



**NORTHAMPTON**  
BOROUGH COUNCIL

## AUDIT COMMITTEE REPORT

<b>Report Title</b>	<b>GROUNDS MAINTENANCE – WIDER RECOMMENDATIONS</b>
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**AGENDA STATUS: PUBLIC**

<b>Audit Committee Meeting Date:</b>	22 <sup>nd</sup> March 2010
<b>Policy Document:</b>	No
<b>Directorate:</b>	Environment & Culture
<b>Accountable Cabinet Member:</b>	Councillor Trini Crake

### 1. Purpose

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- 1.1** The purpose of this report is to provide assurance to members of the Audit Committee that actions are being put in place and undertaken with appropriate priority in order to address the issues identified in the Audit Report on Grounds Maintenance (report No. 09\_10 Northampton Borough Council 04).
- 1.2** It should be noted that this report should be read in conjunction with the report on the savings plans for Neighbourhood Environmental Service, agenda item 6 of this Committee meeting.

### 2. Recommendations

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- 2.1** To note the action plan as outlined within this report.

### 3. Issues and Choices

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#### 3.1 Report Background

- 3.1.1** The Council introduced a new senior management structure from 1<sup>st</sup> October 2008. This new structure created the new directorate of Environment & Culture of which Neighbourhood Environmental Services forms a part. This service area includes Waste Service, Grounds Maintenance, Street Cleansing and smaller service areas such as Cemeteries Services, Parks, Trees, Allotments etc. Prior to this restructure Property Maintenance was included within one Head of Service's remit so that all Westbridge services came under one senior manager. The new structure recognised that the breadth of responsibility was too wide. The two service areas remain closely linked and their activities impact upon one another, therefore the two

Heads of Service work closely together in bringing about service improvements, in particular the issue of Grounds Maintenance within Council Housing estates.

3.1.2 When first in post the Head of Neighbourhood Environmental Services undertook a thorough examination of the all services within her remit and a three-year plan to bring about improvements to Neighbourhood Environmental Services (NES) was developed in early 2009. In summary, the plan sets out the following actions:

3.1.2.1 Year one (2009/10): This includes a number of activities to:

- Remove budgetary anomalies,
- Identify and prioritise areas for service improvement,
- Reduce the service budget from £12.5m to £9.2m through savings and efficiencies such as:
  - Increase the ratio of agency to permanent staff to allow the service to 'flex' to meet demand and make efficiencies. For example, in Waste Services this approach has allowed flexible waste collection rounds resulting in savings.
  - Address sickness absence,
- Improve the day-to-day performance across the service, and
- Reduce the level of customer complaints.

3.1.2.2 Year two (2010/11) includes:

- The development and implementation of the Neighbourhood Model,
- A new service structure to support the Neighbourhood Model that includes a new manage structure and working practices to integrate frontline services and allow them to work closer with other Northampton Borough Council services and partners, particularly the Police.
- Preparing the service for potential procurement. This includes implementing a range of savings plans to further reduce the service budget from £9.2m to £8.15m. This involves the implementation of a programme of savings, efficiencies and improvements delivered in partnership with our Value for Money Partner, Northgate Kendric Ash.

3.2.2.3 Year three (2011/12) includes looking to the private sector to establish whether it can deliver improved services at a reduced cost.

3.3.1 In order to fully deliver the three-year plan and meet the full savings targets there was a need to inject capacity. This would bring about the ambitious plans to achieve service transformation and allow the service to develop in to its new role. This level of capacity and expertise was not available within the service, and therefore a Value for Money Partner was sought. The services of Northgate Kendric Ash (NKA) were procured.

### 3.3 Issues

3.3.2 Internal Audit undertook an audit of Grounds Maintenance in July 2009. The findings of that report closely mirrors the conclusions of the Head of Service during her initial investigations and as such the three-year plan as outlined in 3.1.2 compliments the recommendations in the final audit report. The findings of the audit report also supports the conclusions of other independent bodies such as the Audit Commission.

