

Education, Children and Families Committee

10 am, Tuesday, 8 October, 2013

Summer Schools Maintenance Report - update – referral from the Governance, Risk and Best Value Committee

Item number	8.3
Report number	
Wards	ALL

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report

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Terms of Referral

Summer Schools Maintenance Report – update

Terms of referral

The Governance, Risk and Best Value Committee on 15 August 2013 considered an internal audit report on actions for remedy of the summer schools maintenance programme.

The Governance, Risk and Best Value Committee agreed:

- 1) To note the draft findings and recommendations and to invite relevant officers to discuss key findings as required
- 2) To request an update report in November 2013 including details on:
 - I) The review scheduled for completion in September;
 - II) The programme for 2014;
 - III) Further information regarding best value regarding procurement; and
 - IV) Compliance with Council procedures on projects
- 3) To refer the report to Education, Children and Families Committee.

For decision/action

1. The Governance, Risk and Best Value Committee has referred the attached report to the Education, Children and Families Committee for information.

Background reading / external references

Governance, Risk and Best Value Committee 15 August 2013

Links

Coalition pledges	See attached report
Council outcomes	See attached report
Single Outcome Agreement	See attached report
Appendices	Report by the Director of Corporate Governance

Governance, Risk and Best Value Committee

10.00am, Thursday, 15 August 2013

Summer Schools Maintenance Report - Update

Item number
Report number
Wards

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	All

Alastair Maclean

Director of Corporate Governance

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Executive summary

Summer Schools Maintenance Report - Update

Summary

In January and February 2013, internal audit undertook a review of the summer schools maintenance program. Following a prior discussion at GRBV this scope was extended and additional work was undertaken in April and May 2013. A final audit report was issued in July 2013 after discussion and agreement with management from both Services for Community and Children and Families. This report includes agreed actions for remedy.

A number of good practices were identified as part of this audit, along with a number of areas of recommendation for improvement. The full audit report is attached as an appendix.

Recommendations

The Committee is requested to note the draft findings and recommendations and to invite relevant officers to discuss key findings as required.

The Committee is asked to refer the attached report to the Education, Children and Families Committee.

Measures of success

Asset management works program will deliver on time and on budget and to required standards.

Financial impact

Costs of asset management works program as approved at Council.

Equalities impact

No full ERIA is required.

Sustainability impact

There is no direct sustainability impact arising from the report's contents.

Consultation and engagement

The internal audit undertaken consulted with staff in Children and Families, Services for Community and elected members.

Background reading / external references

Alastair Maclean

Director of Corporate Governance

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	All
Appendices	Appendix 1 - RS1209 Audit Report on Schools Summer Works Programme

Internal Audit Report
Children and Families
Schools Summer Works Programme

RS1209
July 2013



EXECUTIVE SUMMARY

1. Introduction

As part of our audit programme a review of the Schools Summer Works Programme was carried out. Performance and progress in achieving the Council's objectives are monitored by Directors and Elected Members. Management is responsible for designing and implementing effective controls that achieve these objectives within the risk tolerance of the Council. Internal Audit provides an independent opinion on the effectiveness of these controls.

Services for Communities (SfC) undertake an annual programme of asset management works within schools, and for 2012/13, the budget for this work totalled £10M (including 2011/12 slippage). Of this overall budget, £3M was programmed to be implemented over the summer. Children and Families (C&F) obtained additional funding of £4.1M in February 2012 to address priority backlog maintenance identified by a conditions survey undertaken in 2009. This re-decoration and floor coverings revenue budget had to be spent by the end of the 2012/13 financial year, however a significant proportion of the work was scheduled to commence over the summer, due to the disruptive nature of the works. External Project Managers, Faithful and Gould were appointed to manage all of the decoration works, and a proportion of the asset management capital programme.

In January 2013, an update report to the Finance & Budget committee noted that work was ongoing to complete the planned asset management programme and the decoration work streams, with the decoration budget on track to be utilised in full by March 2013. Actions had been identified to rectify issues noted and the report confirmed that following completion of the programme in March 2013, a lessons learned review would be undertaken to drive improvements.

