

**Internal Audit Report**

**Adult Social Care  
Transformation Programme 2011/2012**

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## Introduction

Adult Social Care have a core offer savings target of £17.524m for 2011/12. They currently estimate that they will achieve savings of £15.438m with a projected overspend of £4.361m. A balanced budget is expected by the end of 2013/14. This will deliver the targeted transformation savings of £40m over four years.

**(addendum note – the outturn actual figures have changed since this report was issued)**

It is recognised that these targets are incredibly challenging considering the service:

- Is going through significant change.
- Is required to deliver its services with a significantly reduced budget, and continues to overspend operationally.
- Has not had a stable management team.
- Has recently revised its structure, and continues to embed changes in its culture.
- Is required to manage many interdependencies between teams and activities.

Over the summer, the Council has taken steps to strengthen governance arrangements through monitoring of the Performance Board and validation of the savings.

The Audit Committee has also regularly received assurances from Senior Management on progress on areas where limited assurance has been given in the past.

## Scope of our work

Our work focussed on giving independent assurance around:

- Processes operating within the Transformation Team to support Adult Social Care achieving their savings targets
- Arrangements established by Adult Social Care management and their delivery teams to deliver the required transformation savings
- The working relationships between Operations and Commissioning. We have previously reported concerns to Informal Executive about cultural issues that were affecting working relationships between functions and teams.
- The effectiveness of the Performance Board and the independence of its governance arrangements.

Looking ahead, we recognise that there are other assurance functions in place e.g. Transformation Programme Team, and we will seek to gain future assurance on this area through these functions.

## Positive actions

Our work identified some of the positive steps taken over the last 12 months:

- There is more transparency and recognition over the complexity and challenging nature of the tasks moving forward, with a realistic baseline being in place for achieving the savings.
- All 2011/12 savings projects now have a detailed project plan in place, have had their savings targets validated, and monitoring arrangements established using the Infohub and reporting to the Performance Board.
- Savings banked to date total £7,755m, with active monitoring of further savings targets.
- Senior Managers are under significant pressure to deliver the requirements of business as usual and savings related activity. There has been much effort within Adult Social Care to establish arrangements for delivering savings and to support management to deliver operationally.
- Our observations are that working arrangements between Operations and Commissioning are improving and the overall approach feels more co-ordinated.
- The Executive Director for Adults and Children's is now the chair of the Performance Board, which has improved its effectiveness.
- The Performance Board has recently reviewed its own effectiveness, after being in place for 6 months.
- Work has commenced to consider the delivery of savings from 2012/13 onwards in more detail.

A key part of our work was to establish the effectiveness of the work performed by the Transformation Programme team and we found that they:

- Have worked with Project Managers to ensure that Adult Social Care are operating sound project management arrangements
- Have established regular contact with key officers, challenging delivery, monitoring progress and facilitating solutions to issues affecting savings delivery and escalating issues requiring senior management action.
- Have good communications and knowledge of the projects within the team to understand interdependencies between the projects and avoid double counting of potential savings.
- Have formalised recording and reporting arrangements for banked savings. Links have also been established with areas responsible for corporate reporting of savings to avoid duplication of effort.
- Are responsible for directing resources to ensure required actions are delivered.

### **Recommended improvements**

It is a fact that the savings target remains a challenge. Our overall view is that we have a reasonable level of confidence that the Adult Social Care savings programme is being managed effectively, with good support available. The service is currently considering the delivery requirements for savings identified in 2012/13 onwards.

