

Value for Money – Follow up of Recommendations for 2010/11 VFM reviews

Plymouth City Council

September 2012

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Background

Our 2011/12 Audit Plan details the work that we have needed to complete in order to discharge our statutory responsibilities under the Audit Commission Code. As auditors we have to issue an opinion on the financial statements for the year ended 31 March 2012 and an opinion on the Council's ability to achieve value for money.

As part of the value for money conclusion work this year, we have followed up on the key recommendations made as part of the VFM work for 2010/11.

In 2010/11, we performed detailed reviews on two areas:

- the Procure to Pay project; and
- Project Management in operation across the Council.

Summary of Findings.

We reviewed the action plans for each of these reports and discussed the progress with appropriate officers. We also obtained further evidence where we felt this was necessary.

Appendix A details each action plan and the resultant progress made. We have discussed these findings with the Assistant Director of Finance, Efficiencies and Assets.

We have noted that four recommendations made on the Procure to Pay project review have yet to be implemented.

Good progress has been made in implementing the majority of recommendations agreed following the Project Management review. All but one have been fully implemented with the remaining recommendation scheduled to be implemented by the end of September 2012.

Way Forward

We recommend that management review the Action Plan agreed following our review of the Procure to Pay process at the Council in 2011/12. We would suggest that further consideration is given to all outstanding items.

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Appendix A – Progress on 2010/11 VFM Recommendations**Procure to Pay**

Rec No.	Recommendation	Priority	Update September 2012	Implemented
1	P2P PID The P2P PID should be updated to reflect the revised project governance arrangements structure.	Medium	Project Board report and Strategy document show revised governance arrangements. Within this, category management has been scaled down to encompass a reduced number of areas. July 2012 progress update shows where key decisions are needed, and who by. Recommendation met.	1 July 2011
2	Project manager and work stream leads The Council should ensure that the roles of P2P project manager and work stream leads should not be assigned to the same individual.	Medium	July 2012 progress update shows that programme manager and theme leads are now different people. The new separation of responsibilities occurred in March/April 2012 following the appointment of the new (interim) programme manager in February 2012. Recommendation met.	March 2012
3	Structure and governance The project structure and governance arrangements need to be re-defined in light of current circumstances, including a Memorandum of Roles and Responsibilities of all key stakeholders involved in the project.	Medium	Governance arrangements are clear and have been redefined following changes in the category management programme. Quarterly meetings of internal stakeholders are held as end-users of the P2P initiative. No formal memoranda of roles and responsibilities have been devised. The interim programme manager	July 2011

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			<p>has advised that meetings are effective and that there would be no clear advantages from producing written guidance for those attending. This is accepted.</p> <p>Recommendation met.</p>	
4	<p>Project risk register The P2P project risk register should be enhanced by:</p> <ul style="list-style-type: none"> • ensuring it complies with the Council's risk management strategy, distinguishing between controls in place and required actions, with timescales and responsible officers assigned • documenting the residual risk score for each risk, where residual risks remain high, decisions should be made as to whether, and how, to address these risks • more clearly identifying risks and controls, rather than process, in place to mitigate them • identifying the type of risk 	Medium	<p>Project risk register received. Currently the register RAG rates seven separate risks.</p> <p>Recommendation met.</p>	July 2011
5	<p>P2P issues list The P2P issues list should be developed to meet the requirements of and issues log.</p>		<p>Although the Board Paper does comment about 'issues' within most of the separate strands, it does not include a coherent list or register that is easy to understand by someone outside the project. This was discussed on 3 September 2012 with the current programme manager, who agreed that it would be useful to establish a separate P2P issues list covering all themes.</p>	Outstanding
6	<p>Project budgeting The full cost of projects should be budgeted prior to a project commencing.</p>		<p>All category management themes have been fully costed as 'projects', and some other P2P themes have been costed as 'projects' as well.</p>	July 2011