2. Remit and Scope

The remit was to review the adequacy of controls over the delivery and completion of the summer works programme, specifically:

- Review of Children & Families Department's monitoring and actions taken in response to SfC's progress reporting
- Establish and review interdepartmental accountabilities and responsibilities
- Review of reporting lines, communication protocols and business continuity arrangements in place at schools while work is being carried out
- Ascertain what lessons can be learned from issues arising with the 2012/13 summer works programme

The scope was to:

- interview key members of staff and elected members
- evaluate controls, and test where appropriate

Following concerns raised at the Governance Risk and Best Value (GRBV) Committee, the scope was extended to include a case study, reviewing the processes for actioning school concerns and issues at Bruntsfield Primary School.

3. Audit Opinion

From the review the following areas of good practice were identified:

- Good governance arrangements were put in place. A Project Board was set up to manage the asset management programme of works (AMW) and decoration programme of works (DW) relating to Children & Families. A review of Board papers evidenced that:
 - communications had taken place with schools and C&F Senior Officers in the planning and delivery of both the capital and decoration programmes
 - SfC Project Managers, Senior C&F Officers, Finance and Communication Officers were represented on the Board
 - agendas were set up with standard items for discussion, supported by summary reports detailing key issues, a risk register, and detailed minutes noting nominated officers assigned to actions
 - regular monthly Board meetings were scheduled for the duration of the project
- Standard letters issued to Head Teachers and Business Managers in advance of summer works included all relevant contact names for school staff to liaise with before and during the work, including Officers from Faithful+Gould (F+G) the project management company contracted to manage the decoration works, a School Communication Coordinator and CEC Client Officer.
- While it is recognised that the programmes did not run smoothly over the summer period, it is noted that action was taken at the end of this period to ensure that Project Managers and Surveyors were aware of all issues to better plan further works to be undertaken during 2012/13:
 - all schools were given the opportunity to feedback their concerns,
 - from this feedback, a detailed action plan was prepared for each school,
 - checklists covering all outstanding issues were signed off by Surveyors, Contractors and Schools in advance of the October holidays
- A report to the Finance and Budget Committee in January 2013 notes that following completion of the programme in March 2013, a lessons learned review will be undertaken to help drive improvements. This was scheduled to be undertaken in May 2013 once final outturn figures are known. Reporting procedures detailed in the project initiation documents (PIDs) covering the decoration and asset management work programmes also note that the Programme Managers (F+G and Property Services) will produce an end project report for each work stream including a lessons report, to pass on lessons that can be applied to other projects.

The following areas for improvement were identified:

- A robust and timely comprehensive post programme review needs to be undertaken for 2012/13 involving all key stakeholders in order to drive service improvements.
- A protocol outlining the respective roles and responsibilities of Departments involved in work programmes would provide greater clarity, and managing wider stakeholder expectations would be improved by SfC Management holding information sessions with Members and other key stakeholders.
- Whilst good governance arrangements were put in place via setting up a Project Board to cover both work streams, issues regarding the scope and management of work

governed by the Board, the regularity of meetings, staff turnover and roles & responsibilities require to be reviewed for future programmes.

- The one off decoration budget of £4.1M approved in February 2012 involved work being undertaken in 108 schools, in tandem with other annual asset management works totalling £10M. The decoration budget and an additional £1.1M revenue budget approved in August 2012 had to be spent by March 2013. This was a challenging programme given the timescales and might have been better run over a two year period in order to ensure best value is achieved.
- In some instances, there was a need for more clarity and consistency in the budget and spend information provided to the Project Board and Committee papers.
- F+G's remit was to complete the decoration programme by the end of March 2013, however there was an expectation by the majority of stakeholders that this work would be undertaken in the summer holidays. A clearer communication strategy is required to ensure that all Board members are clear about the timing and content of stakeholder letters. Consideration should be given to dropping the terminology 'summer works' to better reflect the annual nature of the programme.
- There was also a lack of consistency and clarity in communications issued in relation to the decoration works which requires to be addressed for future programmes.
- Written guidance requires to be provided to School Service Support staff to ensure that they are all aware of what to do if they have any concerns in relation to works issues arising out of hours and during holidays, when the Head Teacher is unavailable.

It is our opinion based on the work undertaken that good governance arrangements were put into place to manage the summer school programme, however there are a number of improvements required which should be identified from the lessons learned review and adopted for future programmes.

Detailed findings from this review are included in the Action Plan attached.

Although there are a number of specific recommendations included in this report to strengthen internal control, it is management's responsibility to design and implement an effective control framework appropriate to the activity. This is an essential part of the efficient management of the Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility

Rating Guidelines for the attached Action Plan

These definitions are a guide and are not meant to be all-inclusive. The auditor's professional judgement will ultimately be the basis for the risk rating.

