



Date: Thursday, 17 September 2015  
Time: 10.30 am  
Venue: Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND  
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## AUDIT COMMITTEE

### TO FOLLOW REPORT (S)

#### **5 Management Report on Programme Controls and Risks and the Top Fifty Contracts Controls and Risks (Pages 1 - 10)**

The report of the Director of Commissioning is to follow.  
Contact: George Candler 01743 255003

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<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
17 September 2015	
	<u>Public</u>

## **Management Report on Programme Controls and Risks and the Top Fifty Contracts Controls and Risks**

**Responsible Officer** George Candler – Director of Commissioning  
e-mail: [George.Candler@shropshire.gov.uk](mailto:George.Candler@shropshire.gov.uk) Tel: 01743 255003

### **1. Summary**

This report provides a further update on the existing and emerging assurance and management controls and risk management arrangements within the council. It includes the work undertaken to develop strong governance around commissioning, governance around the strategic contract between Shropshire Council and ip&e and also provides an update on the recently created Commissioning Support Unit.

The report gives assurance on the robustness of governance arrangements for all commissioning activity arising from the Council's 2014-2017 business plan and financial strategy.

### **2. Recommendations**

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

### **Report**

### **3. Risk Assessment and Opportunities Appraisal**

A robust approach to risk management is in place in relation to the 2014/17 Business Plan and Financial Strategy as well as the associated Directorate business plans. All service improvements identified in the plans have been linked to the Council's strategic risks, where relevant. This provides assurance that the improvements support the mitigation of strategic risks and prevents the Council from compromising or increasing risk exposure.

Furthermore, all strategic, project and business planning risks are linked to the 4+1 outcomes (Your Council, Your Life, Your Environment, Your Money, Your Health). At a time of significant change, it is important that the Council can provide assurance that controls and mitigation are strong, and therefore all strategic risks are linked to the annual governance statement action plan points. This integrated

approach to managing risks across all risk areas of the Council ensures that we are managing risk cohesively and robustly.

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

The delivery of redesign proposals, particularly aligned to the significant budget savings that need to be delivered over the next three years are monitored on a monthly basis and reported to the Council's Senior Management Team. To ensure consistency and robustness of the approach, any figures reported in relation to the achievement or non-achievement of savings will be directly reflected within the Council's revenue monitoring reports.

With the reduction in the number of Cabinet Meetings introduced in 2014/15, financial monitoring reports are now approved by Cabinet on a quarterly basis. Supporting this are monthly reports which are produced and are considered in a timely manner by the Council's Director's Team. Furthermore, to ensure Cabinet Members are able to fulfil their roles in their respective Portfolio areas, regular informal Cabinet meetings take place and these are supplemented by individual meetings with the portfolio holders to specifically review and monitor progress against the delivery of the Council's savings plans in their respective areas.

#### **5. Commissioning Governance arrangements**

Management control arrangements at Shropshire Council are based on clear consistent governance structures and reporting, assuring that the right people make the right decisions based on the right information. This approach is based on national 'best management practice principles' and is applied elsewhere in the public and the private sector.

##### **5.1 Programme management**

Since April 2014 Shropshire Council has commissioned ip&e limited to provide its programme management and service re-design functions. Services include change management, governance processes and project programme, and portfolio management across the council. This involves close liaison with the council's members, management team, service managers and their teams to support them in their achievement of business change and outcomes, whilst ensuring that their project activities are consistent with the overall direction and ambitions of the council.

In the last 12 months and since the last update to the audit committee in September 2014 a number of further developments have taken place to improve governance and assurance around commissioning activity.

##### **5.2 Commissioning Directors Group**

A review of how key decisions are made across the council for all commissioning activity was undertaken and this has resulted in the development of the Commissioning Directors Group. The Group takes overall responsibility for all strategic commissioning activity and will as appropriate report into full council, cabinet and audit committee. The objectives of the group are attached in Appendix 2.

Ultimately the group will have oversight of all commissioning, re-commissioning and de-commissioning activity across the council. The overall governance

structure for commissioning activity across the council is attached at Appendix 1 which identifies the areas the group will performance manage.

### **5.3 Ip&e strategic contract governance group**

Part of the overall assurances are linked to our relationship with ip&e limited as more functional areas transfer into the company. The Strategic Contract Governance Group is in place to ensure appropriate contract management and good governance in relation to the management of the strategic contract held between Shropshire Council and ip&e limited.