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			<p>As outlined in the Council's original response, where gains are through simple redeployment of existing staff (at no marginal financial cost or advantage to the Council) there has been little formal costing of the scheme.</p> <p>Recommendation met.</p>	
7	<p>Project management procedure compliance The Council's project management procedures should be followed, or an alternative methodology justified and formally approved by the project board.</p>		<p>The Council's project management procedures are followed. Typically project appraisals start at DMT, and then move to the Capital Delivery Board before reaching Cabinet. Recent evidence to show that this is working effectively: Cabinet has recently rejected one proposal for Hard FM approval because it (the Cabinet) was not content with the presentation of expected savings. The scheme was returned with a request for an improved business case.</p> <p>Recommendation met.</p>	July 2011
8	<p>Communications plan A project communication plan should be produced and implemented to manage relationships with internal and external stakeholders.</p>		<p>There is considerable effort invested to communicate ideas and savings internally, and communication is a standing agenda item for the Project Board. However there is no formal communications plan. .</p>	Outstanding
9	<p>Savings target The total P2P savings target, and allocation by year, should represent the value of savings the Council could achieve, rather than being a budget gap. The allocation across the six project work streams should be</p>		<p>At June 2012, cumulative forecast savings for 2012-13 against an original target of £950k were £533k. The target has now been changed to £801k, but this still leaves a predicted year end</p>	Outstanding

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	updated to reflect the revised allocation by year.		gap of £268k against the revised target - equivalent to a 67% target achievement. Also, the latest performance report shows likely savings across eight headings (starting 'Buyer' and ending 'PADS Services') that do not simply relate to the original 6 (and now + 1 category management) P2P strands. This was discussed on 3 September 2012 with the programme manager. The overall underperformance against target is recognised and red rated on the project risk register. Moving forwards, there needs to be greater clarity over how savings targets are established and confidence that these are stretching, but achievable.	
10	P2P reporting P2P reporting to the Corporate Support Services board should clearly reflect only revenue savings, and cashable and non-cashable savings should be separately monitored.		The current Project Board reports only show revenue, cashable savings. Consideration is being given as to how best to show (a) revenue, non-cashable savings and (b) capital savings.	September 2012
11	Benefits realisation strategy The Council should urgently develop benefits profiles for all planned benefits (financial and non-financial) from the P2P project, including how each benefit is to be measured, and the timescales for realising each benefit, to ensure effective monitoring and benefits realisation.		This remains work in progress. The project support officer has responsibility for benefits realisation and is currently working on 'volumetrics' - showing graphically, for example, how numbers of transactions and requests have changed in connection with P2P developments over the last 12 months.	Outstanding
12	Specifying goods and services The SPU needs to clearly communicate to stakeholders the role of services in specifying goods and services that buyers will procure for them.		Over the past year, services have learned about the importance of providing clear specifications for buyers. All procurement requires a request for quotation (RFQ) form to be completed.	July 2011

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			<p>Buyers have been allocated to specific service areas so that they can develop their own expertise, and the plan is eventually to locate them physically within services.</p> <p>Recommendation met.</p>	
13	<p>Specialist goods and services The Council should consider defining what is meant by specialist goods or services to ensure clarity for those involved in their procurement. Where specifications are for specialist items or those with a detailed specification, services should be informed that, where appropriate, the buyer will refer a supplier to the service to agree the specification.</p>		<p>Having direct connections between services and suppliers to help specify specialist goods has not proved necessary. All procurement has been done by buyers using the RFQ system.</p>	No further action required.
14	<p>Whole life costing of goods and services The whole life cost of goods and services should be determined and used to inform procurement decisions.</p>		<p>Approach amended - The general rule is that whole life costing is followed and that assessments are guided 50:50 (quality: price). Sometimes the importance given to price is higher (45:55) or (40:60). One recent example of goods procured on quality rather than price were cutting tools in the Council's materials recycling depot. Accept adaptation to process.</p>	No further work.

