

CIPFA PROFESSIONAL EXAMINATION 3
FINANCE AND MANAGEMENT CASE STUDY EXAMINATION
NOVEMBER 2001

PENDULUM COMMUNITY HOMES

TUTORIAL GUIDE

1. General comments

- (a) It is important that candidates answer all the questions as set.
- (b) Where illustrative figures or information are asked for in a question, or their use is implied in the data, then they must be shown in the candidate's answer.
- (c) Evasion of the terms of the question on the grounds that the situation depicted in the Case Study is unlikely to have arisen or occurred, or is improbable in concept, should be penalised.
- (d) Working papers submitted with answers should be scrutinised and used to test the candidate's line of argument in unfinished work and as a guide to the method by which the candidates have utilised their acquired knowledge to deal with the various aspects of the Case Study.
- (e) Detailed calculations are set out in the appropriate attached appendices. It must be emphasised that these are not 'model answer' figures but are based upon what are judged to be the 'best' assumptions made in answering the question. Candidates should not therefore be judged on whether they got the figures 'right', but on how they reached their figures and how reasonable are their assumptions and arguments.

2. Synopsis of case

The case is set in Chronos, an island in the North Atlantic. It concerns the affairs of Pendulum Community Homes (PCH), a housing association that provides affordable housing in the city of Pendulum. In January 2001, PCH took control of a rundown housing estate, Annylog, from the city council. PCH has obtained funding to allow it to refurbish the 1,100 homes on the estate, with an initial renovation contract covering the 220 homes in worst condition.

The building contractor awarded the refurbishment contract goes into receivership, with the contract behind schedule and many complaints from tenants about the standard of work carried out. The candidate plays the role of a newly appointed accountant, who is given responsibility for assessing the relative merits of three alternative contracting options, in terms of costs, quality and minimisation of disruption. The building trade is in a depressed state and PCH cannot afford the delay and embarrassment that would result if a replacement contractor were also to fail. Considerable judgement is required to balance competing financial and non-financial considerations against a background of media interest and hostility.

The main question concerns the Annylog Tenants Association. This body is independent, but is supported and largely funded by PCH. The organisation is in crisis, with a weak and inexperienced Management Committee, which exercised little effective control over the activities of its first Treasurer. No replacement has been appointed after she has a nervous breakdown following the failure of her business. Accounting records are incomplete, and a set of accounts produced by a non-

accountant contains significant errors and omissions. The candidate must detect and correct these whilst providing emergency accounting support to the organisation. There are many weaknesses and irregularities in the financial affairs of the Tenants Association, as the Treasurer has demonstrated a general lack of competence and has apparently misappropriated the Association's funds for her own benefit in several ways. Candidates have to identify these weaknesses and irregularities and report to the Chief Finance Officer who will need to advise the Association's Management Committee as to what action to take in difficult and sensitive circumstances.

There is also a multi-agency partnership Project, StreetScene. It aims to address social problems on the Annylog Estate resulting from youth crime. PCH has the leadership role, but the Project has been neither promoted nor managed effectively. Consultation with local residents has been inadequate and they do not understand the rationale for the Project. Lack of co-ordination and patchy commitment by the partners has led to a failure to deliver the benefits promised. As a result, there is further public criticism of PCH and serious concern that the Project's funding will be terminated after a forthcoming inspection by the government monitoring agency. Candidates have to analyse why the Project is failing and propose urgent remedial strategies to rectify the situation before the inspection.

The "quick response" question requires the candidate to draft a briefing note for the Chief Executive, who has to appear on television to defend PCH against allegations in a sensationalist and highly critical newspaper article. The article reflects public dissatisfaction and anger at perceived failures by PCH on the Annylog Estate relating to all three main aspects of the case material.

The case material affords candidates a full opportunity to demonstrate their understanding of the case and to communicate relevant information clearly and tactfully.