High – Significant control weaknesses on high level controls and other important internal controls. Significant matters relating to factors critical to the success of meeting key strategic objectives. Failure to address these may have a major impact on the reputation of Council, safety of the public or employees, or have a significant financial loss to the Council, either directly or through opportunity costs.

Medium – Control weaknesses identified on other controls. Improvements to the efficiency and effectiveness of these controls will assist in meeting the objectives of the system and the strategic objectives of the Council. The weakness could be significant in the future and the risk of error would be significantly reduced if it were rectified.

Low – Minor recommendations to improve the efficiency and effectiveness of controls. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way but addressing the weakness would strengthen the control environment and increase effectiveness.

In addition to those findings identified in this report minor observations may be raised with the client during fieldwork. A record will be kept of these for completeness but do not form part of the final audit report.

Action Plan

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	key staff from SfC and C&F will be involved.				
	<p>(ii) Post project reviews should be timely, formalised, held in a shared drive and include an action plan in order that lessons can be passed on and applied to the next annual programme.</p> <p>(iii) A protocol should be set up covering the roles and responsibilities of SfC and Client departments with regard to future asset management works so that there is a forum for understanding. Consideration should be given to SfC Management holding an awareness session for Members and other stakeholders to ensure clarity and transparency covering the process of prioritising work across the City and within the C&F estate.</p>		<p>BPT Manager;</p> <p>Senior Responsible Officer for the Asset Management Programme;</p>	<p>(ii) Unfortunately on this occasion, the Internal Audit review on behalf of C&F created some confusion and delayed the initiation of the post project reviews identified above. Now it is clear that these are not duplicate exercises the reviews are being initiated.</p> <p>(iii) An Asset Management Programme Board has been put in place supported by User Group meetings for each department. (see attached structure). The mechanism aims to ensure each Department has full knowledge of the programme of works being undertaken. The Board and associated user Group meetings will take place monthly. (See attached paper for structure). LG, Strategic Asset Manager will arrange monthly liaison meeting with all Client Groups.</p>	<p>Sept 2013</p> <p>June 2013</p>
2.	<p><u>Governance Arrangements</u></p> <p>Whilst good governance arrangements were put in place via setting up a Project Board to cover both the asset management and decoration work streams, the following issues are of note:</p>				

Action Plan

Schools Summer Works Programme

RS1209

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	<p>(i) No formal arrangements were put in place for the Board to manage or monitor an additional C&F revenue budget of £1.1M approved by Council in August 2012. However, discussions in relation to this budget are minuted in Board papers.</p>			See below	
	<p>(ii) Key Board posts were subject to changes in personnel during the course of 2012/13 due to retirement, secondments, maternity leave etc. This affected Project Sponsor/Chair, Project Co-ordinator and Programme Manager roles. This is an ongoing issue, due to structural changes within SfC from April 2013, as Officers who still have key roles on the 2012/13 Board have taken on new responsibilities while still being required to close off the post programme review.</p> <p>(iii) Roles and responsibilities of Board members are outlined in separate PIDs for AMW and DW. The SfC Property Manager was the Project Sponsor for the AMW programme and the C&F Head of Resources was Project Sponsor for the Decoration Works. Normal protocol dictates that the Project Sponsor chairs the Board, however for this single Board the SfC Property Manager undertook this role for both work streams. The C&F Business Support Officer was not clear that she had a Senior User role for both the AMW and DW programmes.</p> <p>Business Implication:</p> <p>Effective governance arrangements not in operation may lead to the risk that prompt actions and decisions may not</p>			<p>See below</p> <p>See below</p>	

Action Plan

Schools Summer Works Programme

RS1209

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	be taken, allocated funds lost and delivery of the project is adversely affected.				