3.3.2 In bringing together the findings from the Audit Report, the Head of Service's initial findings, completion of year one of the three-year plan, and the initial business case from the Value for Money Partner NKA, it can be stated with confidence that the findings of the Internal Audit are related to Grounds Maintenance alone and are not endemic across the rest of Neighbourhood Environmental Services.

3.3.3 This finding is supported by an improvement in service performance from 2008/9 and 2009/10 (National Indicators all on course to be green at outturn), the budget anomalies have been addressed, customer complaints are down, compliments are up, and the levels of sickness absence has been halved (in 2009/10 from approximately 25 days/FTE to approximately 12).

3.3.3 The NKA programme of work is spilt into four main project areas and includes a number of work packages that have been put in place to address the issues raised in the Audit report as follows. A full copy of the programme is at appendix one.

3.3.3.3 Productivity & Resource Management which includes:

- Annualised hours for Parks staff so that operatives are working in the parks when they are being used. This will have a significant impact on the Council's reputation and on the rate of crime.
- Review of Grounds Maintenance working practises.
- Rescheduling of Grounds Maintenance schedules of work
- Development of Street and Grounds cross team working

3.3.3.4 Neighbourhood Model & Staffing Structures which includes:

- New management structure
- Organisational development plan to assist the service through the transition from area to neighbourhood working

3.3.3.5 Vehicle & Plant which includes:

- Re-procurement of grounds plant at a reduced price

3.3.4 A copy of the audit report recommendations and actions that are currently being implemented can be seen at Appendix two.

### **3.3 Choices (Options)**

3.3.4 In order to implement the three-year plan and address the issues identified by the audit report and the Head of Service additional capacity was required as the capacity nor the expertise did not exist in abundance in-house. Consequently the service of our Value for Money Partner was procured.

## **4. Implications (including financial implications)**

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### **4.1 Policy**

4.1.1 None directly associated with this report.

### **4.2 Resources and Risk**

4.2.1 As identified in the three-year plan a number of savings targets have been set. The NKA programme of work is due to deliver savings of £786,934 in 2010/11 (net of severance costs) and £1,015,340 in 2011/12.

4.2.2 It should be noted that these figures may change as the programme is implemented and further costs/savings become known, for example the NES restructure is due to complete 22nd March 2010 and as such the total severance costs are not yet known.

4.2.3 The programme of work at appendix one will deliver a high proportion of the service's and Council's savings targets and therefore the risk of those projects not being delivered must be closely monitored. In order to do this the service improvement plan at appendix one has incorporated into it a traffic light system to indicate the status of each work package within each project, so that the risk of the projects failing and therefore the savings not being delivered can be managed.

4.2.4 A management Board has been established to oversee the work of our Value for Money Partner.

4.2.5 The responsibility for the NKA programme rests with the Head of Service who works closely with NKA to ensure implementation of the programme.

### **4.3 Legal**

4.3.1 There are no specific legal implications arising from this report.

### **4.4 Equality**

4.4.1 All savings plans have had an equality impact assessment undertaken.

### **4.5 Consultees (Internal and External)**

4.5.1 The following people have been asked to comment on this report:

- Director of Environment & Culture
- Director of Finance & Support
- Head of Finance & Asset Management

## **4.6 Other Implications**

4.6.1 No further implications identified as associated with this report.



## **5. Background Papers**

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- 5.1 Appendix one – Service Improvement Plan
- 5.2 Appendix two – Audit action plan