3. Question 1

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Aims

- (a) To test candidates' understanding of the issues raised in the newspaper article appearing in the Pendulum Record;
- (b) To test candidates' ability under severe time pressure to recognise and analyse the facts and figures relevant to the issues raised;
- (c) To test candidates' skill in presenting this information in a clear, concise and relevant briefing note format for the Chief Executive.

Assessment

- (a) Brief background to the CHIME Inspection visit and PCH's assumption of control of the Annylog Estate. (20%)
 - A comment that PCH took over the Annylog Estate in January 2001, not in 2000 i
 - There is no intention to dismiss PCH directors or management 13
 - A note that the CHIME inspection of PCH is a routine annual event in February, and no special inspection of PCH has been ordered by the Minister of Housing ii
 - CHIME is a central government agency which visits all housing associations in Chronos and also separately monitors all Cities Regeneration Fund projects ii,iii
 - The January visit is a separate routine inspection of StreetScene not PCH 13
 - The inspection team is not therefore a government hit squad
 - The outcome of the visit will be a report for the Minister of Housing ii
 - A note that PCH has access to funding for improvements that could not be funded by the previous landlord, Pendulum City Council
 - The estate had become run down before PCH took over, but PCH has begun a capital programme costing to upgrade the housing on the estate to modern standards i,iii
 - The programme involves improvements not just repairs iii
 - The cost of the programme is £18.6 million not £25 million iii
 - £5 million of the cost will be defrayed by Government grants leaving £13.6 million to be funded by PCH App A1
 - PCH aims to provide affordable housing for rent and to promote the welfare of tenants i,ii
 - Any rent increase in average weekly rents in respect of refurbishment will be limited to 10p in the interest of affordable rents, but PCH hopes to avoid any such increase 1,29
- NOTE** For suggested calculations see Appendix A, but note comments in 1(e) above.
- (b) A note of the issues surrounding the Phase 1 Renovation contract and an explanation of how PCH is responding to the receivership of the contractor. (20%)
 - A recognition that the successful tenderer for the initial contract has gone into receivership and will not be able to complete the contract which was 30% complete 7
 - The contract related to 220 homes, not all 1,100 on the estate iii
 - Work had begun on 80 of these properties and had been completed at 20 29
 - 63 families are in temporary accommodation at PCH's expense App A1
 - There has been defective work performed by Epoch and this will be rectified, funded as far as possible by retention monies and Epoch's insurance bond 7,11
 - Urgent steps are being taken to restart the work with a new contractor 15,22,29

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• Any additional costs will be met from PCH's reserves of £3.9 million and will not fall on tenants in the form of extra rent	1,29
• Rent levels already took into account the budgeted cost of the renovation	1
• Rent increases caused by unexpected cost escalation will be limited to only 10p per week and PCH still expects not to have to levy such a supplementary increase	1,29
• Recognition of likely cost escalation involved in completing the contract	15,22
• A comment that PCH is committed to the most satisfactory and speedy resolution of the difficulties even if this results in a greater cost to its reserves	15,22,29

NOTE For suggested calculations see Appendix A, but note comments in 1(e) above.

