



## SHEFFIELD CITY COUNCIL Audit Committee Report

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**Report of:** The Interim Director of Legal & Governance

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**Date:** 8th January 2015

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**Subject:** Report to the Audit Committee on Progress on the 2013/14 Annual Governance Statement.

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**Author of Report:** Gillian Duckworth - 2730418

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**Summary:** The purpose of the report is to update the Audit Committee on the progress made in mitigating the items raised in the 2013/14 Annual Governance Statement.

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**Recommendations:** 1) That the Audit Committee note this report.

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**Background Papers:** The Annual Governance Statement presented to the Audit Committee in July 2014.

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

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|---|
| <b>Financial Implications</b>   |
| NO  |
| <b>Legal Implications</b>   |
| NO  |
| <b>Equality of Opportunity Implications</b>                                     |
| NO  |
| <b>Tackling Health Inequalities Implications</b>                                |
| NO  |
| <b>Human rights Implications</b>  |
| NO  |
| <b>Environmental and Sustainability implications</b>                            |
| NO  |
| <b>Economic impact</b>  |
| NO  |
| <b>Community safety implications</b>  |
| NO  |
| <b>Human resources implications</b>   |
| NO  |
| <b>Property implications</b>  |
| NO  |
| <b>Area(s) affected</b>   |
| NONE  |
| <b>Relevant Cabinet Portfolio Leader</b>  |
|   |
| <b>Relevant Scrutiny Committee if decision called in</b>                        |
| Not applicable  |
| <b>Is the item a matter which is reserved for approval by the City Council?</b> |
| NO  |
| <b>Press release</b>  |
| NO  |

## **SHEFFIELD CITY COUNCIL**

### **LEGAL & GOVERNANCE**

#### **UPDATE ON ISSUES IN THE ANNUAL GOVERNANCE STATEMENT (AGS)**

#### **UPDATE ON AGS FOR THE FINANCIAL YEAR 2013/14, AS AT THE END OF DECEMBER 2014.**

##### **Introduction**

1. The Council produced and signed off the Annual Governance Statement in July 2014. A number of issues were raised in the AGS for which managers were asked to produce plans to ensure that they did not lead to significant breakdowns in control.
2. This report is to update the Members of the Audit Committee on progress that has taken place. The update covers the period up to the end of December 2014.
3. The report shows the control weaknesses and proposed officer actions as described in the original AGS and the latest information provided by the relevant officer.

##### **Summary**

4. From the information given by the officers concerned it appears that adequate progress is being made in these areas.

##### **Work on the 2014/2015 AGS**

5. Legal and Governance are responsible for the production of the Annual Governance Statement. The process has been reviewed and suggested amendments approved by EMT. The review has proposed a two stage improvement process, with the work this year concentrating on improving and rationalising the guidance.

This work has been undertaken and the guidance and associated documentation will be on the intranet so that Directors can involve their service in preparing detailed responses. To assist, the Interim Director of Legal & Governance plans to meet all the Portfolio Leadership Teams to brief on procedure and answer any questions the Directors and their Management Teams may have.

##### **Recommendation**

6. The Audit Committee are asked to note the actions taken by Officers and progress made to date.

**Financial Implications**

7. There are no direct financial implications regarding this report.

**Equal Opportunities Implications**

8. There are no direct equal opportunities implications regarding this report.

**Environmental Sustainability Implications**

9. There are no direct environmental sustainability implications regarding this report.

**Community Safety Implications**

10. There are no direct community safety implications regarding this report.

**Human Rights Implications**

11. There are no direct human rights implications regarding this report.

**Legal Implications**

12. There are no direct Legal implications regarding this report.

**Signed**

**Gillian Duckworth**  
**Interim Director of Legal & Governance**

## Items raised in the 2013/14 Annual Governance statement

### Description of the Control Weaknesses

#### **Adult Social Care and Supporting Services**

This issue featured on last year's AGS and the service provided an update on progress in January 2014:

*A Programme Board is overseeing progress of the established recovery and medium term activity including the Adult Social Care plans to ensure service users are kept independent safe and well, their unmet eligible critical and substantial needs are met in the most cost effective way and ensuring services are efficient and that staff are deployed in an effective and efficient way.*

*A number of interventions are being progressed focusing on Reviews and Reassessments, Continuing Health Care, Refining our Personalisation Offer, Direct Payments Monitoring and Management and Adult Provider Services' Savings Plans. Guidance and regular updates are provided to staff and we have hosted four stakeholder events.*

*The forecast spend position is consistently reducing.*

It would seem that while improvements are being made there is a need to include this item again on the Statement as the measures carried out to rectify the issues raised in 2012/13 have highlighted issues with the support systems to Adult Social Care which may have contributed to the range of issues with the service in 2012/13.

Issues were highlighted in service planning, management information, financial management and commissioning.

### Proposed Officer Action (as per AGS)

Actions are being taken within the Portfolio and corporately to address these issues

There was inconsistent performance in budget monitoring and operational and financial forecasting. Actions are being taken to ensure that better information and processes are in place.

There was poor management information. Actions to put in robust management information and financial monitoring are being undertaken.