Action Plan

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	<p>Recommendations</p> <p>(i) Where additional funding is awarded during the year, it should be subject to more formal governance arrangements in line with the original budget allocation.</p> <p>(ii) Management should consider all business requirements when allocating key project roles to ensure business continuity for the duration of work programmes.</p> <p>(iii) Project Board roles and responsibilities should be clearly outlined to Officers invited to join the 2013/14 Board, to ensure that they understand their remit within the project. Where there are any training gaps they should be identified and addressed at the outset of the programme. It may have been helpful to have circulated the AMW PID to the Board.</p>	<p>Medium</p>	<p>Asset Management;</p> <p>Programme Board /</p> <p>Programme Board /</p>	<p>(i) In the event of any additional funding being added to the Asset Management Programme then the asset Management Programme Board would be the vehicle to deal with this.</p> <p>(ii) Key Board roles will be identified with a broad reflection of Prince2 principles with Supplier and User functions. See structure attached. Business continuity is the responsibility of the teams fielding personnel for the various roles. In the case of the Asset Management Programme board there are more than one representative present for the key supplier (Building Programme Team; BPT) and user (Strategic Asset Management; SAM) roles.</p> <p>(iii) It has been agreed that a PID capturing the roles and responsibilities of representatives on the Programme Board will be prepared. In accordance with good practice every representative on the board will have a clear remit and numbers attending the Programme Board limited to key delivery personnel.</p>	<p>June 2013</p> <p>June 2013</p> <p>July 2013</p>

Action Plan

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	<p>The school were not informed until 12th July that tenders had been returned, and no work was undertaken in the first three weeks of the holidays.</p> <p>(iv) A Bruntsfield PS site survey meeting in April 2012 noted there was a spare classroom available until August, so classrooms could have been painted in term time April to June by rotation. In practice, work did not start until the summer. Sfc Management also noted this as a programme wide issue; an opportunity to complete some smaller projects at Easter 2012 was not taken.</p> <p>Business Implication: Work will not be undertaken on basis of priority need. Work will not be completed in time, leading to an underspend on the available budget and best value not achieved.</p> <p>Recommendations</p> <p>(i)-(iii) As part of the planned lessons learned review, Senior Officers from C&F, Sfc and the Finance section need to review the way in which such revenue budgets are allocated, assessing whether value for money was achieved in 2012/13 given the number of projects planned in the timescale available. Earlier budget notification or extension of the work programme would have allowed more time to re-assess allocations, make best use of resources with the minimum disruption to schools, and ensure best value was achieved.</p> <p>(iv) Consideration should be given to progressing small project work prior to the summer holidays if the opportunity arises.</p>	High	Strategic Asset Management	<p>See below</p> <p>Timeframes are captured in BPT discussion paper presented to Sfc Director on 11 June to address this. Limited time to manage programme and latest any contract can be awarded to deliver spend in the same financial year – process improvements ongoing.</p>	October 2013

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
4.	<p><u>Presentation of Budget Information</u></p> <p>(i) There is a lack of clarity and consistency in budget information presented in Board and Committee papers. Examples include:</p> <ul style="list-style-type: none"> • The AMW PID does not quantify the total value of works, whereas the decoration remit does. Therefore F+G and CEC deliverables from the AMW programme are not formalised in financial terms. • An update report to the Finance & Budget committee in January 2013 titled 'update on the school summer works programme' refers to both the summer work programme budgets & annual budgets for the full years work programme. • Different original budget figures are quoted within the highlight report and the minutes of the first meeting of the Project Board in March 2012. • Inconsistencies were found between Bruntsfield Primary School budget spend figures in 2012/13 recorded in different monitoring spreadsheets. Separate spreadsheets are maintained by Property Services and F+G for Asset Management work and a central monitoring spreadsheet is also maintained. The Property Services figures included in the March 2013 Board papers for Bruntsfield did not reflect the correct up-to-date position. 		<p>Strategic Asset Management</p> <p>Strategic Asset Management</p>	<p>Summer works title is misleading and will not be used going forward.</p> <p>The delivery of a programme of this nature necessitates the maintenance of spreadsheets containing similar information but representing different stages of approval or points in time. BPT spreadsheets are closest to real time but may hold information awaiting approval by SAM. SAM spreadsheets capture the current approved position. Spreadsheets held by Finance reflect the ledger position with lags the above (sometimes by many weeks). Going forward the Programme Board will base all reports and communications on the spreadsheets held by SAM.</p>	