(c) A response to the allegations concerning the StreetScene Cities Regeneration Fund project. (20%)	
• A note that the programme has been established as a multi-agency partnership of which PCH is only one partner	2
• The programme is run by a Steering Committee comprising representatives of all the stakeholder groups; PCH does not run the programme	8
• Residents are represented on the Steering Committee by the Annylog Tenants Association (ATA)	8
• ATA is an independent body with committee members elected by tenants not imposed by PCH	ii
• The programme has specific objectives to reduce youth crime levels and is funded to meet specific outcomes which will benefit all residents	26
• Initiatives to reduce high levels of youth crime and unemployment	2
• Installation of CCTV cameras to improve security for shoppers	2
• Fitting of improved locks and windows to improve security for tenants as part of the renovation/upgrading programme on the estate	2
• An increased police presence	2
• The programme is subject to a routine inspection by CHIME to assess whether the stated objectives have been met to justify further funding from the Cities Regeneration Fund	iii,13
• A recognition that any Cities Regeneration Fund project may be discontinued if it has failed to meet its objectives	iii,13
• A comment that progress has been made against most of the objectives, but it is recognised by the partners in StreetScene that there is more to be done	8,9
• A note that meeting the objectives requires input from all the partners, not just PCH	25
(d) A note commenting on the allegations concerning the running of the Annylog Tenants Association. (20%)	
• A tactful note that the allegations made by the chairman of a rival tenants group may not be entirely objective	ii
• PCH does provide limited support and advice but does not run nor control the Tenants Association and is not responsible for the actions of the Tenants Association's officers	ii
• There have been some accounting difficulties due to the financial inexperience of the Association's officers	4,19,20
• Delay has been caused by the non-availability of the former treasurer	4
• PCH is providing support to resolve the difficulties	4
• The Tenants Association accounts will be published shortly, and whilst there may be a modest deficit, the Association is able to meet its immediate liabilities and is not "bankrupt"	4,6,19
• The Association's funds arise from private sector sources (Chronos Properties) as well as from PCH	5,9

- ATA aims to re-imburse spending on its business by its officers, not to finance their private expenditure
- Police are not investigating ATA's affairs
- Candidates should avoid repeating detailed allegations (yet to be fully investigated) that relate to a separate organisation and may subsequently be the subject of judicial proceedings
- For background information **NOT** disclosure these concerns are:
 - There have been some deficiencies in the accounting for Tax and Social Insurance contributions resulting in penalties, but this has arisen due to the inexperience of the Association's officers not because of deliberate deception 24
 - Some unauthorised loans have been made 5
 - There are a number of accounting discrepancies that are under investigation

(e) Presentation, format, tact and general readability. (20%)

4. Question 2

Aims

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- (a) To test candidates' ability to review and process significant amounts of financial and related data relating to the financial transactions of a related but separate organisation
- (b) To test their ability to appraise critically a set of defective accounts based upon incomplete accounting records
- (c) To test their ability to identify and process relevant data to construct complete and accurate accounting records and a true and fair set of financial accounts
- (d) To test their ability to identify deficiencies in financial controls and quantify the effects of mistakes, misjudgements and possible dishonest activities by senior responsible officers of a voluntary organisation
- (e) To test their ability to communicate highly sensitive issues arising clearly and tactfully to non-financially aware officers by drafting a report on behalf of the Chief Finance Officer for the voluntary organisation's Management Committee.

Assessment

- (a) Brief introduction and background to the reasons for the PCH involvement in the production and correction of ATA's accounts for the year ended 30 June 2001 (10%)
 - A statement that there have been difficulties in the completion of the accounts and the need on an exceptional basis for PCH to provide support so that accounts can be published to allay mounting public concern over the financial affairs of ATA 4
 - A recognition of the difficulties caused by the non-availability of the former treasurer and the unavailability/incompleteness of some accounting records 4,19
 - Acknowledgement of co-operation and assistance received from ATA's officers 4,19
 - A comment that some of the findings remain provisional pending resolution of queries with the former treasurer when she becomes available
 - A tactful recognition of the bankruptcy and ill health of the former treasurer 4
 - A clear statement that PCH has provided advice and assistance, but that the accounts and maintenance of proper accounting records and financial controls remain the responsibility of ATA's Management Committee, not PCH
- (b) Production of complete and accurate books of prime entry for ATA for the year ended 30 June 2001 and identification and processing of accruals and adjustments (25%)
 - Analysis of petty cash transactions, with all transactions analysed by subjective account code, in particular: App B1
 - Analysis of petty cash expenditure
 - Reconciliation of float top-ups received by the float with cash withdrawals from the bank account
 - Generation of a complete and accurate cash book recording bank transactions on an accruals basis rather than when transactions passed through the bank account, in particular: App B2
 - All transactions analysed by subjective account code 19
 - Inclusion of unpresented cheques
 - Inclusion of cheque received from Chronos Properties not banked in ATA's account 20
 - Initial inclusion of raffle proceeds as banked but noting the discrepancy with the amount actually counted by the association's officers 6,9
 - Appropriate reclassification of the loan from PCH 19
 - Production of an extended trial balance incorporating necessary adjustments to the accounts for accruals, omissions, errors and discrepancies: App B3
 - Write off of £100.00 cash withdrawal not transferred to petty cash float