### Update on Progress

#### **Information provided by Laura Pattman**

#### **Interim Director of Strategy – (Finance Business Partnering)**

A Programme Board is continuing to oversee the delivery of the established recovery and medium term activity including the Adult Social Care plans to ensure service users are kept independent safe and well, their unmet eligible critical and substantial needs are met in the most cost effective way and ensuring services are efficient and that staff are deployed in an effective and efficient

way.

A number of interventions are well established focusing on Reviews and Reassessments, Continuing Health Care, Refining our Personalisation Offer, Direct Payments Monitoring and Management and Adult Provider Services' Savings Plans. Guidance and regular updates are provided to staff and we have hosted four stakeholder events.

The forecast spend position is consistently reducing due to the interventions described above.

Actions are being taken within the Portfolio and corporately to address issues identified in relation to service planning, management information, financial management and commissioning. An independent review of the financial support provided to the Portfolio has been completed and the recommendations included within it are in the process of being implemented. This will address inconsistent performance in budget monitoring and operational and financial forecasting.

Actions are being taken to ensure that better information and processes are in place, this is underpinned by a Business Intelligence project to deliver improvements in management information. The performance management framework has been reviewed and will be further improved with the implementation of the Business Intelligence project.

A qualitative independent review of commissioning and contract management is due commence in January 2015.

## Description of the Control Weaknesses

### **Capital Project Management**

This featured on last year's AGS.

In 2012/13 only 64.1% of forecasts were completed by the relevant managers.

Concerns remain about the level of compliance with and the quality of monthly forecasting of schemes by project managers. Slippage remains to be a considerable problem across the Capital Programme.

Of particular concern is the Delivery of Highway Schemes.

An internal audit report concluded:

*There was ambiguity and overlap in relation to aspects of the implementation, scheduling, monitoring and delivery of the transport capital programme. The Service failed to apply the corporate Capital Approval procedures and was found to have inadequate financial monitoring, reporting & governance arrangements along with a lack of quality assurance regarding project management.*

*There were high levels of slippage in to 2013/14 which amounted to £5.2m against a total capital allocation of £15.1m (35%) for the service.*

*A Mid-Term Review of all South Yorkshire LTP and LSTF schemes was carried out in September 2013 by the SYLTP Central Partnership Team. This resulted in a total of £1m of funding being "scaled back" (i.e. re-allocated) away from existing Sheffield schemes on the basis that it was*

*unlikely to be applied in the year. Over and above this, a further nine schemes (amounting to £915k) had been placed under "Special Measures, requiring more detailed programme management scrutiny and/or changes to management of the project".*

#### Proposed Officer Action (as per AGS)

Whilst there has been an improvement, performance remains short of where it should be.

In the last half of 2013-14, between 85% and 92.5% of forecasts were completed. The accuracy of the forecast also improved such that the level of slippage declared at year-end fell from £43.3m in 2012/13 to £9.6m in 2013/14. Total slippage in the year fell from £87.7m to £54.2m.

The Capital Programme Group has led the definition and clarification of the roles of Project Sponsor and Project Manager and is rolling this out through the Capital Delivery Service and Finance teams. The Council is now adopting a Gateway Approval process where the project business case has to be supported by a programme Board (Gateway 1 & 3), and reviewed by another cross portfolio officer group (Gateway 2) to ensure compatibility with the whole capital programme and deliverability before it is considered by CPG (Gateway 4) for financial and onward democratic approval.

EMT has also recommended that project management should be concentrated within the Capital Delivery Service which will assume responsibility for monitoring the physical progress of the programme. The Capital Delivery Service is in the process of developing the Capital Hub which will deploy and operate the infrastructure needed to monitor and manage capital programme performance. This work will also enable more detailed performance reports to be provided to EMT and Cabinet.

The rate of adoption and adherence to these principles varies across the Council, with the Place Portfolio starting to pilot many of the new ways of working.

Notwithstanding that, the Highways service remains one of those services which needs to make the greatest change having moved on only a little since last year. However, the Director of the service is committed to change and is being supported by Finance, Commercial Services and the Capital Delivery Service to realise this.

#### Update on Progress

### **Information provided by Daniel Ladbury**

A report was taken to Audit Committee on 13<sup>th</sup> November 2014, this update is taken from the summary of that report:

The progress that has been achieved to date to improve capital delivery is summarised as follows:

- Appointment of a Private Sector Capital Delivery Partner;
- Development of Project Prioritisation Matrix;
- Development & implementation of Project Delivery Process;
- Development and implementation of Capital Gateway Approval process;
- Continued audit and challenge of projects in the capital programme;
- CDS Project Manager training;
- Development of a 3 year capital delivery improvement roadmap.

The further developments that are currently being progressed in order to improve the delivery of the capital programme are as follows:

- Development of a baseline programme to capture all projects;
- Further review of the Capital Gateway Process;
- Development of project reporting and monitoring;
- Development of programme reporting;
- Restructure of the Capital Delivery Service to improve project delivery, project monitoring and develop the Capital Programme Office function;

## **Description of the Control Weaknesses**

### **Consistency of Corporate Issues**

A number of issues were raised relating to consistency with processes or procedures across the Council.

