

Southwest One

Somerset County and Taunton Deane Borough
Councils

Audit 2007/08

September 2008



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Introduction

- 1 Somerset County Council and Taunton Deane Borough Council have created a joint venture company known as Southwest One (SW1) with IBM to deliver a range of services under a ten-year contract worth £400 million. Its vision is to enable the social transformation of Taunton, Somerset and the South West, to deliver better value for money for council taxpayers and improve access to services for residents within Somerset. These initial partners were joined by Avon & Somerset Police Authority (ASPA) in March 2008. This review does not cover the role of the ASPA.
- 2 The contract is a complex arrangement involving a range of service delivery and financial risks for the councils involved. The arrangements put in place at the start of the contract will influence the value for money delivered. The value for money achieved will depend upon the quality of the ongoing management of contract performance.
- 3 In accordance with our responsibilities under the Code of Audit Practice, we have undertaken a review to assess the adequacy of the councils' arrangements for managing the project and achieving value for money over the period of the contract.

Background

- 4 Somerset County Council, Taunton Deane Borough Council and the Police Authority were the lead bodies in a procurement process which asked the private sector to provide a number of back office services. This process allowed bids for just the identified services or for the provision of a variant bid incorporating additional or different service combinations which the bodies could opt to receive. This is normal practice as it allows the private sector the opportunity to offer an enhanced service provision and allow for innovation in the proposed solutions.
- 5 The contract was advertised in the Official Journal of the European Union (OJEU) in 2004. A novel feature of the advertisement was that a large number of public sector bodies were identified as interested parties. This arrangement allowed the public bodies identified in the advertisement an option to receive services within a period of four years from the date of contract award. The contract was classified as a framework contract in respect of the public bodies named in the advertisement.
- 6 The chosen solution was for the establishment of a Joint Venture Company (JVC) called Southwest One (SW1). This company is jointly owned by IBM and the lead bodies and is designed to deliver a range of backroom support services, referred to as "in scope" services, together with a series of additional transformation projects and services which are designed to improve service delivery to the public. SW1 will be solely responsible for the provision of services.

- 7 The transformation services are a set of improvement initiatives which should provide the councils with improvement opportunities. They are organised into ‘waves’ and the councils are only contracted at present to pay for the first wave. The transformation projects are at an additional cost, over and above the ‘in scope’ services and funding this may be a challenge for the councils. An element of the funds required for the transformational projects is expected to be recovered from procurement efficiencies which form a key part of the transformation package. The two councils differ in their reliance upon procurement savings and the County Council expect to gain much of its affordability from other efficiency savings. The following table summarises the key services and projects covered by Southwest One.

Table 1 Key services and projects covered by Southwest One

‘In scope’ services	Transformation projects
<ul style="list-style-type: none"> ● ICT ● Finance ● Human resources ● Property ● Facilities management ● Revenues and benefits ● Customer call centre ● Procurement 	<ul style="list-style-type: none"> ● SAP ● Customer relationship management ● People excellence model ● Procurement ● Pilot of Locality based services

Audit approach and objectives of our review

- 8 The objectives of our review were to:
- assess the adequacy of the procurement process and associated governance arrangements;
 - assess how the councils have identified the service and financial risks associated with the project
 - review the risk management arrangements which aim to mitigate identified risks;
 - review the contract management arrangements; and
 - evaluate the arrangements established to ensure that the project demonstrates value for money.
- 9 Grant Thornton UK LLP, the County Council’s external auditors prior to 2007/08, has also completed a review of aspects of the Southwest One project relevant to their responsibilities in 2006/07. This included an assessment of the issues raised by the local staff union (UNISON). As part of this review we have, where appropriate, placed reliance on Grant Thornton’s review to avoid duplicating any other external audit work.

Introduction

- 10 In undertaking this work, we have conducted interviews with key officers from Somerset County Council and Taunton Deane Borough Council and reviewed relevant documentation.

Main Conclusions

Procurement and governance arrangements

- 11 The appointed auditor for Somerset County Council in the period to 31 March 2007 was Grant Thornton UK LLP (formerly Robson Rhodes). As part of their responsibilities they reviewed the County Council's procurement arrangements from early 2005 to the selection of the preferred bidder in March 2007. They concluded that the council's arrangements were robust, such that they were able to place reliance upon them for the purposes of their audit responsibilities.
- 12 We have concluded that the councils' procurement and governance arrangements beyond April 2007 were robust. Appropriate senior officers were used in the negotiation phase with the preferred bidder and councillors being kept informed of progress, consulted at key stages of the project and provided with information to support the decision making process.
- 13 In addition, the councils' appointment of KPMG to provide advice and expertise, together with the independent review undertaken by MAANA, provide additional assurance over the conduct of the procurement process.

