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# ip&e Programme Management Governance Report

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## 1. Summary

This report sets out the internal programme management structure and governance controls being applied to the programme to establish ip&e, and the transfer of Council services to ip&e (the 'ip&e transition programme'). The report also provides assurance on the progress of the programme to date.

## 2. Recommendations

Members are asked to consider and endorse with appropriate comment the contents of this report.

## REPORT

## 3. Risk Assessment and Opportunities Appraisal

Embedding appropriate governance and programme management structure within the ip&e transition programme ensures that the programme can be delivered smoothly, safely and in a way which maximises the opportunities for creating 'public profit' arising from the Localism Act 2011.

Any programme which does not utilise such formal programme management and governance procedures risks losing direction and failing to deliver its objectives on time.

Risk management, as outlined in the Council's Opportunity Risk Management Strategy 2011, has been embedded in the Programme from the outset. The Programme Management staff are working closely with the Council's Risk Management team to ensure all appropriate risk processes and protocols are

incorporated throughout all the Programme work-streams. The Risk Management strategy is outlined below at Paragraph 6.6

Equality Impact Needs Assessments (EINAs) have been identified as an important aspect of the Programme. An EINA must be completed as part of the Business Case for all transferring services (see **Appendix G**). The Council's Diversity Officer has advised that a Programme Level EINA will not be necessary given that EINAs will form part of the Business Case development for all transferring services

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

#### **4. Financial Implications**

The Council agreed in May 2012 that in order to achieve its strategic outcomes and deliver the medium term financial plan, it must be able to provide services differently, to trade so as to gain new sources of funding, and to partner with others to reduce costs and increase effectiveness. ip&e Ltd. will be a central part of this strategy.

The ip&e transition programme therefore carries significant financial implications for the Council, in that budgets associated with services will transfer to ip&e with the intention that they will be able to generate 'public profit'. There is a range of controls in place to manage the risks associated with the transfer of service budgets, which will be described in greater detail below at Paragraph 6.4. The financial implications fall under two main categories:

- 1) Establishing ip&e – this involves a loan of £500,000 to ip&e to assist with general start-up costs. As agreed at Council on 27 September, this will be a commercial loan to be repayable at the start of 1 year after the initial drawdown by ip&e.
- 2) Transferring Services – Each service transferring to ip&e will take with it the agreed service budget as per the Council's Medium Term Financial Plan (MTFP).

The ip&e Annual Business Plan will be submitted to Cabinet for consideration, as part of the Strategic Contract between the Council and ip&e on 16 January 2013. The impact of the creation of ip&e Ltd. on the Council's Medium Term Financial Plan will also be considered by Cabinet in January 2013.

#### **5. Background**

**5.1 Context:** Following the Cabinet decisions taken in May and June 2012 to create a company to act as a new delivery vehicle, and to call this ip&e (Inspiring Partnerships and Enterprise) Ltd., a formal Programme Management Structure was established to manage the process of establishing the new company and ensuring that the conditions were put in place to allow for the safe, smooth and successful transfer of services.

## 6. Programme Governance

**6.1 Programme Staff:** The Programme is led by a full time Programme Director, David Myers. Programme Support is provided by a full-time Programme Support Officer; Alex Gore.

**6.2 Programme Principles:** The Programme Management Structure is based on PRINCE2 standards, which are embedded in the Programme Board Terms of Reference (**Appendix B**). These standards cover the programme structure, reporting hierarchy and procedures and were agreed by the Programme Board at its Initiation Meeting on 11 September 2012.

Following best practice, a Programme Initiation Document (PID) has been developed which clarifies the objectives, key deliverables and risks arising from the programme. The PID was agreed at the 23 November Programme Board meeting. The PID will be 'frozen', and will form the baseline against which the programme will be formally measured.

A comprehensive Programme Plan has also been developed and agreed to guide delivery of the programme.

**6.3 Programme Management Structure:** The Programme consists of 9 supporting work-streams and the 4 service areas identified for Wave 1 transfer to ip&e. The Programme Board consists of the lead officers for each of the work-streams, and involves the key corporate directors whose involvement is necessary for initiating the programme. The Programme Board meets monthly to manage the delivery of the programme. A structure diagram is attached as **Appendix B**.

Each programme work-stream developed a Project PID at the outset of the Programme. Where these PIDs necessitated the creation of a formal project team (for example, the Transition Planning work-stream), these have likewise been established according to PRINCE2 principles.