- Write off to cash shortage £70.00 raffle proceeds not banked
 - Write off to cash shortage £86.71 apparently missing from the cash float
 - Accrual for £126.89 of outstanding printing invoices
 - Accrual for £14.16 outstanding catering charge
 - Accrual for June quarter phone bill
 - Reclassification of £87.80 computer disks wrongly analysed
 - Calculation and inclusion of annual depreciation charge for computer
 - Computation and write off of unauthorised loans to bankrupt debtor (former treasurer)
 - Accrual for £1,078.00 taxation, social insurance deductions and penalties for failure to apply TAYE to payments to officers
 - Completion of a bank reconciliation as at 30 June 2001
- App B3

NOTE For suggested calculations see Appendix B, but note comments in 1(e) above.

- (c) Production of financial accounts in a format suitable for publication (10%) App B4
- Omission of budget details
 - Appropriate reclassification of assets and liabilities
 - As a not-for-profit body ATA has an income and expenditure account not a profit and loss account
 - The income and expenditure account relates to the year ended 30 June 2001

NOTE For suggested calculations see Appendix B, but note comments in 1(e) above.

- (d) An appraisal of the performance and conduct of the former treasurer (30%)
- A note of the inappropriate use of the petty cash float
 - Petty cash expenditure was not analysed and the float not kept on an imprest basis 5
 - Supporting vouchers have not been referenced and it is unclear whether all payments have been accounted for because of the failure to institute a proper system for keeping records, particularly of vouchers for expenditure 4,19
 - Normally payments should be made by cheque, but large payments were regularly made in cash 5
 - As a result an excessively large cash float was held at most times during the year App B1
 - The float was not held securely, and was not available for inspection or use by other ATA officials 4
 - A £100.00 cash withdrawal may have been appropriated by the former treasurer and not incorporated into the cash float App B3
 - Most of the cash float notional balance is missing, which may indicate that there are missing transactions or that cash has been stolen by the former treasurer App B3
 - A comment that there may well have been dishonesty by the former treasurer, but that this cannot be confirmed without seeking explanations from her
 - There remains a possibility that the missing cash has been applied for valid purposes but the relevant supporting vouchers have not been located due to chaotic record keeping
 - Several loans have been made in cash without required prior approval from the Management Committee including two to J. Needy when only one is permitted 5
 - All the other loans were made to herself 5
 - She made no attempt to repay any of her loans as required by the Management Committee's policy 20
 - No proper records were kept of repayments due or received against loans 20
 - It is unclear whether J Needy exists or has made only one loan repayment or whether others have been made but have not been accounted for