Service and financial risks

- 14 The councils have identified and appropriately assessed the main service and financial risks associated with the contract. However, the financial success of this contract is dependant upon the JVC's performance in delivering procurement savings and the ability of the councils' client side organisation to manage contractual performance.
- 15 The estimated savings over the period of the ten-year contract is in the region of £200 million. Whilst this appears to be a large quantum of savings it represents approximately 2.75 per cent of the combined spend of the two councils over the same 10 year period. This appears to be an achievable level of savings.
- 16 Monitoring and agreeing the achievement of savings will be a crucial factor in the success of the contract particularly since the councils will need to implement the changes necessary to realise the identified savings once they have been agreed.
- 17 SW1 and the councils need to develop a business expansion plan which takes account of potential resource conflicts between providing services and taking on new business. Whilst the councils will also benefit financially from additional clients, this will need to be assessed against the risks associated with business expansion.

Risk and contract management arrangements

- 18 The councils' risk management arrangements are satisfactory but will require ongoing review to maintain effectiveness. The governance model in place takes the form of regular reporting of business performance and is supported by an overarching framework.

- 19 The present contract management arrangements provide a good starting point for managing a complex contract. Key members of the procurement team from each of the councils have been retained to manage the contract. The councils will however, need to monitor the success of the client side in managing and reporting performance and develop appropriate succession planning arrangements.

Arrangements to secure value for money

- 20 The need to continue to ensure value for money within the performance and achievements of the JVC will be of critical importance and an ongoing priority for both councils. Whilst the present arrangements to achieve this appear to be satisfactory, they will need to be regularly tested and subject to ongoing scrutiny, as do the achievement of benefits realisation reviews.
- 21 Ultimately, value for money will be secured through effective contract management arrangements which results in cost reductions, increased efficiency or improved delivery of services. We understand that a series of comprehensive performance measures and benchmarking activities will be used to assess the delivery and value for money of the contract. We will continue to monitor the progress in this area as part of future audits.

Detailed findings

Procurement and governance arrangements

Arrangements prior to April 2007

- 22** The appointed auditor for Somerset County Council in the period to 31 March 2007 was Grant Thornton UK LLP (formerly Robson Rhodes). As part of their responsibilities they reviewed the County Council's procurement arrangements from early 2005 to the selection of the preferred bidder in March 2007. Their review is also of interest to Taunton Deane Borough Council as the process for procuring the contract was very similar.
- 23** Grant Thornton concluded that the County Council's arrangements were robust, such that they were able to place reliance upon them for the purpose of their audit. Specific areas highlighted were that:
- councillors were kept properly informed and involved in the decision making process;
 - appropriate governance arrangements were in place; and
 - a detailed legal review had been undertaken.
- 24** Grant Thornton also considered a number of issues raised by UNISON, the local government union. These were raised in a letter from UNISON to the District Auditor and covered issues which UNISON believed might have had an impact upon their members, especially those who were being transferred under assured employment terms to the JVC. Grant Thornton's key findings were as follows.
- Scrutiny was provided by the Joint Councillors Advisory Panel on a regular basis with key decisions reported to a wider group of councillors.
 - The JVC was to be subject to member scrutiny and that elected councillors would be on the JVC board.
 - Performance would be reported to councillors and whilst identifying savings were the responsibility of the JVC, the Council retained the responsibility to implement savings.
 - A review of property would form part of the contracted services with the benefit of any asset sales accruing to the Council.
 - The deal supported the sustainability of current jobs and it was expected that skill and knowledge transfer would occur; in addition, the JVC are contracted under 'assured deliverables' to create an additional 200 jobs over the contract term.
 - Inward investment was part of the core deal and transformation projects.
- 25** In summary, Grant Thornton did not identify any issues which required a specific report to those charged with governance.

Arrangements post April 2007

- 26 We have concluded that the procurement and governance arrangements beyond April 2007 were robust. Appropriate senior officers were used in the negotiation phase with the preferred bidder and councillors were kept informed of progress and consulted at key stages of the project.
- 27 In addition, the councils appointed KPMG to advise them, provide appropriate expertise and act as a focal point for the contract negotiations. The councils also received a report on the procurement arrangements from an independent reviewer, MAANA. This independent scrutiny provided assurance to councillors over the conduct of the procurement process.
- 28 We understand that there have been some concerns over the use of MAANA to provide a view of the process. However, we are satisfied that they are an appropriate organisation to conduct such a review. MAANA have provided services to a range of high profile public and private sector clients.