As per the Programme Board Terms of Reference, each work-stream lead provides a monthly update report to the Board via an agreed template to ensure consistency of information and detail.

The 9 supporting work-streams will create the conditions to facilitate the establishment of ip&e and the transfer of services.

The 4 services Cabinet identified for Wave 1 transfer to ip&e are represented on the Board in order to ensure their involvement in the decisions regarding both the establishment of ip&e and the mechanism for service transfers. The presence of these 4 services on the Board also ensures that any critical issues or risks relating to each service area, and which might impact on the wider ip&e transition programme, are escalated to the Board in a timely manner, allowing fully informed decisions to be made.

**6.4 Financial Management:** The ip&e Programme Board contains a dedicated work-stream covering Finance, Commerce, Procurement and Pensions. The lead officer for this work-stream is the Council's Corporate

Head of Finance and Commerce and Section 151 Officer. This ensures that all significant financial issues are communicated to relevant officers in finance, and that the Council's Corporate Head of Finance and Commerce and Section 151 Officer is party to all significant discussions and decisions arising from the work of the ip&e Programme Board.

Additionally, the Programme Plan incorporates a financial review process for all service transfer business cases. Central to this is ensuring that the Council's Corporate Head of Finance and Commerce has sight of all business cases and can advise accordingly. The Review Process ensures that the Finance work-stream provides on-going assistance to service managers developing business cases to ensure that they are robust and realistic.

The presence of the Corporate Head of Finance and Commerce on the ip&e Programme Board further ensures that any work arising from the Board, including recommendation of service business cases to Cabinet, can be incorporated into the Council's Financial Strategy, and that this Strategy will reflect the new relationship with ip&e.

**6.5 Stakeholder Engagement:** To ensure appropriate Stakeholder engagement, the Board includes a dedicated Stakeholder Management work-stream to ensure that thorough engagement takes place across all work-streams both with internal and external stakeholders. The Stakeholder Management work-stream has compiled a list of all relevant stakeholders, and developed a plan to ensure that they are engaged in a structured and positive way throughout the lifetime of the Programme.

**6.6 Risk Management:** The Programme operates a robust approach to risk management. 'Risk Management and Audit' forms one of the ip&e Programme Board work-streams. The lead officer for this work-stream is the Council's Audit Service Manager.

Each Programme work-stream has produced a project risk and assumptions register. The Risk Management team meets monthly with each work-stream lead to ensure that the risk registers are maintained and reviewed on a regular basis. All risks are scored using the Council's Opportunity Risk Management Strategy guidance.

The Risk Management team facilitated a Risk Management workshop on 01 October. This workshop involved key members from the ip&e Programme Board and consolidated all identified project risks into 6 strategic risks, each of which was assigned a Risk Owner. The Strategic Risk register is maintained by the Risk Management and Audit work-stream, and is managed by the Programme Board via a standing agenda item (**Appendix C**).

The Programme Communications Protocol outlines the procedure for reporting escalating risks. Any project risks which remain below the Council's Risk Tolerance threshold will be managed on Business As Usual terms by the relevant work-stream. Any risks which escalate above this threshold must be reported to the programme director immediately upon identification to ensure

mitigating action can be taken promptly, and flagged to the Programme Board at its next meeting.

**6.7 Programme Board Decision making responsibilities:** The ip&e Programme Board has decision-making responsibilities, as outlined in the Terms of Reference and the Programme PID. These include:

- 1) To approve business cases for referral to Cabinet, or to refer back to project leads for further work
- 2) Provide on-going scrutiny of business cases as transfer projects develop, to test the business rationale and to ensure they remain financially viable.

The Programme Board has responsibility for managing the delivery of the programme and for making recommendations and providing advice to Cabinet around the transfer of services to ip&e Ltd. The Programme Board will ensure that business cases for service transfers to ip&e are robust and comprehensive before recommending them to Cabinet for consideration.

**6.8 Programme Execution Plan - Implementation and Review:** At the outset of the Programme, each work-stream developed a Project Initiation Document (PID) to ensure clarity of roles and responsibilities. The resulting PIDs have been combined to form the overall Programme Initiation Document (**Appendix D**).

