear vision of expected outcomes.
- 2.24 The Council has a sustainable procurement strategy that addresses all elements of procurement, identifies the need for a "whole life" approach and recognises the need for all solutions to be considered when procuring goods and services. The Council has a statement of principles to encourage effective trade with small businesses. There are effective arrangements for specifying and monitoring contracts and a well-defined contract management process is in place. The corporate website is a sound source of information and advice for those seeking to contract with the Council. However, it is not clear to what extent the Council regularly assesses the sustainable development implications of its policy and practice, nor whether whole life and sustainability considerations are accounted for in all commissioning and procurement decisions.
- 2.25 Whilst the Council has a programme to identify value for money of its own services, it is not clear the extent to which the Council have achieved integrated, social, economic and environmental outcomes for its localities, nor that there is a clear shared understanding of the totality of resources at the disposal of partners.

#### **Use of data**

- 2.26 The Council has improved their arrangements for producing relevant and reliable data and information to support decision making and manage performance. The level of internal audit activities in this area has increased to ensure data quality standards are being met throughout the council with particular focus on data sharing amongst partners.
- 2.27 Data sharing amongst LSP partners is undertaken, which has resulted in improved performance against some of the stretch targets. The Corporate Performance Management Framework has been revised and sets out arrangements for managing performance across the Council and the LSP. In addition, a data sharing agreement has been developed by the LSP that will provide the necessary assurance that shared data is of a high standard. At the time of the internal audit review, neither of these documents had been formally approved or communicated to staff.
- 2.28 The Revenue and Benefits service have significantly improved their arrangements for checking data accuracy, demonstrating a clear decrease in the number of errors (quantitative and qualitative) from 79% to 41% between quarters three and four. Action has also been taken to address concerns arising from the Place Survey. For example, in respect of waste collection, a

focussed effort by the service team to improve performance resulted in the average number of bins being missed per day decreasing from 129 (at its peak) to a consistent 55.

- 2.29 The Council holds information on diversity and equality issues, for example spend across geographic areas and profiles of service users and is beginning to use this to inform decisions. For example, this data has been used in setting up, 'locality teams' a joint initiative between the Council and LSP, where the purpose of these teams is to respond to the priorities of the residents within each localities.
- 2.30 Sound arrangements are in place to ensure data security and the Council is working towards becoming fully compliant with good practice standards, for example, ISO27001 and Government Secure Intranet.
- 2.31 Variance in performance is highlighted in joint finance and performance bi-monthly reports to CMT and Cabinet. These reports include a dashboard of key performance indicators linked to the Council's CIPS. The Council are currently reviewing the format of these reports to ensure that they remain 'fit for purpose' and easy for decision makers to understand and use. In addition, the frequency of these reports will now be reported on a quarterly basis, in line with the LSP.

#### **Good governance**

- 2.32 The Council continues to have good arrangements for internal control, with a Scheme of Delegation. Financial Regulations and Constitution. The Council has undertaken an ethical governance survey and has implemented an action plan to address findings.
- 2.33 A member development committee oversees development opportunities for members and a skills framework with accompanying development programme of events has been devised and is made available to members through the intranet. Fifteen thousand pounds of funding has been made available to engage IDeA consultants to undertake one to one interviews with members to facilitate the initial preparation of PDPs early in 2010-11. The Committee is seeking to achieve the South West Councils Charter Mark status for member development and have a formal action plan in place to work towards the assessment in Autumn 2010.
- 2.34 The Council has undertaken an exercise to identify its partnerships and formal partnership agreements are in place for key partnerships, incorporating appropriate dispute resolution procedures. It works closely with key LSP partners, identifying shared objectives and how these are to be delivered. The Council is a signatory to the 2009 revised LSP governance structure. This incorporates a new Third Sector strategy with defined representation across voluntary and third sectors and clear objectives for provision of support. All LSP partners are required to sign up to the LSP Code of Conduct and the LSP Board / Executive monitors performance of partners in working towards LSP objectives, with arbitration procedures in place where necessary.
- 2.35 The Development and Regeneration directorate has reviewed and revised the governance of some of their key partnerships, producing a more streamlined structure of governance for delivery of the growth agenda in Plymouth, recognising that there was such a large number of partnerships involved with this agenda that it could become problematic.
- 2.36 Our review has identified that there is scope to further improve the arrangements in place through ensuring that the Council's, 'Code of Practice on Partnerships' is finalised, approved and communicated to all stakeholders and that the detailed checklists and questionnaires within the code of practice are applied to all current and new partnerships to ensure that appropriate governance arrangements are in place.