Procurement process

- 29 IBM was selected as the preferred partner during March 2007. The main risk in the period after the selection of a preferred bidder is that the commercial terms which led to the selection could be subject to material change. Such changes in terms of cost, quality or deliverables creates the risk of a reduction in the value for money received from the contract and potential challenge from unsuccessful bidders.
- 30 Senior officers from each council were made available to negotiate with IBM including officers with experience of managing private sector contracts. These included the Corporate Director of Resources and Head of Client from Somerset County Council and the Strategic Director and Head of Client from Taunton Deane Borough Council.
- 31 These same officers will form the basis of providing management to the 'client side' which is responsible for the day to day management of the contract. This follows the good practice noted in the Audit Commission's national report on Strategic Partnering 'For Better for Worse' which notes that maintaining contract knowledge is vital to effective contract management.
- 32 In addition, the appointment of KPMG to assist with the negotiations with IBM provided additional capacity and skills in the period up to contract close. In particular, KPMG provided expertise in commercial areas including legal and financial issues. This also provided more focused contract negotiations during the preferred bidder stage.
- 33 We also note that changes to the contract in the negotiation period resulted in improvements in terms of:
- better pricing of the transformation services by up to 30 per cent;
 - improved pricing of the in scope services to achieve at least 2.5 per cent year on year saving for the councils; and
 - higher quality service deliverables, for example:
 - SW1 became responsible for SAP maintenance costs;

Detailed findings

- achievement of Investors in People (IIP) status by 2010; and
- doubling the achievement of ‘first time fix’ for helpdesk callers.

34 The negotiation delivered a contract which will provide the existing service package at a lower cost compared to that currently incurred by the councils. The average saving represents a real term cost reduction of 2.5 per cent per annum, assuming the same volume and range of services as is currently being delivered.

Governance arrangements

35 Governance arrangements centred on regular reporting to councillors from each council. The main procurement decision and associated governance activities were carried out prior to the selection of the preferred bidder and, as such, was within the remit of Grant Thornton's review referred to previously.

36 The governance arrangements established by the County Council during the preferred bidder stage consisted of regular reporting to the Executive Board and the Scrutiny Committee calling in the reports for further review. With regard to Taunton Deane Borough Council, reports were received by the Full Council and the Executive Committee. These meetings and reports occurred regularly during the period from 1 April 2007 to contract close and provided councillors with sufficient information to make effective decisions regarding the project. In addition, there were regular meetings of the Joint Member Advisory Panel and briefings for Group Leaders.

37 Other key areas of assessment in this period included:

- the external consultants (MAANA) review of the bid;
- UNISON reports and representations;
- approval of client function (size and composition);
- JVC governance arrangements;
- approval of ‘1st Wave’ projects; and
- key service aims of the contracting process.

38 At the stage where councillors supported the recommendation to sign the contract. The information provided by officers included:

- affordability assessment;
- assured savings targets;
- the scope of Wave 1 projects;
- improvements negotiated in preferred bidder period;
- process for agreeing savings from the procurement transformation project; and
- the full business case and supporting financial case.

- 39 The councils secured a review of the procurement arrangements from the MAANA consultancy. MAANA are a consultancy firm who specialise in public sector services and have a particular interest in the relationship between the public and private sector in the provision of services. They have a number of high profile public and private sector clients and have provided consultancy to central and local government as well as large private sector companies involved in the provision of public services. MAANA are 4Ps accredited.
- 40 Their report set out a number of issues for the councils to address in closing the contract. These included:
- agreeing a single point of contact to focus negotiations;
 - establishing a joint risk register;
 - agreeing a timetable for negotiations;
 - increasing legal support;
 - improving intra-council communication; and
 - considering re-phasing of transformation projects.
- 41 These issues were subsequently addressed by the councils. Key to this approach was the strengthening of the legal and financial consultancy from Veale Wasbough and KPMG which helped provide the necessary focus. The launch of a Southwest One website also helped improve communication.
- 42 The independent scrutiny provided by the MAANA report provided the councils with additional assurance that the procurement process up to the preferred bidder stage was satisfactory.

Joint Venture Company

- 43 The creation of a JVC provides additional complexity in this contract. The membership of the JVC Board includes representatives from each council and the Police Authority. This is the first time that representatives from these bodies have been required to serve on a JVC Board and the maintenance of appropriate governance arrangements and the training of representatives need to be a priority now and in the future.
- 44 A range of 'reserved matters' have been secured which form part of the contractual conditions negotiated by the councils. Examples of the reserved matters include the ability to block inappropriate business expansion and preventing a move of the primary operational work centre for the contract away from Taunton.
- 45 Whilst the main activities impacting on the success of the contract will be managed by the client side teams, the councillors on the JVC Board will have a key role in agreeing and influencing decisions made by the Board. Councillor training and succession planning arrangements are currently a priority and this level of support and training needs to be maintained so that the risk to the councils and to individual councillors is minimised.