The Programme PID and the Programme plan form the baseline against which the progress of the Programme can be measured. Each work-stream has responsibility for delivering against the objectives and tasks assigned to it in the PID and the Programme plan. Formal review will take place monthly at the Programme Board via a standard RAG template. Where reviews are required in-month, these will be managed via the Change procedure described below at Paragraph 6.12.

If it becomes apparent upon review that a work-stream requires additional resources or other action in order to meet its objectives to time, the Programme Board will decide upon the appropriate course of action.

**6.9 Acceptance criteria:** There are 2 distinct aspects of the Programme which will require a formal set of acceptance criteria to be met before sign-off will be allowed by the ip&e Programme Board: Service Business Case Development and Transfer, and; Work-stream projects:

- a) Business Case Development – will require that all aspects of the Business Case Development pathway outlined in the Programme Plan are met. Sign off is required from: the s151 Officer; the Audit Service Manager; the relevant Human Resources Business Partner; the relevant Solicitor; and the Lead Officer for the Transition work-stream. The Transition Planning Work-Stream is developing a Transition checklist which will define the relevant acceptance criteria for each of the above.

Service Transfers will be deemed to be complete and successful upon a defined 'go-live' date if a TUPE transfer process has been successfully completed, and the Transition checklist has been satisfactorily completed.

- b) Programme Board Work-Stream Projects – will require that all deliverables identified in the Programme Plan are completed and evidenced as such to the Programme Board.

**6.10 Contracts** – The ip&e transition programme requires that two distinct types of contract are created: The Strategic Contract, and; Service Contracts.

The Programme Board has responsibility for ensuring the timely delivery of the Strategic Contract between the Council and ip&e, and for the delivery of Service Specific Contracts. Responsibility for contract contents will rest with the relevant instructing work-stream leads, who will be provided legal advice as necessary by legal services. The Board itself does not have responsibility for the content of any contracts. The Board manages the development of these contracts through the Programme Board Legal Work-Stream, which is led by the Corporate Director for Legal and Democratic Services who provides monthly reports to the Programme Board, and weekly reports to the Implementation Project Team (see paragraph 7.2).

**6.10.1 – Strategic Contract:** The Strategic Contract will form the basis for the strategic relationship between ip&e and the Council. This document will be the overarching statement of the purpose of the relationship, and will form the framework within which services will be commissioned by the Council from ip&e. The Strategic Contract will act as an enabling document, in order to give ip&e the flexibility to operate in a commercial environment and to generate 'public profit'.

The Programme Board will manage the Legal work-stream, which has responsibility for delivering this Contract. External legal expertise has been commissioned from an experienced firm to inform the structure and development of the Strategic Contract.

The Strategic Contract will consist of 4 sections:

- 1) The Heads of Terms – which outline the key principles of the relationship between the Council and ip&e Ltd.
- 2) The ip&e Annual Business Plan – this will form the basis for annual planning by ip&e, as well as for performance management and will inform decisions around service transfers.
- 3) Service Contracts – each transferring service will have a specific contract to provide services commissioned by the Council. These contracts will have detailed agreements around key performance indicators and payment processes.
- 4) Schedules – a range of schedules will be included within the Strategic Contract to provide a management framework for issues including, but

not limited to, performance, data governance, asset ownership and intellectual property.

**6.10.2 Service Contracts:** Each transferring service will transfer under the terms of an agreed service contract between the Council and ip&e. In order to be considered for transfer to ip&e, a service must first create a robust and realistic commercial business plan. The business plan will form the basis for the creation of the service contract, which will then be negotiated with ip&e before Cabinet consider the final approval of the service transfer.

**6.11 Reporting Arrangements:** The Programme Board Terms of Reference outlines the reporting requirements for the work-streams. The Programme Board meets monthly, and formal reports are required from each work-stream using a RAG Reporting Template developed by the Organisation Development Directorate (**Appendix E**). Additionally, the dedicated Programme Director maintains regular contact with each work-stream lead to ensure that any difficulties are identified as soon as possible, and steps taken to mitigate these.

The Programme Plan is used as the baseline for work-stream reporting. The plan was developed to PRINCE2 standards and is built on identified and agreed deliverables. This allows for the monthly work-stream reports to easily be checked for factual accuracy.