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
5.	<p><u>Communications with Schools & Other Stakeholders</u></p> <p>(i) F+G's remit was to complete the decoration programme by the end of March 2013, however there was an expectation by the majority of stakeholders that this work would be undertaken in the summer holidays, for example, notification to Councillors stated that an estimated £7M of works were scheduled to start in the summer holidays. A letter to Head Teachers in June notes that the work programme is up to the end of March but is still headed 'Summer Work Programme'.</p> <p>(ii) There was also a lack of consistency and clarity in communications issued in relation to the decoration works:</p> <ul style="list-style-type: none"> • evidence was found that while C&F and SfC liaised over all communications, there still seemed to be dissatisfaction with regard to terminology used. The Administration budget motion notes 're-decoration and floor coverings', and further communications from C&F and SfC to schools and Councillors note fabric repairs / decoration works. Fabric repairs cover a much wider remit, and resulted in a wider range of works being commissioned. • while a Communications Officer was designated for the Board, there was no clear ownership in regard to who should send out communications to schools. <p>(iii) Bruntsfield emails provided highlighted the fact that schools are not following instructions regarding who to raise issues with, as issues were raised with C&F Business Support in first instance instead of contacts</p>			<p>The communication was not sufficiently clear that many projects would start on site but not necessarily be completed during the school summer holiday period. Delays with procurement and issuing a significant amount of tenders for contractors to price within a short time scale was challenging.</p> <p>By agreeing a the programme 6 months – 1 year in advance will allow more time for advance planning and improved communication with the schools ahead of starting on site.</p> <p>The original scope of work for the additional budget allocation was for decoration and flooring, this was latterly changed to include fabric repairs.</p> <p>This year's communication for Quarter 2 planned works during June to September provided contact details for one lead Project Co-ordination Officer to report all concerns or issues to even if there is a number or various work packed on site at one time.</p>	

Action Plan

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	/ job roles outlined within communications.				
	<p>Business Implication: Stakeholders will have a raised expectation of what can be achieved within the summer holidays, leading to a reputational risk for the Council and those managing the project.</p> <p>Recommendations</p> <p>These issues need to be addressed for future work programmes.</p> <p>(i) Consideration should be given to dropping the terminology 'summer works' to better reflect the annual nature of the programme.</p> <p>(ii) A clearer communication strategy is required to ensure that all Board members are clear about the timing and content of stakeholder letters.</p>	Medium	- Programme Board /	<p>(i) Already addressed for 2013/14 programme.</p> <p>(ii) All communications will be coordinated through the Programme Board which, following Prince2 requirements is responsible for all communications outside the project delivery team. Asset Management will be responsible for close communication and consultation with client departments. The new facilities managers will support communications within each school and will be a point of contact for the school.</p>	<p>June 2013</p> <p>June 2013</p>

Action Plan

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	<p>(iii) School Management should be encouraged to comply with contact details given for future work programmes and only copy in local management where appropriate, thus ensuring effective channels of communication with Officers tasked with actioning concerns and issues.</p>		<p>Strategic Asset Management/ Building Programme Team;</p>	<p>(iii) At a building management level details have been provided for named Project Coordinators for each department. These individuals will be the initial point of contact. This has already been communicated by SAM to schools benefiting from the first tranche of works in Quarter 2 2013/14.</p>	<p>June 2013</p>
<p>6.</p>	<p><u>Written Guidance to SSOs</u></p> <p>The C&F Principal Risk Management & Business Continuity Officer noted that within schools Head Teachers should provide Service Support Officers (SSOs) with the relevant emergency contact information for the school. SSOs should call the Head Teacher first if there was an incident within a holiday period and if required the incident would be escalated to the Senior Education Manager for schools. However, it was acknowledged that at present, there is no written guidance provided to SSOs so that they know what to do and who to call in an emergency and the Head Teacher is unavailable or on holiday.</p> <p>It is understood that implementation of business continuity plans covering Unit arrangements are being prioritised by the Council Business Continuity Section. In April 2013, responsibility for SSOs transferred to SfC.</p> <p><i>Business Implication:</i> Prompt action will not be taken in response to emergencies.</p>			<p>Facilities Management were instructed to obtain relevant emergency contact detail should any emergency occur. The lead Project Co-ordinator will be responsible for notifying C&F Senior Management Team and SAM of any emergency situations.</p>	

Action Plan

Schools Summer Works Programme

RS1209

No	Findings and Recommendations	Priority	Responsible Officer	Management Response	Action Date
	<p>Recommendations</p> <p>Written guidance should be provided to all Service Support staff to ensure that they are all aware of what to do if they have any concerns regarding works issues arising out of hours and during holidays, when the Head Teacher is unavailable.</p> <p>Confirmation should also be sought that Head Teachers pass on emergency contact details to all staff at establishments.</p>	Medium	Facilities Management;	SSOs have been transferred to SfC and integrated into the FM structure. FM are represented on the Programme Board to facilitate communications around any FM input to project delivery and to ensure FM are aware of works within their facilities. SSOs now report to FM Area Managers reducing the impact of unavailable management arrangements over the holiday period.	July 2013