Detailed findings

Recommendations	
R1	Ensure that representatives on the JVC Board are able to access appropriate training and support and that succession planning arrangements are in place.
R2	Provide for succession planning in the client side teams to maintain contract knowledge and contract management effectiveness.

Service and financial risks

Service risks

- 46 The councils have identified and appropriately assessed the main risks in service delivery across the whole of the contract which include:
- maintaining current service delivery;
 - maintaining service quality after realisation of savings;
 - the impact of new services and procedures on service delivery;
 - the introduction of new IT systems;
 - the impact of changes to service volume and composition;
 - managing changes to service/statutory requirements; and
 - the future financial environment in local government.
- 47 The majority of risks in the service period are borne by SW1 and, in turn, their majority owner, IBM. SW1 is responsible for fulfilling their contractual obligations in respect of the services to be provided and the contract allows penalties to be levied on SW1 for lower than specified performance and for the non-availability of services. In addition, IBM have provided a parent company guarantee, so that services will be maintained in the case of SW1 failing to provide services.
- 48 There are also risks associated with statutory and financial environment changes in local government. Given that change is frequent within the operating environment of local government it is most likely that significant changes may occur during the contract period. The councils and councillors need to be aware that any change has the potential of affecting the contract.
- 49 Effectively communicating the detailed contractual information to councillors responsible for scrutiny will be a challenge. It will be important for the councillors to maintain and improve their understanding of the contract. It would be good practice for senior officers to facilitate the familiarisation of councillors in the important contract terms and to assess the need to update councillor knowledge periodically, particularly when there are changes to committee membership.
- 50 This contract is of such a size and complexity that maintaining services during the service transition period will be a challenge. There are short term risks to the maintenance of current service standards, however, the risk register appropriately identifies this as a key risk to be managed.

- 51 Effective contract management arrangements will be essential in ensuring that value for money is achieved from the contract. In facilitating this, we note that the arrangements established by the councils include:
- a client side based upon officers with expert knowledge of the contract;
 - a schedule of regular weekly meetings with the client;
 - arrangements for the review of performance data; and
 - agreement of monthly payments to SW1 based upon performance.
- 52 Part of the contract monitoring activities will include close scrutiny of performance data. Whilst the contract is designed to operate in a partnership style, it is important that the councils can demonstrate that the service provider is delivering the contracted service standards. Once the service provider has demonstrated the ability to perform and performance data can be relied upon, then there may be scope to reduce contract supervision. This is good practice because it is easier to rectify performance issues early in the contract before service 'norms' become established in practice and, subsequently, reduce the level of monitoring rather than increase it in the face of poor performance.

Financial risks

- 53 The councils have effectively assessed the financial risks associated with the project. The financial success of this contract is dependant upon the JVC's performance in delivering procurement savings and the ability of the councils' client side organisation to manage contractual performance.
- 54 The transfer of staff has been on a secondment model, such that should the contract fail, the councils would have access to these staff to run services. In addition, the risks associated with staff redundancies are borne entirely by SW1 and in turn IBM. There are no circumstances during the contract period which would lead staff liabilities to be returned to the councils.
- 55 The total cost of the contract over 10 years is £400 million, with the in-scope services costing some £348 million of this total. These costs are fixed except for material changes in volumes of transactions or services required. This is normal practice in such contracts and allows for changes of costs associated with volume and service changes to be passed onto the councils. Additional costs would only be incurred where the councils agreed to the changes.
- 56 The transformation services cost approximately £52 million, however, this aspect of the contract includes a review to identify 'cashable' procurement savings which are achievable with no impact on service provision. These would be savings in the cost of items or services bought by the councils or smarter ways in which the councils could provide public services.
- 57 These procurement efficiencies will contribute towards the affordability of the transformation projects and potentially release additional resources to enhance service provision. The contract refers to the forecast procurement savings as 'assured' which means that they are not guaranteed, however, SW1 will use their 'best endeavours' to identify these savings and will need to remain 'on site' until the assured savings have been achieved.

