

Decision Maker: ENVIRONMENT & COMMUNITY SERVICES PDS COMMITTEE

Date: 13th November 2019

Decision Type: Non-Urgent Non-Executive Non-Key

Title: ARBORICULTURAL SERVICES: UPDATE OF AUDIT FINDINGS

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Chief Officer: Executive Director of Environment & Community Services

Ward: (All Wards);

1. Reason for report

This report is in response to a request by Members of the Environment & Community Services PDS Committee and the Audit Sub-Committee, to have an opportunity to further discuss the recent findings of the internal audit report into the Arboricultural Services Contract. There were four priority 1 recommendations and six priority 2 recommendations arising from the audit. An update was presented to this Committee in June 2019 (report [ES19043](#)) and this report provides a further summary of progress since then, regarding the steps taken to address each of the outstanding P1 audit findings.

2. **RECOMMENDATION(S)**

2.1 **That PDS Committee reviews and comments on the content of the report.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The services delivered by the Arboriculture Contract are used by all residents, including vulnerable adults and children. Protection is not the primary purpose but adjustments are made, as required, to ensure services are as accessible as possible and all users are safe.
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Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Quality Environment
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Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: 068000 - Arboriculture Services Budget
 4. Total current budget for this head: £769k
 5. Source of funding: Existing controllable revenue budget for 2019/20
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Personnel

1. Number of staff (current and additional): 5 FTEs
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement The Highways Act 1980 imposed on the London Borough of Bromley a duty of care to maintain all trees on the street in a safe condition, which includes routine maintenance.
 2. Call-in: Not Applicable:
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Procurement

1. Summary of Procurement Implications: Not Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Whole Borough
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

- 3.1 During Quarter 3 of 2018/19, an internal audit was undertaken of the Arboricultural Services Contract, managed by the Neighbourhood Management Division of Environment and Public Protection. The objective of the audit was to review the governance and management of the contract to ensure controls were satisfactory and mitigate risk. A copy of the initial findings can be found in [Audit Report ECS/7/2018/AU](#)
- 3.2 This report seeks to provide an update on progress made since the previous report [ES19043](#) to this committee in June 2019. A progress report [FSD19081](#) was presented to Audit Sub-Committee on 17th October 2019 which highlights that all four P1 recommendations remain open.
- 3.3 At the time of the 18/19 audit, there were significant resourcing issues within the arboriculture team. The Interim Service Manager has since been successfully appointed to the Service Manager role. An initial recruitment exercise was undertaken to appoint to the two vacant Arboriculture Officer roles, but this was unsuccessful. A subsequent recruitment exercise has now identified a suitable officer who, at the time of writing this report, has accepted the position. The second vacant post will now be advertised as a development opportunity, to include on the job training and an Arboriculture qualification.
- 3.4 An update against each of the outstanding P1 recommendations is given below.

3.5 Priority 1 recommendation (1): Payment Process

- 3.5.1 At the time of the review undertaken by Audit in October 2019, the auditor was satisfied that good progress has been made, in particular now that payment responsibilities for Arboriculture have been transferred to the Performance Management and Business Support Team and there is a clear separation of financial duties. Clear documented payment processes are now in place.
- 3.5.2 The robust Performance Management Framework (PMF) referenced in report ES19043 is now implemented and has been tested for 6 months of the new contract.
- 3.5.3 This priority one recommendation remains open due to the insufficient time to demonstrate that all new processes have been implemented and tested effectively. However given the work done to date, it is accepted that the recommendation is partially implemented.

3.6 Priority 1 recommendation (2): Open Orders and Confirm

- 3.6.1 The recommendation relating to open orders was considered in two parts; the cleansing of data on Confirm for the previous contract and the number and value of open orders since April 2019.