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# Appendix Two

Ref	Specific Risk	Control weakness found	Risk rating	Recommendations	Management response	Officer responsible & implementation date
<b>Control Design</b>						
1	Decisions may be based upon flawed assumptions and wrong action taken.	<p>The Authority does not have in place a system to accurately detail each of the tasks currently being performed by the Grounds Maintenance Department, along with an associated cost and the quality specification being worked to.</p> <p>As such given that consideration is being given to market testing this service, any comparison of like for like costs may be difficult.</p>	<p> High</p>	<p>The Authority should seek to identify the actual costs being incurred when performing specific tasks along with the quality specification being worked to.</p> <p>This will allow for a clearer market testing specification being produced and more effective evaluation of the value for money offered by external suppliers for delivering this work.</p>	<p>1. The Grounds Maintenance schedules are being re-worked as part of the preparation of the service for procurement.</p> <p>2. Quality Specifications are currently being developed for the procurement of the service.</p> <p>3. The Council is using Competitive Dialogue, which negates the need for output specifications and detailed costs per activity.</p> <p>4. The performance cost of the service will be incorporated into the performance and pay mechanism.</p>	<p>Simone Wade</p> <p>1. 30<sup>th</sup> June 2010</p> <p>2. 31<sup>st</sup> March 2010</p> <p>3. November 2010 (Procurement timetable attached)</p> <p>4. 31<sup>st</sup> March 2010</p>
2	Staff are unaware of the correct procedures to follow.	<p>It was noted that there are currently no inventory procedures in place for the acquisition, labeling, security, verification of inventories and disposal of equipment being used by the Grounds Maintenance team.</p>	<p> Medium</p>	<p>Management should ensure that procedure notes are drawn up and adhered to for inventory management.</p>	<p>Procedure notes to be developed.</p>	<p>Paul Chambers/NKA</p> <p>1<sup>st</sup> February 2010</p> <p>Completed</p>

Ref	Specific Risk	Control weakness found	Risk rating	Recommendations	Management response	Officer responsible & implementation date
3	Staff are not being effectively utilised and performance managed.	<p>The Department does not have in place a schedule of all work to be performed during the year along with the timing and frequency of the work, time allocated to completing it and any monitoring against this.</p> <p>As such it is difficult to assess how well staff are being utilised given the work they have performed and the costs being incurred when performing specific tasks.</p>	<p>● High</p>	<p>Management should produce a schedule of all work being performed by the Grounds Maintenance team so that it can better monitor overall performance. This schedule could include:</p> <ul style="list-style-type: none"> <li>nature of task;</li> <li>frequency of task;</li> <li>Specification of work;</li> <li>number of staff required to perform task;</li> <li>time in which task should be completed;</li> <li>budgeted cost;</li> <li>actual resources and time taken to complete task and reason for variance;</li> <li>actual costs incurred; and</li> <li>the date when task was performed to ensure consistent with planned frequency.</li> </ul>	<p>The Head of Neighbourhood Environmental Services acknowledged that the Department required a more structured approach to the scheduling and performance aspects of its functioning.</p> <p>See action for 1. regarding schedule of works.</p> <p>Performance Management will be resolved by the implementation of the new NES structure, development of new schedules and activities related to the procurement of the service.</p>	<p>Simone Wade (See action 1)</p> <p>Restructure in place by 1<sup>st</sup> April 2010</p>

Ref	Specific Risk	Control weakness found	Risk rating	Recommendations	Management response	Officer responsible & implementation date
4	<p>If costs are allocated inappropriately the performance of the various areas of the business may be difficult to accurately and fairly assess.</p>	<p>It has been identified that Grounds Maintenance costs are recharged to other budget areas based on a costing exercise which took place in 1995.</p> <p>Subsequent to this, costs have been simply uplifted by inflation and there has been no review of this process to ensure it is still relevant.</p>	<p>● Medium</p>	<p>The Authority should consider revisiting the way in which Grounds Maintenance costs are recharged to ensure the process is relevant and equitable.</p>	<p>1. NES including Grounds Maintenance is currently going through a procurement exercise to secure service improvement at a reduced cost. The specification being developed for this process is using service outcomes rather than specific outputs eg the frequency of mowing. The outcome spec will be completed 22<sup>nd</sup> March 2010</p> <p>2. As part of the procurement preparation the SLA with Housing is currently being re-visited.</p>	<p>Simone Wade</p> <ol style="list-style-type: none"> <li>31/12/2010</li> <li>31/07/2010</li> </ol>