### **Internal control**

- 2.37 The Council continues to manage its risks and maintain a sound system of internal control. The Council has acted in response to financial risks of the current economic climate to identify the means to re-focus resources from back-office functions to front-line services to mitigate the impact on service delivery.
- 2.38 Strong risk management processes are in place and the effectiveness of these has been demonstrated by the stock transfer project, the sale of Plymouth Citybus and the awarding of the LifeCentre contract.
- 2.39 Clear outcomes of effective partnership risk management have been demonstrated, for example, the implementation of the SHEALD programme to relocate serious offenders with learning disabilities back into the community from out-of-area specialist treatment centres. Demonstrable controls for the risks involved were a prerequisite to Home Office approval for the relocation and the Council worked with the PCT, police and others to demonstrate this.
- 2.40 All risks are recorded on the Performance Management System (PMS) and linked with corporate and service objectives and key performance indicators as appropriate. However, a recent Internal audit review has identified that the PMS system is not up to date with regard to key Partnership risks and that for two of the partnerships they reviewed in detail there were no risk registers in place.
- 2.41 Guidance for risk management in partnerships has been developed but it has not been formally approved or communicated to key stakeholders.
- 2.42 The Audit Committee operates effectively in monitoring internal control and has demonstrated effective and informed scrutiny in a number of areas, for example, risk management and project management. The Audit Committee has completed a self assessment against the CIPFA guidance and has implemented an improvement plan. The previous Chair of the Audit Committee produced an annual report demonstrating the work and the associated benefits and outcomes of the Audit Committee over the 2009-10 Council year.

### **Opportunities for improvement**

- 2.43 As a result of our review of this theme, we have identified the following areas for improvement:

#### **Securing financial resilience**

- The Council should ensure that they have a good understanding of the supply market and develop a clear vision of their expected outcomes from their suppliers.
- The Council should regularly assess the sustainable development implications of its procurement policy and practice and ensure that whole life and sustainability considerations are accounted for in all commissioning and procurement decisions.

#### **Prioritising resources within tighter budget**

- Whilst the Council has a programme to identify value for money of its own services, the Council should ensure it has a clear focus on achieving integrated, social, economic and environmental outcomes for its localities and that there is a clear shared understanding of the totality of resources at the disposal of partners.
- The Council should ensure that the 'Code of Practice on Partnerships' is finalised, approved and communicated to all stakeholders and that the detailed checklists and questionnaires within the code of practice are applied to all current and new partnerships to ensure that appropriate governance arrangements are in place.

- The Council should ensure that their performance management system is up to date with regard to all risk management arrangements, In particular, those involving key partnerships.

### **Management of natural resources, assets and people**

- 2.44 Our assessment of this theme was being phased in over a three-year period. In 2009-10 our work focussed on whether the Council manages its assets effectively to help deliver its strategic priorities and service needs and whether it plans, organises and develops its workforce effectively to support the achievement of its strategic priorities.

#### **Asset Management**

- 2.45 The Council maintains sound arrangements for the management of its assets and the corporate asset plan links to CIPs and the capital strategy. The Council is now utilising the asset strategy as a key component of the financial strategy to maintain front-line service delivery at a time of tighter financial settlements and reduced income streams. The Accommodation Strategy, approved in 2009, is leading, on a phased approach, to more effective use of Council properties, for example, more effective use has been achieved in two Council's properties, through the implementation of open-plan configuration and hot-desking, which will ultimately enable relocation and the disposal of the Council's less efficient properties. The approach should ultimately enable the communication and disposal of properties.
- 2.46 Joint provision and co-location are actively pursued, and the Council is actively reviewing service delivery locations against those of partners such as the PCT and Police. The Council has approved a localities strategy where local service provision will be delivered in six geographical localities within the City.
- 2.47 The Council has actively pursued co-location of Adult Social Care teams with the local PCT, working cooperatively to resolve IT barriers and establishing 23 co-located teams to date, the largest of which is at the Beauchamp Centre at Mount Gould Hospital. The replacement of the demolished Plympton Library with a joint library and health centre facility is in the final stages of consultation.
- 2.48 The Council has built upon early outcomes from the implementation of the asset plan achieved in 2008-09, such as the BREEAM excellence award given to the Brook Green Centre for Learning. With increasing pressure on resources the Council has adopted a policy of only approving capital schemes for which funding is specifically identified (including spend-to-save). The Council actively engages with a benchmarking club of similar councils for asset and construction information.
- 2.49 There is an action plan in place to address backlog maintenance but progress remains slow due to lower than planned asset disposal proceeds to finance it, as a result of the deterioration in the property market and the general economic conditions. Significant asset decisions, such as the demolition and rebuild of the Mayflower Centre, have been based on a thorough option appraisal process incorporating whole life costing.
- 2.50 Action plans are in place to support strategy documents and these are monitored, annually, together with performance against an agreed set of indicators. Significant improvements have been achieved, for example, reductions in paper and water use and a reduction in waste produced at the Civic Centre.
- 2.51 However, the main focus of targets set by the Council relate to the Civic Centre, rather than across the estate and there is scope for further savings to be made by considering resource use in other Council buildings. For example, a significant proportion of the gas and electricity used in providing services to the public is incurred at leisure facilities, but the current leisure