Project Management

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15	Procedures - approval and training Approve the project management and capital programme procedures and ensure that the training programme to support them is rolled out in a timely way to maximise their impact and benefit.	Medium	Following review by the Audit Committee on the 26 March 2010, the project management and capital programme procedures were approved at full Council on the 30 January 2012 as part of the approval on the revised constitution. Roll out of the training programme has been delayed as the Council awaits the outcome of its review of capital delivery and its restructure of project delivery into one centralised location.	December 2012
16	Procedures - revenue projects Ensure that guidance, language and terminology used in the procedures is clear for revenue projects.	Medium	The procedures have been amended to include information on revenue projects by the Project Services Manager in response to comments made. Recommendation met	July 2011
17	Procedures - review Review project management procedures when they have been in place for an agreed period of time. Use feedback from project managers to make them clearer and more		A review of the procedures is planned as part of the centralisation of project delivery which is currently in progress.	March 2013 Responsibility for this is with the Head of Project

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	concise, removing technical language and using plain English.			Delivery
18	Procedures - corporate services Project management procedures should require the early involvement of key corporate support services, such as ICT and HR, wherever relevant.		The procedures have been updated although approval/sign off by ICT, HR etc has not been included as it was considered that this may introduce unnecessary delays. Instead project managers are required to start communication with these departments at the earliest point possible for the relevant projects. Recommendation met	Completed
19	Project managers Review the role of project managers. Ensure training is targeted to officers who will manage projects in the future. Consider the benefits of bringing together project managers in one location.		The procedures have been updated although approval/sign off by ICT, HR etc has not been included as it was considered that this may introduce unnecessary delays. Instead project managers are required to start communication with these departments at the earliest point possible for the relevant projects. Recommendation met.	Completed
20	Project managers Review the role of project managers. Ensure training is targeted to officers who will manage projects in the future. Consider the benefits of bringing together project managers in one location.		The Council is currently centralising project delivery into one location as per the recommendation. The restructure and arrangements to achieve this are currently underway	December 2012
21	Post implementation reviews Ensure that robust post project implementation reviews are undertaken as set out in the project management procedures.		The task of undertaking post project reviews is now being undertaken by the Council's Cost Manager as agreed in May 2011 (although at the point of the review no projects had yet gone through this new process). This allows for a more robust, independent and consistent to reviews with input from the key	Completed

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			<p>project team members. The Cost Manager also uses this information to benchmark against other authorities.</p> <p>Recommendation met.</p>	
22	<p>Outcomes and key lessons</p> <p>Ensure that the outcomes and key lessons from previous projects are disseminated appropriately.</p>		<p>The post project review has been delayed until the end of the defects period for this project. Once this is completed then this information will be shared with the other project managers.</p>	September 2012
23	<p>Publicise success</p> <p>Publicise successful projects to generate pride and so that others can learn lessons from the success</p>		<p>A formal process for publicising successful projects is being implemented by the project strategy team to cover all projects. This process has been successfully implemented on a number of completed school projects and allows key stakeholders including local councillors to publicise the Councils successes to the city.</p> <p>Recommendation met.</p>	Completed
24	<p>Accommodation strategy reporting</p> <p>Develop a high level programme reporting system for the accommodation strategy which tracks progress against financial and non-financial objectives.</p>		<p>Accommodation Strategy Board in place which tracks progress against financial and non-financial objectives. A written report is now presented to each meeting by the Accommodation Strategy Programme Manager which is collated from all the project managers delivering the individual projects. These reports monitor progress in terms of cost, time and quality, In addition to these reports dashboard reports are prepared as part of standard project monitoring which is used by managers to give a quick overview of project status.</p> <p>Recommendation met.</p>	Completed

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25	<p>Accommodation strategy team</p> <p>Strengthen arrangements for the team responsible for delivering the accommodation strategy to ensure they remain resilient and there are contingency arrangements if required</p>		<p>Clear structure for the Accommodation Strategy Team has been put in place to ensure that this project is successfully delivered. Additional staff have been appointed to work on the project from both the project delivery team and the corporate property team to ensure that the correct level of resources are allocated to ensure successful project delivery.</p> <p>Recommendation met.</p>	Completed

