

## Healthy Organisation Report

Service Director: Peter Lewis, Interim Director of Finance

Lead Officer: Peter Lewis, Interim Director of Finance

Author: Lisa Fryer, Assistant Director – SWAP Audit

Contact Details: tel (01823) 355299 or e-mail:lisa.fryer@swapaudit.co.uk

Cabinet Member: Cllr Mandy Chilcott for Resources

Division and Local Member: All

### **1. Summary/link to the County Plan**

- 1.1. The Healthy Organisation review is a strategic governance review across the key corporate areas of the Council including finance, performance and governance.
- 1.2. The report provides an assessment of progress made since the first Healthy Organisation review performed in 2016/17.
- 1.3. Effective Governance has a direct link with the County Vision and Business Plan and all the priorities contained within.

### **2. Issues for consideration**

- 2.1. Members are asked to consider the findings and conclusions as outlined in this report.
- 2.2. Members are asked to consider and support the proposals for further audit work as detailed in Appendix A as an approach when setting the Internal Audit Plan for 2019/2020.

### **3. Background Information**

- 3.1 An overall medium assurance opinion was given in respect of the 2016/17 review. The termination of the South West One contract, as well as significant financial pressures were the main contributing factors to the opinion given. Areas for attention were highlighted in the report and these have been monitored by the Governance Board, as well as being the subject of further audit work.

**3.2** This year’s review assessed progress made since the last report and a medium assurance opinion is offered once more. The review was undertaken at a time when the primary focus of the Council was addressing the shortfall in financial resources needed to secure a sustainable future. Although we have seen evidence of progress being made across themes, resources have been diverted to deliver the Financial Imperative Programme (FIP), to both identify and implement the savings needed. To achieve this, delivery of non-FIP related work has had to slow or stop temporarily and this has reduced the capacity to implement a number of the improvements agreed in the previous report.

**3.3** This review has been undertaken at other partner sites. The table below compares Somerset County Council to other local authorities where this review has been carried out. It demonstrates that the assurance given at Somerset is consistent with other authorities where this review has been undertaken.

	Somerset CC	Dorset CC	Wiltshire Council	Mendip DC	South Somerset DC	North Dorset DC	East Devon DC
Date of review	<b>2018/19</b>	2015/16	2015/16	2017/18	2016/17	2016/17	2016/17
Assurance Level	<b>Medium</b>	Medium	Medium	Medium	Medium	Medium	High
<u>Theme:</u>							
Corporate Governance	Green	Green	Amber	Green	Green	Amber	Green
Financial Management	Amber	Amber	Amber	Green	Green	Red	Green
Risk Management	Amber	Green	Amber	Amber	Amber	Red	Green
Performance Management	Green	Amber	Amber	Amber	Green	Green	Green
Commissioning and Procurement	Amber	Amber	Amber	Amber	Amber	Red	Amber
Programme and Project Management	Green	Green	Amber	Green	Green	Amber	Amber
ICT	Amber	Amber	Amber	Amber	Amber	Amber	Amber
People Management	Green	Amber	Green	Amber	Amber	Green	Green
Asset Management	Amber	Amber	Green	Amber	Amber	Green	Green

## 4. Management Response

**4.1.** During 2018/19 the Council has been tackling several challenging issues:

- addressing the issues underlying the Grant Thornton adverse Value for Money conclusion;
- continuing to drive improvements through Children’s Services;
- focusing on managing down the projected overspend on the Council’s revenue budget;
- delivering a robust and balanced budget for 2019/20;
- delivering savings across all services, while managing demand.

**4.2.** All of these, and service challenges, have made it difficult to address all of the issues identified in the last Healthy Organisation report. It is therefore pleasing that in a number of areas, improvements have been made.

- 4.3.** It is noted that within the Financial Management assessment there are two “reds”: financial resilience and value for money, both of which have had significant focus in 2018/19 and will continue to do so in 2019/20. It is disappointing that the area of risk management has moved from “green” to “amber”; it is acknowledged that this important, underpinning area of activity is not yet embedded within the Council’s day to day thinking. Improvements have been made in the last two or three months, but not enough to influence this rating positively. This work will continue, and with greater focus, in 2019/20.
- 4.4.** The Performance Team has already put in place the monitoring regime to track progress against the actions needed to address areas where improvements are required. Initial population of the action tracker is planned for 25 January and will cover matters such as:
- The senior responsible officer (SRO) for the action;
  - Any target or milestones that are being worked towards including details around the revisiting by SWAP
  - The overall RAG of the action
    - Green = on target / good progress made
    - Amber = at risk of missing target / concerns around progress
    - Red = set to miss target / action has not progress appropriately
  - The overall Direction of Travel of the action
    - Up = Progressing well / better than expected
    - Stable = Neither better than expected nor worse than expected. Little movement in period.
    - Down = Progress has slipped / reversed.
  - Suitable commentary around the current situation, milestones, next steps, concerns etc.
- 4.5.** This monitoring regime will be routinely scrutinised by the Governance Board and the Senior Leadership Team to ensure that progress is being made, which will hopefully ensure an improved assessment next time.

## **5. Consultations undertaken**

- 5.1.** This report has been agreed with all theme leads and approved by SCC’s Governance Board.

## **6. Implications**

- 6.1.** All ‘areas for attention’ have been mapped to the 2019/20 Internal Audit Plan within Appendix A, to provide assurance that these frameworks have strengthened as agreed.

## **7. Background papers**

- 7.1.** Healthy Organisation Final Report 2018/19.

**Note:** For sight of individual background papers please contact the report author.