Detailed findings

- 58 The proposed procurement efficiencies will be focused on front line services as the potential for efficiencies within in-scope services is more limited as the main cost of providing in-scope services relates to staff costs, which are essentially fixed for the JVC as in-scope staff have assured employment.
- 59 The estimated savings over the period of the ten-year contract is in the region of £200 million. Whilst this appears to be a large quantum of savings it represents approximately 2.75 per cent of the combined spend of the two councils over the same ten-year period. This appears to be an achievable level of savings.
- 60 Monitoring and agreeing the achievement of savings will be a crucial factor in the success of the contract, particularly since the councils will need to implement the changes necessary to realise the identified savings once they have been agreed.

Organisational capacity

- 61 The County Council's revenue spending is more than 20 times greater than that of the Borough Council and, as such, differing approaches for scrutinising and reporting the financial performance and risks associated with the contract will be required.
- 62 For example, whilst the savings may be on target for the contract as a whole and building towards the threshold for benefit sharing with SW1, if these are biased towards the County Council, there is potential for the Borough Council to be financially disadvantaged. The two councils have signed a memorandum of understanding in respect of such matters, however, the risks related to savings needs to be considered in reporting contract performance.

Recommendations

- R3 Make contract monitoring a priority for the early period of the contract and only vary this in response to good performance and excellent contract monitoring information.
- R4 Regularly review the adequacy of resources available for monitoring and managing the contract.
- R5 Establish robust arrangements for monitoring progress in identifying and delivering savings and ensure that this has appropriate regard to affordability.

Implications of business expansion

- 63 SW1's capacity to fulfil the contract may be impacted by targeting business expansion. The procurement was designed to allow a large number of public bodies access to services within a framework agreement. There is a financial benefit to the JVC, in terms of economies of scale, as increasing numbers of additional public bodies opt to receive services from SW1.
- 64 Business expansion will require time and resources from staff within SW1 and this, together with the input required from key council staff in mobilising the contract at Somerset County Council and Taunton Deane Borough Council, should not be underestimated.

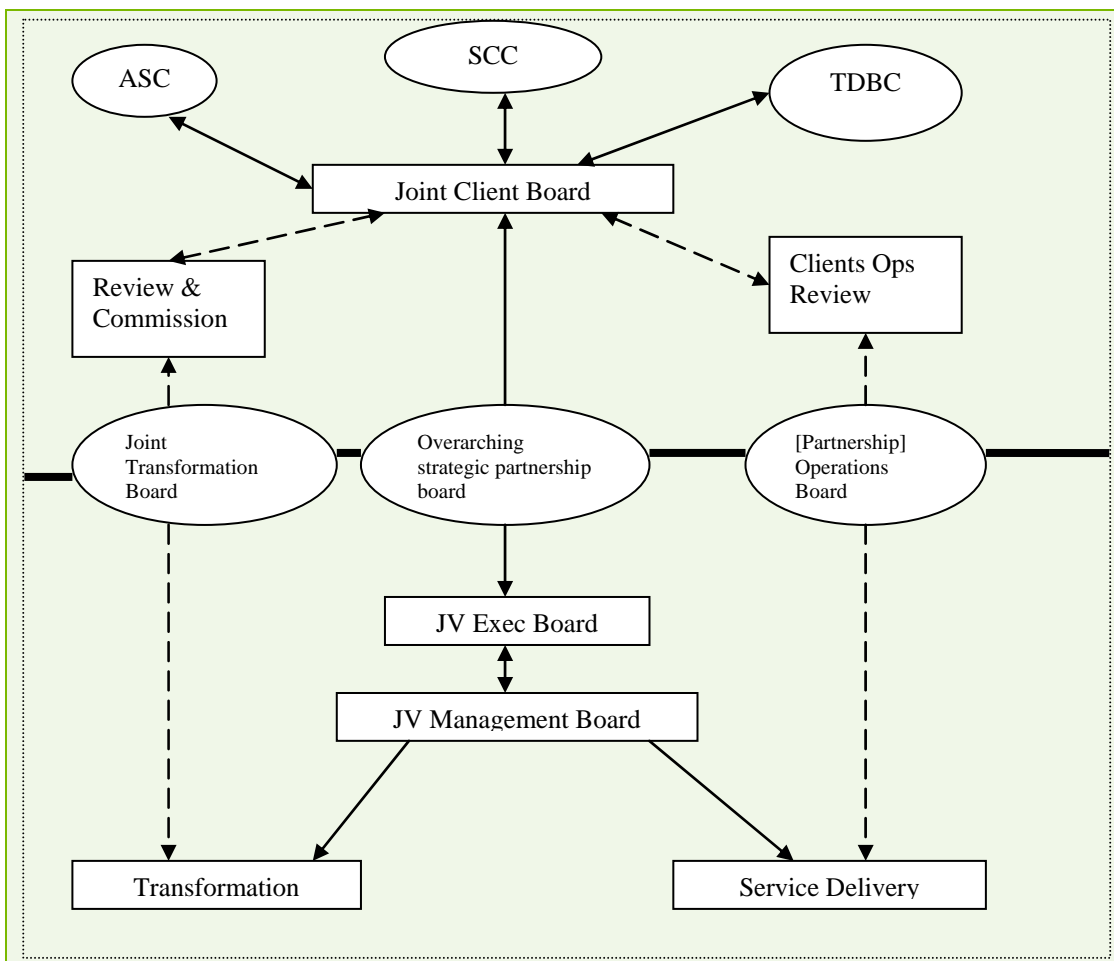
- 65 SW1 and the councils need to develop a business expansion plan which takes account of potential resource conflicts between providing services and taking on new business. Whilst the councils will also benefit financially from additional clients, this will need to be assessed against the risks associated with business expansion.
- R6 Assess the potential impact of business expansion and use 'reserved matters' powers to ensure that growth is not at the detriment of core service delivery.