management contract does not require this information to be collected. We recognise that this is specifically being included in the new contract to be let in 2010-11

### **Workforce Management**

- 2.52 The Council has a corporate approach to its workforce and have the fundamental processes for ensuring a productive and skilled workforce in place, underpinned by a 'People Strategy'. one of a number of strategies underpinning the Corporate Plan and the locality-wide vision for 2020, which seeks to ensure that the Council has "the right staff in the right place with the right skills".
- 2.53 It has a number of policies that support the corporate HR processes, including recruitment, selection and induction as well as performance management. The Council has a corporate approach to its workforce and is implementing a competency-based framework, supported by a skills matrix, which sets out the critical "behaviours" expected of its staff and linked to the appraisal process.
- 2.54 The Council has strong arrangements for monitoring many aspects of its employment arrangements, including accidents and sickness. Measures to manage and reduce absences such as sickness are now set and monitored. The Council has reduced its sickness levels from an average of 8.11 days in 2007-08) to 6.95 days in 2008-09). In 2009-10, the average is 4.30 days. The Council monitors the use of agency staff and take appropriate action to address issues of concern. In particular, high levels of agency working in Children's Services have been addressed, with a significant shift from agency staff to permanent staff.
- 2.55 Our previous experience of the Council, as evidenced through our review particularly in respect of a review of "Job Evaluation" and our more recent review on Corporate Restructuring, has identified that staff and trade unions are actively engaged in local arrangements, particularly in managing change. The Council appears committed to equality and diversity across the whole range of its services and in its dealings with the public and it has a number of policies and processes in place.
- 2.56 However, the focus has been on establishing sound processes across the organisation and it is not yet clear that the Council has clearly identified all of the skills gaps across its departments or introduced comprehensive plans to address these gaps. the Council has also identified that it still needs to develop workforce development plans which align to departmental and corporate business plans.
- 2.57 Furthermore, our review indicates that the Council does not have a consistent approach in ensuring it fully involves staff in the implementation of change, empowering them to help deliver it or that it maintains, or improves, staff satisfaction and morale through the period of change. To date, the Council has not implemented, or evaluated, the benefits which may be achieved by implementing a total reward system, such as increase staff morale and motivation.
- 2.58 The Council has not been able to provide sufficient evidence to demonstrate how it is building a workforce broadly representative of the community at all levels, including senior management, or that the Council receives positive feedback by service users on the way they are treated by council staff.

### **Opportunities for improvement**

- 2.59 As a result of our review of this theme, we have identified the following areas for improvement:

**Prioritising resources within tighter budgets**

- Data on the use of natural resources should be collected across all significant buildings to ensure that Council understands the full extent of its resource use.
- The Council should ensure that they have a process in place to clearly identify all of the skills gaps across its departments and introduce comprehensive plans to address these gaps.
- The Council should continue to develop workforce development plans which align to departmental and corporate business plans.
- The Council should develop an approach to ensure that it fully involves staff in the implementation of change and empowers them to help deliver it.
- The Council should evaluate whether the implementation of a total reward system would accrue benefits to both staff and the organisation as a whole.
- The Council should ensure that it is able to demonstrate that it is building a workforce that is broadly representative of the community at all levels including senior management.
- The Council should have a process in place to receive feedback , positive and negative, from service users on the way that they are treated by council staff.

## A Action plan

2.60

The following recommendations arise from our work and should be considered in the context of significant change as a result of a reduction in resources going forward.

