

Report to Overview and Scrutiny Management Board

23 March 2011

Progress against the action plan arising from the Citybus review

Background

Audit Committee, following deliberation of Grant Thornton's Annual Audit letter on 15 November 2010, recommended that the Overview and Scrutiny Management Board (or relevant Scrutiny panel) monitors progress against the action plan arising from the Citybus review.

To quote directly from Grant Thornton's Annual Audit letter:-

3.35 Our review did identify a number of areas where the Council could further enhance its arrangements for the delivery of major projects although we recognised that, to an extent, some of these arose as a result of the nature and approach adopted by the Council. These improvements were summarised under the following key themes:

- ensure that there is effective transparency in the decision making arrangements with a robust challenge to ensure there is an appropriate balance between maintaining the confidentiality of information and providing sufficient information to facilitate a well informed decision;
- develop robust arrangements to monitor and report progress against project plans and financial reporting against budget; and
- enhance the documentation within the risk management arrangements ensuring that any risks which impact upon the corporate improvement priorities are considered for inclusion on the strategic risk register.

3.36 The Council has considered our report and accepted the recommendations made to inform future major projects.

The action plan arising from the Audit Report is attached as Appendix 1 to this report.

APPENDIX I

Report Paragraph Ref.	Recommendation	Management Response
		<p><u>Overview</u> Grant Thornton's post project review is welcomed and officers have considered the recommendations carefully. The report will be shared amongst current project managers with the Council to ensure any relevant lessons are learned.</p>
4.1 & 12.1	The Council should consider whether it was too cautious over some of the information excluded and if there was scope to have been more transparent, for example with regard to risk assessments and providing greater detail on the different options available to the Council.	Officers have considered Grant Thornton's findings and considered that in the context of this particular project the risks around commercial sensitivity were handled appropriately during the project. Officers will keep the issue under review for any future project.
5.1	We recommend that for future projects that have different phases, a detailed formal project plan is produced for each phase and is approved and monitored by the project board.	Agreed
6.1	We recommend that a budget report is a standing item on the project board's agenda which reports on all costs that have been incurred and committed to as at the date of the meeting.	Agreed
7.1	We recommend that a process is put in place so that all projects that impact on the Corporate Improvement priorities be considered by the Corporate risk management group for inclusion on the Strategic risk register.	Projects that impact on the CIPS are considered by the Corporate Risk Management Group (CMT) in its capacity as the CIPS Programme Board via individual risk logs for each CIP. Significant projects such as Waste and the BSF Programme are escalated to the Strategic Risk Register, however it is accepted that there is no formal process for this escalation. This will therefore be discussed with CIPS Programme Manager and guidance will be provided for the individual CIPS lead officers.
7.1	The Council should ensure that all key risks are included in the risk register. The issue of the pension liability on the Plymouth CityBus accounts was not included.	Agreed

Report Paragraph Ref.	Recommendation	Management Response
7.1	<p>The Council should consider the following areas to enhance their risk management processes:</p> <ul style="list-style-type: none"> • A systematic approach should be developed for the identification of risks that incorporates the operational, financial, timeliness, quality and VFM considerations; • the Council should consider if a description of context, event and consequence be included in their risk management strategy for each risk identified and cover this as part of their risk management training. • there should be an assessment made of how risks should be managed i.e. whether to take, terminate, treat, transfer and tolerate and this should be documented on the operational risk register for that project; and • both likelihood and impact should be evaluated and separately managed, where appropriate. 	<p>These recommendations will be consulted on, with the Corporate and Operational Risk Management Groups and other stakeholders and any changes to the current strategy will be reflected in guidance and training material and incorporated into the next annual review of the Corporate Risk Management Strategy.</p>
8.1	<p>The VFM comparator could have been calculated on a more robust basis, taking into account the Council's reservations about the future of the bus company under their ownership. There should have been greater use of sensitivity analysis and other comparators to demonstrate how VFM has been established.</p>	<p>The officers have considered Grant Thornton's findings and are comfortable that VFM comparator would have been reduced if Grant Thornton's recommendations had been in place. Officers will however keep the issue under review for any future project.</p>
8.1	<p>The Council should consider whether some of the further analysis on the retail value of the land should have been communicated to the decision makers.</p>	<p>Officers have considered Grant Thornton's findings and in the context of the particular project, that appropriate information was shared at a appropriate time with members. Officers will keep the issue under review for any future project.</p>

A copy of the full report submitted to Audit Committee on 28 June 2010 can be viewed by following the link - <http://tinyurl.com/6e6a6688>