Risk and contract management arrangements

Risk management

- 66 The councils' risk management arrangements are satisfactory but will require ongoing review to maintain effectiveness. The governance model in place takes the form of regular reporting of business performance and is supported by an overarching framework as illustrated in Figure 1 below.

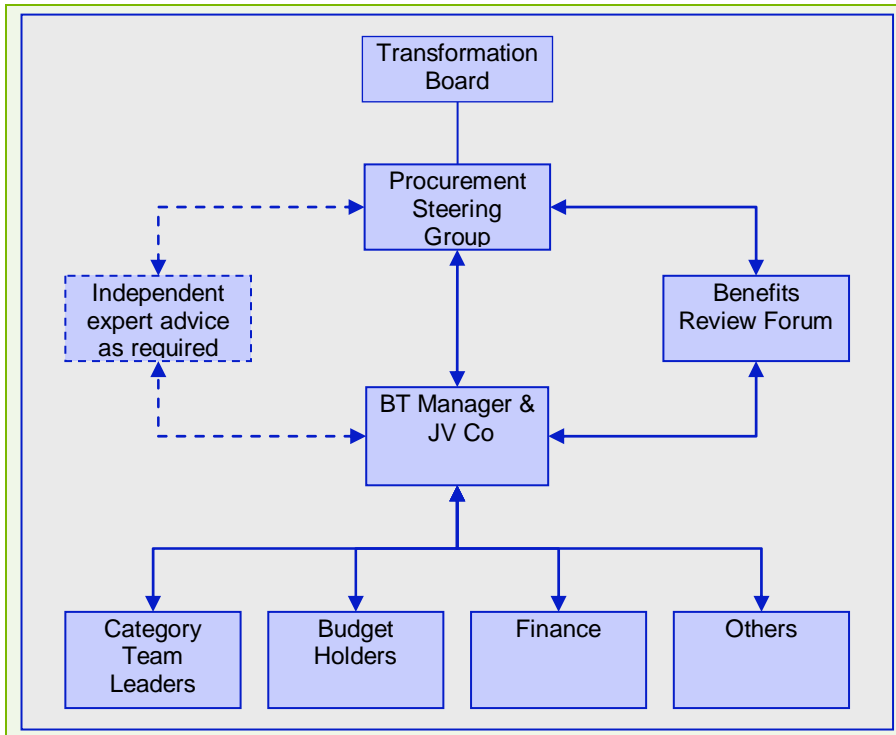
Figure 1 Overall governance arrangements



Detailed findings

67 A key part of the governance framework for the transformation aspect of the contract is the Procurement Steering Group which includes representatives from each council and IBM. The governance arrangements for this aspect of the contract are illustrated in Figure 2 below.

Figure 2 Transformation governance arrangements



68 The core responsibilities of the Procurement Steering Group (PSG) are as follows:

- final authority for signing-off benefits;
- review and agree the JV Co Benefits Tracking billing schedule;
- resolve any issues which have been escalated;
- represent their part of the business;
- provide overall direction for the Procurement Transformation Programme;
- approve overall direction, resources, milestones;
- make judgement on priorities when required;
- monitor delivery of benefits;
- make the appropriate resources available;
- supervise any change requests; and
- address change management issues;

69 In addition, the PSG is required to consider key issues arising in respect of stakeholder commitment, the benefits realisation plan, team performance and risk management. The PSG meets monthly and is supported by a Benefits Review Forum which meets weekly. This information is also regularly presented to the senior management teams at each council. These arrangements appear reasonable in assessing overall contract performance and ensuring that the risks associated with the delivery of savings are monitored on a regular basis.