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<ul style="list-style-type: none"> • Discussion of irregularities in the operation of the bank account 	6
<ul style="list-style-type: none"> • There is no good reason why the account name should include the name of the former treasurer nor why the account should be a personal account • Cheques should always have more than one signature • Large withdrawals in cash should not normally be permitted • £70 of the raffle proceeds were not banked and there is a suspicion that this may have been dishonestly retained by the treasurer, but she must be given the opportunity to indicate whether the cash was used for ATA purposes and provide documentary evidence for this 	App B3
<ul style="list-style-type: none"> • A £500 cheque from Chronos Properties was defaced to make it appear payable to her personally, and she appears to have attempted to bank it in her personal account • Again she should be given the opportunity to explain a prima facie incident indicating breach of trust • Bank statements have not been obtained on a regular basis and have not been sent to an official other than the treasurer to allow independent scrutiny 	20
<ul style="list-style-type: none"> • Ms. Watch issued cheques for her own honorarium and expenses but withheld those for other officers • The account was allowed to run into overdraft, incurring interest and charges 	6,19
<ul style="list-style-type: none"> • Consideration of unsatisfactory purchasing practices • There is no evidence that alternative quotations for large or regular purchases were obtained to ensure value for money has been obtained – many purchases have been made from a company connected with the former Treasurer's partner • Charges made for provision of Management Committee refreshments by the Treasurer's own enterprise were steadily increased • The May charge was almost four times the charge levied by an alternative supplier in June for equivalent facilities, indicating overcharging by the former Treasurer for her services • The telephone bills were persistently high, but reduced after Ms. Watch ended her involvement with ATA possibly indicating abuse of her access to ATA's telephone by making excessive personal calls • Expenditure on the computer appears to be unreasonably high 	6
<ul style="list-style-type: none"> • A comment that whilst there are reasonable grounds to suspect dishonest conduct, this has yet to be proven and Ms. Watch must be given the opportunity to explain the discrepancies • Involvement of the police should be considered if Ms. Watch cannot provide satisfactory explanations, but: <ul style="list-style-type: none"> • This would generate further adverse publicity • Would further divert management attention • Recovery of any funds is unlikely as Ms. Watch is bankrupt 	
<ul style="list-style-type: none"> • An appraisal of other aspects of Ms. Watch's performance as treasurer • An annual budget for the year ended 30 June 2001 was produced, but lacked credibility <ul style="list-style-type: none"> • A deficit of £1,100.00 was forecast, without any indication how this would be funded • The office rent was budgeted at £2,000.00, but the rent for the office premises notified by Chronos Properties was only £1,500.00 • The budget for £100.00 telephones was inadequate, as the annual rental alone is likely to exceed this amount • Loans were incorrectly budgeted as an expenditure item • The increase in grant from Chronos Properties was not included in the budget, nor crucially was there any consideration of conditions attached to the grant or the expenditure implications of fulfilling them 	21
	20
	9

- There are overspends on most items of operating expenditure that have been allowed to arise without any corrective action
- There has been no budget monitoring nor regular reporting of the financial position to the Management Committee
- The levels of honorarium and officer expenses payments are unduly large and should be reviewed 24
- The raffle was not budgeted, and the cost of the prizes exceeded the proceeds, so instead of raising funds this activity generated a loss 5,9
- Budgets should be linked to the fulfilment of target and objectives, especially those imposed as a condition of funding

NOTE For suggested calculations see Appendix B, but note comments in 1(e) above.

- (e) Proposals to address the deficiencies in the operation of the Association and improve the ability of the Management Committee to discharge its responsibilities to exercise effective financial control over its funds (15%)

Bank Account

- There should be at least three cheque signatories, two of whom should sign each cheque
- No cheques should be signed in blank
- Bank statements should be provided at least monthly and sent to a senior official other than the treasurer
- Payments should normally be made by cheque or standing order, not by cash
- All receipts and payments should be recorded promptly
- All receipts should be banked promptly and intact
- A cash budget should be maintained to avoid going into overdraft and incurring bank charges
- A bank reconciliation should be performed monthly

Petty Cash Float

- Should be kept in a secure location under lock and key
- A petty cash float of £30.00 should be maintained on an imprest system
- Payments should only be made in cash if they are small and a cheque would be unduly inconvenient
- The cash float should be counted and agreed to the imprest regularly by a senior responsible official
- The float should be topped up only if there are vouchers for the expenditure already incurred