**6.12 Change Control:** Change is handled according to PRINCE2 principles, and follows a 5 step procedure, which is outlined below. The primary driver for change in the Programme will be changing risk status within each work-stream. The ip&e Programme Board Terms of Reference state that any project risks which escalate above the Programme tolerance level must be escalated to the Programme Board, and the Communications Protocol requires that any risks which require urgent attention are immediately escalated to the Programme Director, who will flag the issue to the Programme Board for advice.

To ensure that necessary changes can be easily identified and agreed, the Programme Board established a Programme PID. The PID will be 'frozen' once it is agreed, and forms the baseline of the project.

The Programme Communications Protocol (**Appendix F**) outlines the change management procedure as follows:

- 1) Capture – Determine the issue and it's severity (work-stream lead)
- 2) Examine – Impact on work-stream objectives, timescales, Business Cases (work-stream lead + Risk Management Team)
- 3) Propose – Identify/Evaluate Options and make Recommendations (work-stream lead)
- 4) Decide (Programme Board)
- 5) Implement – Take corrective action (work-stream lead)

**6.13 Business Case Development:** In order to ensure that service transfers to ip&e are successful, every transferring service must draft a robust business case for transfer before it can be considered for transfer. The Programme Plan incorporates a gateway process to ensure that all business cases are comprehensive, and have received the appropriate expert advice from officers. This process includes gateways for financial input and sign off, HR review, legal review, and internal audit oversight.

Additionally, a Business Case template has been created by the Transition Planning work-stream which is to be used by all potential transferring services. This will ensure consistency in the information being provided to Cabinet and to ip&e to allow for the most informed decisions to be made (**Appendix G**).

## **7. Shared Services Implementation Project Team**

**7.1 Context:** At Full Council on 27 September, the Leader announced the accelerated delivery of Shared Services to ip&e. Following this announcement, the Programme Director established a dedicated implementation team to meet the revised timetable in a safe and comprehensive manner.

**7.2 Structure:** The Project Team consists of key officers as follows:

- Programme Director
- Programme Support Officer
- Interim Shared Services Manager
- Technical Accounting Adviser
- Solicitor – Places
- Human Resources Business Partner – Places
- Internal Communications Officer
- Shared Services Technical Advisers x3

Each representative acts as the lead officer for their service area. The Project Team covers 7 work-streams which are implementing the work identified by the Programme Board work-streams.

The Project Team is led by the Programme Director, and reports to the ip&e Programme Board as the Shared Services work-stream.

The Project Team is based on PRINCE2 project management principles. Reporting hierarchies and requirements have been identified and agreed in the Project Team PID. Each work-stream for the Implementation Project provides weekly RAG updates (utilising the same RAG forms as the wider Programme Board work-streams) to the Programme Director to ensure progress is continuously driven. Exception reporting is handled in the same



way as for the Programme Board, whereby slippage on deadlines (actual or projected) is reported immediately to the Programme Director.

**7.3 Risk Management:** Risk Management for the Implementation Project Team is handled using the same methodology as the Programme Board. Each work-stream lead has identified and scored risks arising from the accelerated transfer of Shared Services to ip&e, and these are reported to and monitored by the Risk Management team as part of the Shared Services Programme Board work-stream.

<p><b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b></p> <p>Cabinet Agenda Item 7, 02 May 2012: Strategic Commissioning; Our Preferred Response to New Challenges</p> <p>Cabinet Agenda Item 8, 02 May 2012: Delivering Change, Changing Delivery; A New Trading Company for Shropshire Council</p> <p>Cabinet Agenda Item 9, 06 June 2012: Arrangements for Strategic Commissioning and the Creation of a New Council Owned Company for Service Delivery</p>
<p><b>Cabinet Member (Portfolio Holder)</b></p> <p>Keith Barrow (Leader of the Council) Brian Williams (Chairman of Audit Committee)</p>
<p><b>Local Member</b></p> <p>N/A</p>
<p><b>Appendices</b></p> <p>Appendix A: ip&amp;e Programme Board Terms of Reference</p> <p>Appendix B: ip&amp;e Programme Board Structure</p> <p>Appendix C: ip&amp;e Programme Board Strategic Risk Register</p> <p>Appendix D: ip&amp;e Programme Board PID</p> <p>Appendix E: ip&amp;e Programme Board RAG Update Template</p> <p>Appendix F: ip&amp;e Programme Board Communications Protocol</p> <p>Appendix G: ip&amp;e Programme Board Business Case Template</p>