The emphasis now is on delivery of agreed plans to achieve a balanced budget by 2012/13. We recommend the following actions to strengthen existing challenge processes:

- Recognising that plans may need amending along the way. The key is to ensure there are 'no surprises' presented to the Management Board and Executive as they are kept up to date with potential risks as well as progress.
- There is a risk that Adult Social Care is placing too much reliance on the Transformation Programme Team to monitor projects and challenge delivery. Moving forward, the service needs to be developing staff capabilities for handling future service changes and we recommend engaging with a formalised change management approach.
- There is a risk that Adult Social Care is focussing on savings delivery at the expense of developing the wider Vision for the service. The aim moving forward should be to establish high level service priorities, underpinned by evolving strategies that move the service forward to deliver its overarching Vision. The Transformation Programme team should continue contributing to Adult Services achieving its Vision by being part of the change management arrangements utilising its knowledge of services, processes and costs.
- Ensuring that budget reporting arrangements are consistent, and sending reports out prior to meetings taking place. This will allow officers to scrutinise figures and make informed decisions. Adult Social Care need to agree on the format for budget reporting so that they can follow this each time and avoid confusion.
- Reviewing skills and resource requirements within individual project teams and considering the impacts on operational teams when taking members of staff "off line" to concentrate on savings project delivery.
- Utilising Performance Board to review project slippage and identify support requirements.
- Taking into consideration the lessons that have been learnt from the initial savings validation exercise to ensure 2012/13 targets are set realistically.
- Relationships between senior management in Commissioning and Operations will continue to be tested given the nature of the decisions that need to be made to implement transformation etc. It is vital that communications are open and involve relevant parties before taking key service decisions. The Council will need to be aware that tensions are likely to arise when recruiting staff to new roles. Steps will need to be taken to support these officers.

Transformation Programme team have compiled a Programme Report covering the Adult Services Transformation Programme and our key messages are consistent with this report.

### **Management Response**

Action has been agreed to address the findings from this review. The new Assistant Director - Glen Garrod will have overall accountability for this area when he takes up his appointment.

In addition, management confirmed an overarching need to develop information systems and management information, etc to support effective management of the business, as part of the Transformation programme. Adult Social Care Information

Group has recently been established and is tasked with progressing this particular area.

	<b>Findings</b>	<b>Recommendations</b>	<b>Agreed Actions</b>	<b>Priority</b>	<b>Responsibility &amp; Timescale</b>
1	Adult Social Care acknowledges that their savings target for 2011/12 is difficult, and they are currently projecting a shortfall.	Ensuring there are no surprises by being open and keeping relevant parties updated with progress and potential risks.	<p>Meetings are now much more integrated and communications are improving e.g.:</p> <ul style="list-style-type: none"> <li>➤ Transformation Programme Management Officer attending Adult Services meetings (operations and commissioning) to update and answer questions about the Transformation programme.</li> <li>➤ Wider reporting to the Management Board and Executive</li> <li>➤ Displaying key messages and visual interpretation of progress with the Transformation Programme is helping with staff engagement.</li> </ul>	High	Terry Hawkins/Susie

	Findings	Recommendations	Agreed Actions	Priority	Responsibility & Timescale
			A Statement of Priorities (2012/13) setting out key aims for the service is being prepared for the Chief Executive. Once agreed, the priorities will be communicated to staff.		Alexander (Assistant Directors: Commissioning /Operations)  24/02/2012
2	There is a risk that Adult Social Care places too much reliance on the Transformation Programme Team to monitor projects and challenge delivery.	<p>Effective change management arrangements need to be established to ensure that Adult Social Care can deliver the Transformation Programme as well as developing and delivering the long term vision for the service.</p> <p>As the Transformation Programme Team have developed extensive knowledge of the service as part of their work with savings delivery, they should be represented in developing the Change Management arrangements.</p>	<p>The need for effective change management arrangements was agreed including:</p> <ul style="list-style-type: none"> <li>➤ Developing and clearly communicating the Vision for the service.</li> <li>➤ Establishing sound governance arrangements covering lines of accountability at Assistant Director and Head of Service.</li> <li>➤ Performing a skills assessment identifying any gaps/capability concerns. Developing</li> </ul>	High	<p>Terry Hawkins (Assistant Director, Commissioning )</p> <p>Tony McArdle (Chief Executive)</p> <p>Lynne Bucknall (Lead Professional)/ Kim Hughes</p>