Payments

- All payments must be made against an approved invoice or similar documentation and should be promptly recorded in the books of account
- At least three quotations should be obtained before committing ATA to aggregate expenditure in excess of £250.00
- Any expenditure over £100.00 for a single item should be approved in advance by the Management Committee. If the item is urgent, it should be authorised by the Chair and approved at the next Management Committee meeting
- All vouchers should be properly referenced and filed to ensure retrieval is easy
- An independent official should confirm satisfactory delivery of products or services before payment is released

Budgets and Budget Monitoring

- Budgets should be based on justifiable projections, linked to objectives and be approved in advance by the Management Committee, as should any variations
- Monthly accounts (incorporating accruals) should be presented to each Management Committee meeting for approval
- There should be a three year rolling revenue forecast to highlight potential problems as early as possible

Accounts

- The treasurer will arrange for the annual accounts to be prepared for the AGM and for submission to PCH and any other sponsoring bodies requiring them as a condition of funding
- The accounts should be subject to independent review by an appropriate external person or organisation

(f) Presentation, format, approach, report style and general readability. (10%)

5. Question 3

Aims

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- (a) To test candidates' ability to locate, analyse and process financial and related data in the context of an option appraisal exercise relating to an urgent and sensitive requirement to replace a failed contractor on a major project at short notice;
- (b) To test their ability to establish costings for the available alternative courses of action;
- (c) To test their ability to appraise critically the two available options in the light of important non-financial considerations as well as financial ones and to assess the suitability and stability of potential alternative contractors in the context of a harshly competitive commercial environment;
- (d) To test candidates' competence in drafting and presenting a report for a meeting of the PCH Board.

Assessment

- (a) Introduction and background to the reasons for the need to replace the original contractor and the adverse impact of prolonged uncertainty on PCH. (15%)
 - A recognition of the adverse impact of the Phase 1 contract on tenants
 - Completed houses are severely defective
 - 63 tenants are in temporary accommodation
 - Those where work has not yet started face delays in the start of renovation work
 - For all tenants there is uncertainty, leading to anxiety and stress
 - A note that there has been adverse media criticism of Epoch and PCH
 - Affects public reputation of directors
 - Affects staff morale
 - Likely to damage PCH's reputation thus making all PCH's properties harder to let, thereby increasing loss of revenue from voids
 - A comment that the reaction of CHIME is so far unknown, but CHIME has a great deal of influence over housing associations:
 - Regular inspections and annual report
 - Approves rent increases
 - Advises the Minister of Housing on capital programme approvals
 - PCH's funding is conditional on satisfactory CHIME reports
 - Discussion of the possible impact on other estates
 - Concerns of residents about management of their estates
 - Possible difficulty in funding future capital programmes
 - Uncertainty leading to a lack of direction and strategy from PCH because it is focused on the Annylog problems
- (b) Identification of the two available options for completing the Phase 1 contract and an estimate of the additional costs involved in each option option. (25%)
 - Computation of the value of the work outstanding on the contract at the original Epoch price
 - Calculation of the increased costs and any offsetting factors relating to completion by Era Homes
 - Calculation of the increased costs and any offsetting factors relating to completion by Aeon Construction

NOTE

For suggested calculations see Appendix C, but note comments in 1(e) above.