Areas of concern are as follows:

1. Projects - Risk management and reporting – an internal audit report highlighted the lack of a corporate approach to the reporting of risks in projects.
2. Contract management – whilst there is a contract management framework and clear processes for major contracts, there are a wide range of other contractual arrangements in the Council with varying degrees of effective management.
3. A lack of consistency in services seeking early support from legal, financial and commercial teams to minimise risk, so that advice is sometimes reactive not proactive
4. HR people management – HR processes such as sickness absence procedures, Individual Performance Reviews, induction and exit processes and ID badges were identified as processes that although corporately prescribed and frameworks are in place were not always consistently applied across the organisation



5. As part of a programme of work by the Information Governance Board a number of Services across different Portfolios acknowledged that they did not have adequate information retention/destruction policies meaning that they may be holding physical and/or electronic data unnecessarily.

#### Proposed Officer Action (as per AGS)

EMT will identify where it is appropriate for processes to be applied corporately and where Portfolios retain discretion on how to apply a process. An action plan will be devised to set out the reporting and monitoring requirements of EMT.

1. EMT to reconsider its overview of project risk management as part of the business change agenda.
2. The Interim Director of Commercial Services has raised this as an issue and is devising an action plan to rectify the position.
3. This will be addressed as part of the action in 1.
4. Director of HR to review processes to make sure they are robust and assist EMT in preparing an action plan to address the inconsistencies in management as required. ID badges have recently become the responsibility of the Director of Transport & FM. HR have not had any previous involvement but the Director of HR will as part of this review work with the Director of Transport & FM to put in place a robust process for allocation of ID badges
5. The Information Governance Board has identified the need for guidance to be updated. The Council has recently appointed an Information Governance Officer to address any issues with consistency

#### Update on Progress

##### **Information collated by Michelle Hawley, Business Development & Performance Manager, Resources**

1. The CPMO has been working closely with the Corporate Risk Group, Capita and BCIS to determine requirements for recording and reporting on projects and programmes. This includes the linking of the governance routes so EMT get full visibility of all key risks, whether BAU or programme risks, at the same quarterly reporting session.

The timescales of outstanding activities are as follows:

- Completion of gathering requirements – 17 December 14
- Completion of SharePoint system for recording risks – early Jan 15
- Pilot of system to commence – mid Jan 15
- Documentation of governance structures and reporting cycles – Feb 15
- Commencement of go-live (to be done by portfolio) – March 15

2.

- All identified contract managers in client teams within portfolios have now received training on strategic contract management and have been given access to a contract management toolkit. Angela Bateman delivered the training.
  - Contract managers continue to be supported by category managers and contract managers where appropriate.
  - In conjunction with HR Filip Leonard and his team are also looking to develop commercial skills training to assist with increasing commercial skills with portfolios to help deliver commercial outcomes.
3. The AGS guidance has been reviewed and now includes a control question to remind services that they need to access advice from Professional Services e.g. legal, commercial, finance etc. when appropriate.

Legal & Governance will be liaising with the CPMO to identify how the new corporate system for reporting on projects and programmes can assist with assurances that Professional Services are being consulted appropriately to minimise risk. We will also feed into the Simplifying Decision Making project and ask that the outcomes incorporate assurance that Professional Services are consulted appropriately as part of decision making.

4. There are a suite of robust corporate policies and procedures in place to manage these HR processes. For sickness reporting there is a corporate sickness reporting procedure, this includes the collation procedure for identified officers and the standard sickness reporting.

Work is ongoing on to update the HR system, this will provide managers with real time absence data so they can manage sickness more effectively. There is also an opportunity to add workflow to the system to prompt managers to enter the various associated procedures. This would provide additional visibility and control for the HR service on how well the procedures are being implemented. There is currently no agreed funding for this extra module.

A series of workshops have been run for all managers to attend to introduce them to the revised Managing Absence Procedure (MAP) and remind them of their responsibilities in line with this new procedure.

In addition to the management of absence processes and procedures there is regular reporting of sickness absence rates at EMT performance meetings, PLTs, to service management teams and to line managers. These reports set out the absence rates, trends of absence over a number of quarters, types of absence and length of absences. Managers are also alerted when staff hit trigger points. HR Business partners challenge sickness absence with PLT's and line managers to ensure that policy is followed robustly.

Performance information is also shared with managers at the quarterly Managers Events, where they are also reminded of their role in relation to managing these processes.

All IPR's are now required to be input into MyView and HR can monitor completion rates through the system to ensure all services and managers are completing IPR's for their staff consistently. There are reported issues with the IPR process and the My View system, the Chief Executive has commissioned the Director of HR to review both.

There are robust induction and exit checklists and information is available on the intranet for managers to work through for new starters and leavers, these processes are managed by HR Connect.

5. There is ongoing work around records management including disposal and retention. This includes further guidance on the Council's intranet which has/is in the process of being refreshed. This will include more guidance around retention at a service level.

Work is also being undertaken around the wider areas of records management with an opportunity brief being prepared for early January.

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