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			<p>proposals for dealing with any concerns.</p> <ul style="list-style-type: none"> <li>➤ Preparing a detailed overarching programme covering an overview of all Adult Services activity.</li> <li>➤ Developing arrangements for identifying and considering inter-dependencies between delivering the Vision and achieving the savings target as well as delivering a balanced budget. Managing this through a change programme would be a method to manage inter-dependencies.</li> </ul>		<p>(Workforce Planning and Development Manager)</p> <p>Terry Hawkins/Susie Alexander (Assistant Directors: Commissioning / Operations)</p> <p>Adult Services Departmental Management Team with Transformation Programme Management Officer as the conduit</p> <p>31/3/2012</p>



	<b>Findings</b>	<b>Recommendations</b>	<b>Agreed Actions</b>	<b>Priority</b>	<b>Responsibility &amp; Timescale</b>
3	<p>We have found that budget reports have been inconsistent and are often circulated during meetings rather than in advance.</p>	<p>Ensure that budget reporting arrangements are consistent and timely. Reports should be sent out prior to meetings taking place, allowing officers to scrutinise figures and make informed decisions.</p> <p>Adult Social Care need to agree on the format for budget reporting so that they can follow this each time and avoid confusion.</p>	<p>Budget reporting format and timings to be reviewed.</p>	High	<p>Leesa Murray (Programme Management Officer)</p> <p>David Laws (Head of Finance, Communities)</p> <p>28/2/2012</p>
4	<p>Project managers are balancing business as usual with project delivery. This may be hindering their ability to deliver the objectives of their projects as a number of projects are being reported as “behind schedule/over budget, outside tolerance”.</p> <p>A recent Staff survey in commissioning identifies staff are working in a fast moving</p>	<p>Review skills and resources within individual project teams, and consider the impacts on operational teams when taking members of staff “off line” to concentrate on project delivery.</p>	<p>Resourcing of Transformation projects is being reviewed.</p>	High	<p>Terry Hawkins/Susie Alexander (Assistant Directors: Commissioning / Operations) - facilitated by Leesa Murray (Programme Management Officer)</p>

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	<p>environment and need support and culture development.</p> <p>The service is currently operating with its reduced resourcing established following re-structure. However, many of its processes are not yet aligned and this is causing resource pressures.</p>		<p>Adult Services are planning a wider review of service skills and capacity. Recruitment of temporary workers will be considered as necessary.</p> <p>A Training Plan is being developed identifying skills gaps and training needs.</p>		<p>10/2/2012</p> <p>Terry Hawkins/Susie Alexander (Assistant Directors: Commissioning / Operations) 28/02/2012</p> <p>Adult Services Departmental Management Team</p> <p>March 2012</p>
5	<p>Performance Board review progress but we observed minimal detailed review of those projects behind schedule.</p>	<p>Performance Board should aim to review priority behind target projects to determine support requirements and identify required actions to address issues/concerns.</p>	<p>Performance Board will discuss specific projects to identify support requirements and assist with decision making.</p>	High	<p>Terry Hawkins/Susie Alexander (Assistant Directors: Commissioning / Operations)</p> <p>15/02/2012</p>

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6	Adult Social Care has taken some considerable time to provide evidence to validate savings/develop plans on which accurate predictions can be based.	2012/13 savings targets need to be set realistically. Take into consideration the lessons learnt from the savings validation exercise.	Validation of proposed 2012/13 projects and savings is underway. Details will be reported to Performance Board.	High	Terry Hawkins/Susie Alexander (Assistant Directors: Commissioning / Operations)  15/02/2012
7	We have previously reported concerns about working relationships between Senior Management in Commissioning and Operations, which seem to have improved.	It is vital that communications between Commissioning and Operations are open and involve relevant parties before taking key service decisions.  Relationships between Senior management in Commissioning and Operations will be tested again given the nature of the decisions that need to be made to implement transformation etc. The Council will need to be aware that tensions are likely to arise when recruiting permanent staff to new roles.	Management confirmed that relationships had generally improved. Away days were proving useful to exchange information and build relationships.  The planned review of governance arrangements will include reviewing current meetings to establish requirements moving forward e.g. purpose, frequency and attendees.	High	Tony McCardle  Chief Executive