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(c) Discussion of the relative merits of the two available options in terms of financial implications, quality and minimisation of delay and disruption. (15%)	
• Era Homes plc – suggested by the receiver	7
• Aeon Construction Ltd – second lowest tenderer for original contract	11
• Multiple contracts – suggestion from the chief housing officer to expedite contract completion but not appropriate to proceed to full appraisal on grounds of risk of contractor failure and delay due to the necessity to retender	22,23 29
• Recognition of the need to take account of the Chief Executive's priority of minimising the amount of time that tenants have to spend in temporary accommodation and rectifying defects and omissions in homes already refurbished;	29
• Both Era and Aeon can start in four weeks and both plan to be finished in November 2002 but Era will take longer to complete each house leading to:-	11
• Tenants being in temporary accommodation for longer	
• Extra costs for this temporary accommodation	
• Aeon is approximately £50,000 cheaper than the Era option	App C1
• Era is a larger company with more public sector experience	22
• The Phase 1 completion contract would exceed Aeon's previous annual turnover, leading to concerns about its ability to finance such a large contract	28
• There may also be concerns over Aeon's ability to maintain management control over such a large contract, as it has recently been awarded another large contract	12
NOTE For suggested calculations see Appendix C, but note comments in 1(e) above.	
(d) Appraisal of the relative financial standing of the two main potential contractors and recommendation for preferred contractor. (30%)	12,27,28
• All contractors are affected by the harsh competition for building work resulting from the economic downturn in the construction sector;	27
• Era has continued to make very modest profits, but on a reduced turnover;	
• They have been unable to cut costs in line with the fall in turnover;	
• Aeon appears to have taken work at very low prices, resulting in negative margins in 1999 and losses in both years;	
• Aeon has experienced some recovery in 2000, and a greater level of activity should allow profitability to improve by absorbing fixed costs over a greater level of activity;	
• There are concerns whether Aeon has the management resources to cope with a major increase in activity consequent on winning two large new contracts;	
• Era's margins may also benefit from better utilisation of its resources and spreading its fixed costs over a higher level of activity;	
• Both Aeon and Era were solvent at the last balance sheet date, and both were better than the benchmark (Aeon slightly more so);	
• Both appear to have satisfactory control over stock, debtors and creditors;	
• Both balance sheets are now out of date, and the liquidity position can change rapidly, especially if circumstances change;	
• A comment that accounts reflect past activities and offer no guarantees for future performance;	
• Aeon may well face serious difficulties in financing two large new contracts given its limited capital base;	
• A note on the possibility of using a business credit rating agency to provide information about potential contractors in the future;	
• Use of small contractors would allow work to start quickly but:	
• There may be difficulty controlling multiple contractors	
• Ensuring quality and consistency is likely to be more difficult and will further stretch PCH's management resources and divert attention from elsewhere;	

- Small contractors are more vulnerable to insolvency in the current difficult trading conditions
- There are more contractors involved, and hence more chance that one or more will cease trading
- Considerable disruption and disastrous further delay may result even if only one such contractor were to fail
- This is likely to be a costly option and is also the most risky
- PCH cannot afford any further disruption due to contractor failure, but the multiple contracts option could well result in this 29
- Era Homes represents the safest option and is least likely to result in further serious problems, but will mean a longer period of disruption for tenants as they will have four weeks longer in temporary accommodation during refurbishment; 29
- The Era option is £50,000 dearer, but this not critical in the context of PCH's reserves of £3.9 million;
- In the difficult situation PCH faces, the safest option is the best.

NOTE For suggested calculations see Appendix C, but note comments in 1(e) above.

(e) Presentation, approach, structure and report format. (15%)

6. Question 4

Aims

- (a) To test candidates' ability to analyse the management and control problems contributing to a failing multi-agency Cities Regeneration Fund project.
- (b) To test candidates' ability to appraise the extent of progress achieved against the approved objectives set for the Cities Regeneration Fund project.
- (c) To test their ability to make practical recommendations to encourage a context in which the community partnership initiative can succeed in delivering the benefits to which it is committed.
- (d) To test candidates' competence in providing an effective summary of this information in a briefing paper for the Chief Executive so that appropriate proposals can be formulated urgently to satisfy the CHIME inspectors that the initiative is succeeding and should continue to be funded.