Contract management

- 70 The present contract management arrangements provide a good starting point for managing a complex contract. Key members of the procurement team from each of the councils have been retained to manage the contract. The councils will however, need to monitor the success of the client side in managing and reporting performance and develop appropriate succession planning arrangements.
- 71 The client side function of each organisation is responsible for management of the contract. These functions are led by officers who were involved in negotiating the contract which helps in ensuring continuity of knowledge. This is good practice as poor contract management has been noted where procurement teams are disbanded after the tender process is complete.
- 72 The two client side teams consist of officers from both councils who are responsible for the contract as a whole. This arrangement helps to manage the potential differences in resources which each council can contribute to the client side and is appropriate as in service terms over 80 per cent of the contracted services are common to both councils.
- 73 The contract allows deductions for poor performance. The total at risk in any one year is £2 million. This will be based upon the level of performance described by a series of key performance indicators (KPIs). This is a key part of the leverage which the councils can exert upon the operation of the contract although it is also good practice to provide an opportunity to allow the rectification of performance and we understand that arrangements have been established to facilitate this. The client side will, however, still need to regular report contract performance and deductions to councillors.
- 74 The appropriateness of the current client side should be reviewed as there are presently two of these functions, one for each council, and there are differences in the ability to resource this crucial function. Whilst the current arrangement can be effective from the point of view of accountability, a client side team made up of the most skilled and knowledgeable officers regardless of which organisation employs them might be more effective.

Recommendations

R7 Review the current client side model and assess the adequacy of client side capacity.

R8 Review training and succession planning arrangements for the client side function.

Arrangements to secure value for money

75 The need to continue to ensure value for money within the performance and achievements of the JVC will be of critical importance and an ongoing priority for both councils. Whilst the present arrangements to achieve this appear to be satisfactory, they will need to be regularly tested and subject to ongoing scrutiny, as do the achievement of benefits realisation reviews.

'In scope' services

76 The councils pay for the services provided by the contract in a single unitary payment which can be abated for service failures. The contract is priced to allow for a reduction in the cost of core services of at least 2.5 per cent per annum which was market tested as part of the procurement process. The councils selected a variant bid which included a number of additional transformation projects. The cost of these services was benchmarked as part of the consultancy provided by KPMG which provides additional assurance over their value for money.

77 Ultimately, value for money will be secured through effective contract management arrangements which results in cost reductions, increased efficiency or improved delivery of services. We understand that a series of comprehensive performance measures and benchmarking activities will be used to assess the delivery and value for money of the contract. We will continue to monitor the progress in this area as part of future audits.

Transformation services

78 The transformation services will be assessed in relation to an agreed timetable containing specific service and financial objectives. The overall arrangements for securing value for money appear to be robust. The contract management and reporting arrangements will assist in providing the councils with value for money.

79 Overall value for money will depend upon delivery of expected benefits and gauging the delivery of the expected benefits will form a vital part of the contract monitoring activities. The value provided by the transformation services will be reflected in the delivery of key and specified project objectives.

80 The councils have a benefits realisation plan which aims to provide milestone reviews of contract achievement. This is good practice and is usual for all large scale public sector projects. It will be important that the councils ensure that they make use of this tool as part of demonstrating the value for money of the contract.

Appendix 1 – Action plan (Somerset County Council)

Ref.	Recommendation	Priority	Responsibility	Agreed	Comments	Date
R1	Ensure that representatives on the JVC Board are able to access appropriate training and support and that succession planning arrangements are in place.	High	Roger Kershaw	Yes	SWo to share Board Member training plans with the client authorities to understand level of support. County Solicitor to meet with JVCo Member to explain roles and responsibilities. Head of Client to deliver monthly brief to Board Member on current issues and JVCo performance, providing access to information as required. SRO to monitor Board Member to ensure any specific training or information needs and support can be provided. The Leader of the Council understands the need for and role of the Board Member which is one of many important, strategic appointments to be managed. SRO to review with the Leader options for succession planning.	Ongoing
R2	Provide for succession planning in the client side teams to maintain contract knowledge and contract management effectiveness.	Medium	Roger Kershaw	Yes	We will continue the ongoing maintenance of an effective archive system for client team records to properly log the development and audit of key decisions and processes. We will ensure the effective use of our governance structure so that decisions are known and supported by many layers of staff. The contract will be managed across the team by officers leading on individual elements within the contract to collectively make up the required total body of knowledge. Steps will be taken to ensure shared learning within the Client Team.	Ongoing