Recommendations	Priority	Management comments	Responsible officer	Implementation date
<p><b>Financial management - Securing financial resilience</b></p> <p>The Council should ensure that their 2009-10 comparatives are restated using International Financial Reporting Standards at the earliest opportunity. We also recommend that they receive early assurance from us, as their external auditor, to ensure that any contentious issues can be resolved early in the process.</p>	<p>Medium</p>	<p>Agreed. The IFRS project plan has key milestones built in in order to reach the overall objective of compliant IFRS accounts by 30 June 2011. Work is currently being undertaken to restate both the opening and closing balances for 2009/10 so that comparative data is prepared with a milestone date of 31 December 2010. The Council will ensure that the external auditor is closely involved in preparation of these accounts and undertakes assurance work on these balances once finalised in order to avoid difficulties further on in the process.</p>	<p>Sandra Wilson / David Northey</p>	<p>Dec 2010</p>
<p><b>Financial management - Prioritising resources within tighter budgets</b></p> <p>The Council should further develop their understanding of the opportunities to share resources between key Partners to maximise VFM opportunities and to ensure that resources are used effectively to drive local improvement targets.</p>	<p>Medium</p>	<p>The council evaluates and adopts, where appropriate, sharing the procurement function with others to deliver efficiencies, most effectively when using economy of scale, also the council carries out joint commissioning activities mainly within Adult and Childrens services (close links and relationships with PCT, Police, Third Sector Organisations &amp; other authorities)</p>	<p>Jane Keeley / Paul Chapman</p>	<p>Implemented.</p>

Recommendations	Priority	Management comments	Responsible officer	Implementation date
		<p>Implementation of the P2P strategy will further strengthen ongoing considerations for VFM &amp; Utilising e-procurement techniques such as on-line catalogues, electronic tendering &amp; Vendor Mgt will enable these opportunities to be taken. Due to the economic climate, more recently links have been made with other procurement bodies within the city and primary discussions have been arranged as to where if anywhere more effective use of resources can be implemented.</p>		
<p><b>Commissioning and governance - Securing financial resilience</b></p> <p>The Council should ensure that they have a good understanding of the supply market and develop a clear vision of their expected outcomes from their suppliers.</p>	<p>Medium</p>	<p>The council is engaged at every level with regards to understanding their market. At a local level there are representatives that have engaged with the FSB and Chamber of Commerce, there is a robust vendor management process currently being implemented to enable the organisation to have full visibility of any supply market that they need to utilise. Added to that the networking approach of the Strategic Procurement Team ensures that where it is felt the knowledge is not readily available within the authority, it can be utilised from other sources, for example, SWRIEP, Procurement Forums, Devon Procurement Partnership. The Plymouth Procurement</p>	<p>Jane Keeley / Paul Chapman</p>	<p>Implemented</p>



Recommendations	Priority	Management comments	Responsible officer	Implementation date
		<p>Forum was initiated from the LSP, and is made up of key Public Sector Buyers and local suppliers, this is a good forum for ascertaining the supplier market needs. There are guides to prospective suppliers on how to do business with the council, and specifications of work are clearly defined with measurable outcomes to ensure that the suppliers are clear of what is expected to be delivered. Ongoing contract management once the initial implementation of the contract has taken place ensures consistent delivery.</p>		
<p><b>Commissioning and governance - Prioritising resources within tighter budgets</b></p> <p>The Council should regularly assesses the sustainable development implications of its procurement policy and practice and ensure that whole life and sustainability considerations are accounted for in all commissioning and procurement decisions.</p>	<p>Medium</p>	<p>When service planning the Department utilizes the flexible framework which considers sustainability as one of the elements. Strong links with the sustainability team have been developed and the processes and procedures are reviewed on a regular basis to ensure that relevant legislation, not just on sustainability, are incorporated into the process, sustainability is always included within the PQQ documentation and, where relevant, specification and tender documentation also has it incorporated.</p>	<p>Jane Keeley / Paul Chapman</p>	<p>Implemented</p>
<p><b>Commissioning and governance - Prioritising</b></p>	<p>medium</p>	<p>Comment Noted – actions to be reviewed</p>	<p>Giles Perritt/Peter</p>	