Previous Contract

- 3.6.2 When the previous contract expired, the outgoing provider was given 3 months access to Confirm to process allocated jobs and submit the final payment certificate. The previous service provider failed to achieve this and therefore requested access to Confirm to complete all tasks to allow the final invoice for March 2019 to be submitted. The final invoice was submitted to the Council for payment on 31st October 2019.
- 3.6.3 The schedule of works submitted with the invoice as evidence for payment is currently being reviewed by the Service Manager in order to confirm this information in preparation for

agreeing the final invoice sum. The defaults applicable to the previous contract will be deducted from the final invoice before payment.

Current Contract

- 3.6.4 As at 4th November 2019, there are 1057 jobs that have been delivered and paid for since the start of the contract. Of the remaining jobs on the system, 275 jobs have been completed and are awaiting payment (these will be paid in the October 2019 invoice) and there are 248 jobs shown on the system as having been accepted by the contractor that are awaiting completion (to be paid upon completion in the November invoice).
- 3.6.5 The recommendation relating to open orders and Confirm remains outstanding, until the final invoice from the previous contract has been paid.

3.7 Priority 1 recommendation (3): Monitoring the contract

- 3.7.1 The agreed performance monitoring regime is to inspect the ten (No.) highest value jobs each month (allocated to the Service Manager). The remainder of inspections are allocated to the arboricultural officers according to geographical area. A total of 10% of all jobs are inspected each month (this includes the 10 highest value jobs). Monitoring visits must be completed before the monthly Service Operations Board (SOB) to allow discussion and agreement.
- 3.7.2 A procedure for undertaking quality monitoring checks has been written by the Service Manager. A procedure is also documented for the quantitative checks undertaken by the Performance Management and Business Support team (forming part of the invoice payment procedure).
- 3.7.3 The system administrator confirmed that a management report is currently being developed that will be added to the Confirm Dashboard to show the status of each job to allow the contractor and client to more easily monitor and control progress on all tasks.
- 3.7.4 The Service Operations Board (SOB) minutes for Arboricultural Services were inspected by Audit for the five months May to September. They agreed that these are a comprehensive record of discussions and agreed actions with senior representation from LBB and the contractor. There were some problems at the start of the contract with regard to access to Confirm and uploading information. Further training is being delivered by BT to the Service Provider and members of the Performance Management and Business Support Team. The SOB minutes evidence consideration of the contract KPI's in line with the new Performance Management Framework.
- 3.7.5 The recommendation relating to monitoring of the contract is now considered partially implemented by Audit, as the Environment and Public Protection department have addressed key issues such as the procedure notes and completion of quality monitoring. There are still issues to resolve with the completion of the monitoring spreadsheet. The recruitment to the two vacant posts should assist greatly with this monitoring.
- 3.7.6 Internal Audit will complete testing on ordering, monitoring and payment before the next meeting of Audit Sub-Committee to give assurance that the agreed procedures are being followed for quarter three of this new contract.

3.8 Priority 1 recommendation (4): Defaults

- 3.8.1 The defaults applicable to the previous contract will be deducted from the final invoice.

3.8.2 Defaults are no longer applied to the contract under the new Performance Management Framework. If the Service Provider has not performed to the required standard, a Performance Adjusted Value (PAV) is applied to the monthly invoice for each applicable performance indicator. In addition, if performance drops below a certain pre-determined minimum threshold, an additional sum of money is kept in abeyance until the Service Provider has been able to demonstrate (through the application of a Corrective Action Plan) that performance has returned to the acceptable range. This approach provides an incentive for the Service Provider to apply additional resource to the contract in order to improve their performance. If at the end of the agreed period the Corrective Action Plan fails to achieve the specified outcome, the amount previously kept in abeyance will be applied to the contract as a performance deduction.

4. POLICY IMPLICATIONS

The activities in this report reflect the Council’s priorities and aims as set out in:

- Environment Portfolio Plan 2018/21 (see ES18035 on the 10th July 2018 agenda)
- [Building a Better Bromley 2016-18](#) (‘Quality Environment’ & ‘Excellent Council’)

Non-Applicable Sections:	Financial, Personnel, Legal, Procurement
Background Documents: (Access via Contact Officer)	Environment Portfolio Plan ES18035 Building a Better Bromley (2016-18)