Appendix 1 – Action plan (Somerset County Council)

Ref.	Recommendation	Priority	Responsibility	Agreed	Comments	Date
R3	Make contract monitoring a priority for the early period of the contract and only vary this in response to good performance and excellent contract monitoring information.	High	Roger Kershaw	Yes	The Client Team receive comprehensive monthly monitoring reports from SWO which are analysed using a traffic light system. Officer time is then prioritised accordingly. We have established Highlight Reports for services. Quarterly reports are made to Audit & Resources sub Scrutiny. There will be a strategic review of the contract at key anniversaries. We have an agreed set of Business Critical PI's which carry additional penalties.	Ongoing
R4	Regularly review the adequacy of resources available for monitoring and managing the contract.	Medium	Roger Kershaw	Yes	This is done via the work of the Corporate Director and Head of Service through the normal management channels. We regularly review the workload and priorities of the client team through PRADs, DMT and team meetings which will provide an early indication of potential pressures. Additional resources from within the Resources Directorate are assigned where required.	Ongoing
R5	Establish robust arrangements for monitoring progress in identifying and delivering savings and ensure that this has appropriate regard to affordability.	High	Roger Kershaw	Yes	The Client Team routinely monitor the benefits tracking systems for the transformation projects to ensure they match expectation. We have established clear financial management systems and reporting lines to inform relevant stakeholders of results. The Client Team will monitor contract deliverables across time to ensure compliance with milestones.	Ongoing
R6	Assess the potential impact of business expansion and use 'reserved matters' powers to ensure that growth is not at the detriment of core service delivery.	Medium	Roger Kershaw	Yes	Governance arrangements exist to ensure full engagement of partners in any new business. Protocols exist for the development of agreed implementation and transition plans in the event of further customers.	Ongoing

Appendix 1 – Action plan (Somerset County Council)

Ref.	Recommendation	Priority	Responsibility	Agreed	Comments	Date
R7	Review the current client side model and assess the adequacy of client side capacity.	High	Roger Kershaw	Yes	Agreed.	Ongoing
R8	Review training and succession planning arrangements for the client side function.	Medium	Roger Kershaw	Yes	Agreed.	Ongoing

Appendix 2 – Action plan (Taunton Deane Borough Council)

Ref.	Recommendation	Priority	Responsibility	Agreed	Comments	Date
R1	Ensure that representatives on the JVC Board are able to access appropriate training and support and that succession planning arrangements are in place.	High	Shirlene Adam	Yes	Training for all Board Members took place in January 2008. Ongoing training and support will be provided by Democratic Services and by SW1 lawyers.	N/A Ongoing
R2	Provide for succession planning in the client side teams to maintain contract knowledge and contract management effectiveness.	Medium	Shirlene Adam	Yes	There are good contract knowledge and contract management skills across all Partners. We will continue to review our client side arrangements with the aim of sharing as many tasks as possible.	Ongoing
R3	Make contract monitoring a priority for the early period of the contract and only vary this in response to good performance and excellent contract monitoring information.	High	Shirlene Adam	Yes	Contract monitoring has been a priority in the early months of the partnership. Now that we have robust performance information in place (integrated with the corporate performance monitoring reports), we will focus attention on managing the overall partnership objectives.	Ongoing
R4	Regularly review the adequacy of resources available for monitoring and managing the contract.	Medium	Shirlene Adam	Yes	We will review how we deploy resources to this – as we would on any service within the Council.	Ongoing

Appendix 2 – Action plan (Taunton Deane Borough Council)

Ref.	Recommendation	Priority	Responsibility	Agreed	Comments	Date
R5	Establish robust arrangements for monitoring progress in identifying and delivering savings and ensure that this has appropriate regard to affordability.	High	Shirlene Adam	Yes	Monitoring arrangements are already in place and will continue to be monitored throughout the life of the partnership.	Ongoing
R6	Assess the potential impact of business expansion and use 'reserved matters' powers to ensure that growth is not at the detriment of core service delivery.	Medium	Shirlene Adam	Yes	Governance around the business growth decisions are being finalised currently and will be shared with Members. PFH and Board Member, and Group Leaders receive regular briefings on potential business growth.	October 2008
R7	Review the current client side model and assess the adequacy of client side capacity.	High	Shirlene Adam	Yes	TDBC's arrangements were reviewed in July 08 and will be reviewed again as part of the Core Council Review in November/December 2008.	December 2008
R8	Review training and succession planning arrangements for the client side function.	Medium	Shirlene Adam	Yes	This will be progressed across all partners.	Ongoing

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