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<p><b>resources within tighter budgets</b></p> <p>Whilst the Council has a programme to identify value for money of its own services, the Council should ensure it has a clear focus on achieving integrated, social, economic and environmental outcomes for its localities and that there is a clear shared understanding of the totality of resources at the disposal of partners.</p>		<p>in light of Central Government decisions in relation to our partners.</p>	<p>Honeywell</p>	
<p><b>Commissioning and governance - Prioritising resources within tighter budgets</b></p> <p>The Council should ensure that the, 'Code of Practice on Partnerships' is finalised, approved and communicated to all stakeholders and that the detailed checklists and questionnaires within the code of practice are applied to all current and new partnerships to ensure that appropriate governance arrangements are in place.</p>	<p>Medium</p>	<p>Comment Noted – actions to be reviewed in light of Central Government decisions in relation to our partners.</p>	<p>Giles Perritt/Peter Honeywell</p>	
<p><b>Commissioning and governance - Prioritising resources within tighter budgets</b></p> <p>The Council should ensure that their performance management system is up to date with regard to all risk management arrangements. In particular, those involving key partnerships.</p>	<p>Medium</p>	<p>Comment Noted – actions to be reviewed in light of Central Government decisions in relation to our partners.</p>	<p>Giles Perritt/Peter Honeywell</p>	

Recommendations	Priority	Management comments	Responsible officer	Implementation date
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>Data on the use of natural resources should be collected across all significant buildings to ensure that Council understands the full extent of its resource use.</p>	<p>Medium</p>	<p>A programme of installation of automatic meter readers is underway for all gas and electric supplies to council properties. This will enable real time information to be collected and any exceptional use investigated.</p> <p>An audit of water use at significant buildings has been undertaken and a programme of water saving initiatives is underway.</p>	<p>Chris Trevitt</p> <p>Chris Trevitt</p>	<p>April 2011</p> <p>March 2011</p>
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>The Council should ensure that they have a process in place to clearly identify all of the skills gaps across its departments and introduce comprehensive plans to address these gaps</p>	<p>Medium</p>	<p>Accept recommendation. A full competency based appraisal system has been implemented during the year and 'Manager on-line' has been introduced enabling managers to input training needs directly into the system.</p>	<p>Mark Grimley/Eve Skuse</p>	<p>Implemented</p>
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>The Council should continue to develop workforce</p>		<p>Many areas of the council already have workforce development plans which align to departmental and corporate plans in</p>	<p>Mark Grimley/Eve Skuse</p>	<p>on-going</p>

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development plans which align to departmental and corporate business plans.		place e.g. Adult Social Care. The council is working towards developing systems and tools to ensure the consistency and quality of Workforce Development plans across the council.		
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>The Council should develop an approach to ensure that it fully involves staff in the implementation of change and empowers them to help deliver it.</p>		Accept recommendation. Whilst we have established a change management approach, further work is ongoing to ensure that this is consistently embedded across the Council. We have started this progress through Team Plymouth where we have discussed the MTFS and reduction in resources.	Mark Grimley/Eve Skuse	on-going
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>The Council should evaluate whether the implementation of a total reward system would accrue benefits to both staff and the organisation as a whole.</p>		Accept recommendation. Following our successful implementation of job evaluation, we have now implemented a full competency based appraisal system that is now directly linked to pay.	Mark Grimley/Eve Skuse	implemented
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>The Council should ensure that it is able to demonstrate that it is building a workforce that is broadly representative of the community at all levels including senior management.</p>		Recommendation accepted. The Corporate Equalities Group are in the process of considering the implications of the recently introduced Equalities act and agreeing new targets aimed at building a workforce that is broadly representative of the community at all levels including senior management.	Mark Grimley/Eve Skuse	December 2010

Recommendations	Priority	Management comments	Responsible officer	Implementation date
<p><b>Management of natural resource - Prioritising resources within tighter budgets</b></p> <p>The Council should have a process in place to receive feedback , positive and negative, from service users on the way that they are treated by council staff.</p>	<p>High</p>	<p>PCC has a documented “Have Your Say” policy which allows service users to feedback their experiences through face to face, telephone and web/e mail channels.</p> <p>In addition Customer Services utilise Govmetric Satisfaction software for the main services they currently are responsible for. Currently this is accessible our face to face and telephony operations in addition to all web pages on the PCC website.</p> <p>Performance data from Govmetric is also published in our face to face reception points and also on the PCC website.</p> <p>This process is in place and is already actively feeding back to ADs when we get any feedback - positive or negative. Mostly affects our true frontline services of waste and refuse, street sweeping and adult social care / OT's.</p> <p>In terms of positive staff feedback - as a build on this - I am working with Mark Grimley, AD HR, about instigating a staff recognition scheme for those staff whose exceptional performance is recognised by the public. This is in discussion stage with Members at the moment and we hope to</p>	<p>JP Saunders</p>	<p>Dec 2010</p>

Recommendations	Priority	Management comments	Responsible officer	Implementation date
		introduce something early in 2011.		



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