Ref	Specific Risk	Control weakness found	Risk rating	Recommendations	Management response	Officer responsible & implementation date
<b>Operating effectiveness</b>						
5	Grounds maintenance costs could escalate out of control.	<p>During our review of the Grounds Maintenance budget it was noted that already there is an expected overspend of nearly £180,000 with no savings yet identified in relation to how this can be reduced.</p> <p>Within this the current overtime budget was also showing a forecasted overspend of £30,000.</p>	<p> High</p>	<p>Management should take appropriate action to identify efficiency savings in order to reduce the likely overspend. In addition overtime costs should be monitored closely and where possible this should be reduced through better workload management.</p>	<p>1. Savings plans are in place to address the overspend. 2. Savings plans have been put in place to bring about savings and drive out inefficiencies. This includes addressing O/T budgets etc. This work is being undertaken by our VFM Partners Northgate Kendric Ash. Specifically plans are being developed to introduce shift working and annulaised hours to negate the use of overtime and bring about savings and efficiencies</p>	<p>1. 31/03/2010 2. 31/08/2010</p>

Ref	Specific Risk	Control weakness found	Risk rating	Recommendations	Management response	Officer responsible & implementation date
6	Value for money may not be achieved.	<p>It was noted that the Authority's procurement policy is not being adhered to by the Grounds Maintenance team when outsourcing miscellaneous building work and vehicle repairs. Although the value of this work is over £100 no quotations are being obtained. Instead the work is being given to two local contractors.</p> <p>In addition there is no list of approved contractors that the Grounds Maintenance team can call upon when procuring services.</p>	<p>● Medium</p>	<p>Management should ensure that the Authority's procurement policy is adhered to at all times and quotations are obtained for work being outsourced.</p> <p>Consideration should also be given to producing an approved contractors list that could be called upon when procuring services. This would need to be updated periodically to ensure that the Authority was still obtaining value for money from the suppliers listed.</p>	<ol style="list-style-type: none"> <li>1. Procurement Policy to be implemented across the service via DMT.</li> <li>2. Should the service remain in-house then an approved list will be developed.</li> <li>3. Currently we have not developed an approved contractors list because the service generally only tenders for 'special' projects, such as play equipment. In any instance the policy of obtaining three quotations is adhered to.</li> </ol>	<ol style="list-style-type: none"> <li>1. Simone Wade Completed</li> <li>2. Peter Hackett/Paul Chambers (31/12/2010)</li> <li>3. Completed</li> </ol> <p>Note: orders £100-£999 = 2 supporting quote</p> <p>Orders £1000+ = 3 supporting quotes</p>

Ref	Specific Risk	Control weakness found	Risk rating	Recommendations	Management response	Officer responsible & implementation date
7	Payments are made for claims even though the Grounds Maintenance staff were not at fault.	<p>When reviewing a sample of 5 case files in relation to claims made against the Authority in areas concerning the Grounds Maintenance department it was evident in 4 of the cases that the Authority found it difficult to dispute allegations due to the poor quality or lack of documentation in place to support work performed.</p> <p>Although the claimant has to prove that the Council was at fault the absence of detailed records could lead to claims succeeding which otherwise would not have.</p> <p>Currently claims made against the Authority value approx £231,000.</p>	<p>● Medium</p>	<p>Management should ensure that adequate records are maintained of when and what work was performed so that in future it can better respond to any allegations of negligence made against its Grounds Maintenance work force.</p> <p>This could be achieved through the better scheduling and recording of work as recommended in point 3.</p>	<p>See action 1, specifically the project to reschedule grounds maintenance work</p> <p>See NES01 Productivity and Resource Management</p>	<p>See action 1, point 1</p>