Assessment

- | | |
|--|---|
| (a) Brief background indicating the purpose and importance of the CHIME inspection and an appraisal of the progress achieved to date by the StreetScene initiative. (20%) | |
| <ul style="list-style-type: none"> • Delays are occurring due to diversion of resources to deal with Epoch receivership. • Problems with Epoch may lead to delays affecting installation of windows and locks – possible delay in spending? • No progress with street lighting and no progress reported on play area • Community workers seem to be having some success, but doubts exist whether this will be allowed to continue, due to concerns at the City Council. • There are extra foot patrols, and community police on the estate, but they are uncoordinated. • The officers mounting the foot patrols are reluctant to co-operate with community workers and are not committed to the objectives of StreetScene. • The CCTV project is underway, but there has been a lack of planning as to how the cameras will be used. • ATA has received the grant from Chronos Properties, but there is some doubt as to whether the money will be spent in such a way as to contribute to achieving the objectives of the project. • It is questionable whether the tenants have been properly involved in the project so far. | <p>8</p> <p>8</p> <p>8</p> <p>8</p> <p>9</p> <p>9</p> <p>9</p> <p>9</p> <p>10</p> |
| (b) An analysis of the problems with the management and control of the project that have contributed to the disappointing level of progress so far (20%) | 18 |
| <ul style="list-style-type: none"> • No one is taking overall charge of the project and the representative from PCH has not sought to co-ordinate the work of the different agencies nor monitor activities • Parfit College of Technology is not sending a representative to Steering Committee meetings • The Steering Committee meets infrequently, and agendas are based around the agencies involved reporting on their own activities. • There appears to be no co-ordinated planning of activities. • Nobody is confirming that the partners are discharging their responsibilities. • Responsibilities are unclear and objectives and policy commitments have not been properly communicated by partner organisations to their staff at all levels. • Financial issues are not being addressed, causing problems with CHIME and failure to submit claims for funding available. • Outcomes are not being monitored. | <p>8</p> <p>8,9,10</p> <p>9,17</p> <p>9,18</p> <p>18</p> |

(c) Suggestions for the resolution of these management and control problems. (50%)

Tenants

- Steps should be taken to ensure that all tenants are consulted and that their views are represented on the Steering Committee.
- Consideration should be given to the inclusion of representatives from other groups such as the Independent Tenants Group.
- Better publicity of StreetScene's objectives and the benefits that it aims to deliver
- If appropriate, the project should be modified, subject to Ministry approval, to take account of the findings of this wider consultation exercise and tenants' wishes for what they wish to see StreetScene achieve.

Involvement

- All of the organisations need to become aware of their responsibility to work together with other partners to further the project.
- They should all accept that any activities on the estate need to be co-ordinated through the project Steering Committee.
- All organisations need to allow managers the authority to make decisions as part of the project and to accept that they should not try to undermine the decisions or actions of their managers.
- Organisations need to understand that participating in the project may involve changes to existing practices and policies and they need to be willing to allow these new ideas and innovations to be tried out.
- Each of the partner organisations should be strongly encouraged to ensure that they send an informed representative to each meeting of the Steering Committee.
- Consider moving the venue from Police headquarters to a location on the Annylog Estate to facilitate involvement of local people

Management

- Senior management of each partner organisation should be publicly supportive of the project and should be proactive in requiring progress reports from their managers.
- One person should be responsible for overall management of the project, including co-ordination and planning.
- The project manager should report to a project sponsor, who will give direction and ensure that the project is being properly managed.
- The Steering Committee should meet frequently and should be organised around activities and targets rather than organisations.
- It should look at future activities as well as reviewing progress to date.
- Communication is important, both to ensure that all stakeholders are aware of what is happening and what is expected of them, but also so that potential problems and conflicts can be identified and dealt with promptly.
- Expenditure needs to be recorded in such a way that it can be clearly identified as relating to the project.
- Financial information must be accessible so that it can be reported and verified.
- Budgets should be monitored regularly and problems should be dealt with promptly.
- Grant claims and financial records should be submitted to the Ministry on time.
- Prime accounting records, such as vouchers, should be retained for as long as required by CHIME, or any other body that may be asked to verify the expenditure.
- All organisations should have appropriate procedures for the authorisation of payments and the safe receipt of any income.

(d) Presentation, structure, approach and tone. (10%)