The group's purpose does not include the monitoring of specific service contracts between the council and ip&e limited, as this is undertaken by the contract monitoring group's specific to the services as detailed in Appendix 1, and the aims of the group are attached in Appendix 2. The group, however, will receive information from the service contract monitoring meetings that may feed into the group's discussions as appropriate.

These meetings happen on a quarterly basis and are supplemented by regular more informal catch-up meetings between the Director of Commissioning, the Head of Finance Governance and Assurance, the Chief Operating Officer for ip&e limited and the Finance and Commercial Director for ip&e limited.

### **6.0 Developing the Commissioning Support Unit**

As Shropshire Council progresses as a Commissioning Organisation it is increasingly important to ensure that the commissioning decisions are based on robust information and intelligence, and that it is possible to ensure that commissioned services and contracts can be managed in a consistent way and that the impact of the commissioning decisions is understood. In response to this and following a review of how the Council uses information, work was undertaken to research what functions were required to support and challenge commissioners within a Commissioning Organisation.

The Commissioning Support Unit is well progressed with its development with the first phase completed during the summer 2015 and the second phase on track to be completed in the coming months. It includes the following functions

- Performance Management
- Research and Intelligence
- Feedback and Insights (from customers, communities, partners and providers)
- Data Acquisition and Management
- Policy and Strategy
- Strategic Contract Management
- Procurement
- Market Management
- External funding opportunities
- Commissioning Advice

It will also draw on Financial Analytics, Risk Management, and Insurance when these are required.

The members of the Unit will be working closely with Commissioners in the first instance ensuring that they have access to the right data, information and

intelligence to identify need and demand and commission the right outcomes. This will include actively challenging commissioners on their conclusions.

The unit will also provide advice and support to Commissioners on their overall approach to commissioning and ensure that the procurement aspects of the commissioning cycle are completed in line with legal requirements and the Council's contract rules.

The provision of strong assurance around contract management will be an essential role of the unit, working with the commissioners who will be the contract managers to identify issues and concerns with the progress of contract delivery, drawing on a wide range of information. This work will start before procurement has taken place, with the Unit helping to advise on the outcomes and related measures that need to be in the Contracts to enable a robust view to be taken. The Unit will also pick up the work previously done including the review of the Top 50 contracts reported to Audit Committee. This includes the documented framework and guidance for officers alongside the specific Contract Management module as part of the overall Commissioning Training programme.

## **7.0 Commissioning Approach Update**

The Commissioning Approach has been developed to enable services to be commissioned out of Shropshire Council in a consistent and robust way. The Commissioning Approach applies to services being commissioned out of the council into ip&e limited and to those being commissioned out to an alternative provider.

The Commissioning Approach was developed using a time limited project group and a recent review of the approach looked at the relationship with the 'Enabling Services' element of the strategic contract with ip&e limited with a view to maximising its effect.

The Enabling Services element allows either Shropshire Council or ip&e limited to put forward proposals for new service models which might include transfers to ip&e limited or transformation of existing services. In order to fully develop and explore the proposals ip&e limited for example may require additional, time-limited, resource from the council which 'Enabling Services' provides for. In order to ensure consistency a process for determining an 'Enabling Services' request has been developed along the same lines as the Commissioning Approach which includes development of a brief, a business case, a business plan and decision-making points.

Additionally, the group has reviewed the guidance around decommissioning of services. The guidance is designed to provide officers, members, stakeholders and providers with an understanding of the council's approach to decommissioning and a step by step approach to what can be expected. Alongside this, the group has developed a checklist to ensure that all the necessary tasks are completed to ensure a robust, and safe, process.

## **8.0 Procurement update**

An electronic tendering system has been put in place which provides a full audit trail for procurement processes as well as an electronic means of receiving tenders. This system will speed up the ordering of and payment for goods and services and help to reduce hand-offs and delays.

Through different activities such as the review of the top 50 Contracts and discussions and conversations as services are commissioned; there has been a clear raising of awareness of the need to put in place robust contract management arrangements. This is especially true where services have and are going to be delivered in different ways e.g. services being transitioned to ip&e limited, or being provided by an external provider, where the procurement process needs to make contract management arrangements clear through award criteria and contract requirements.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>
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<b>Cabinet Member (Portfolio Holder)</b>
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Cllr Mike Owen – Portfolio holder for Resources, Finance and Support
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<b>Local Member</b>
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All
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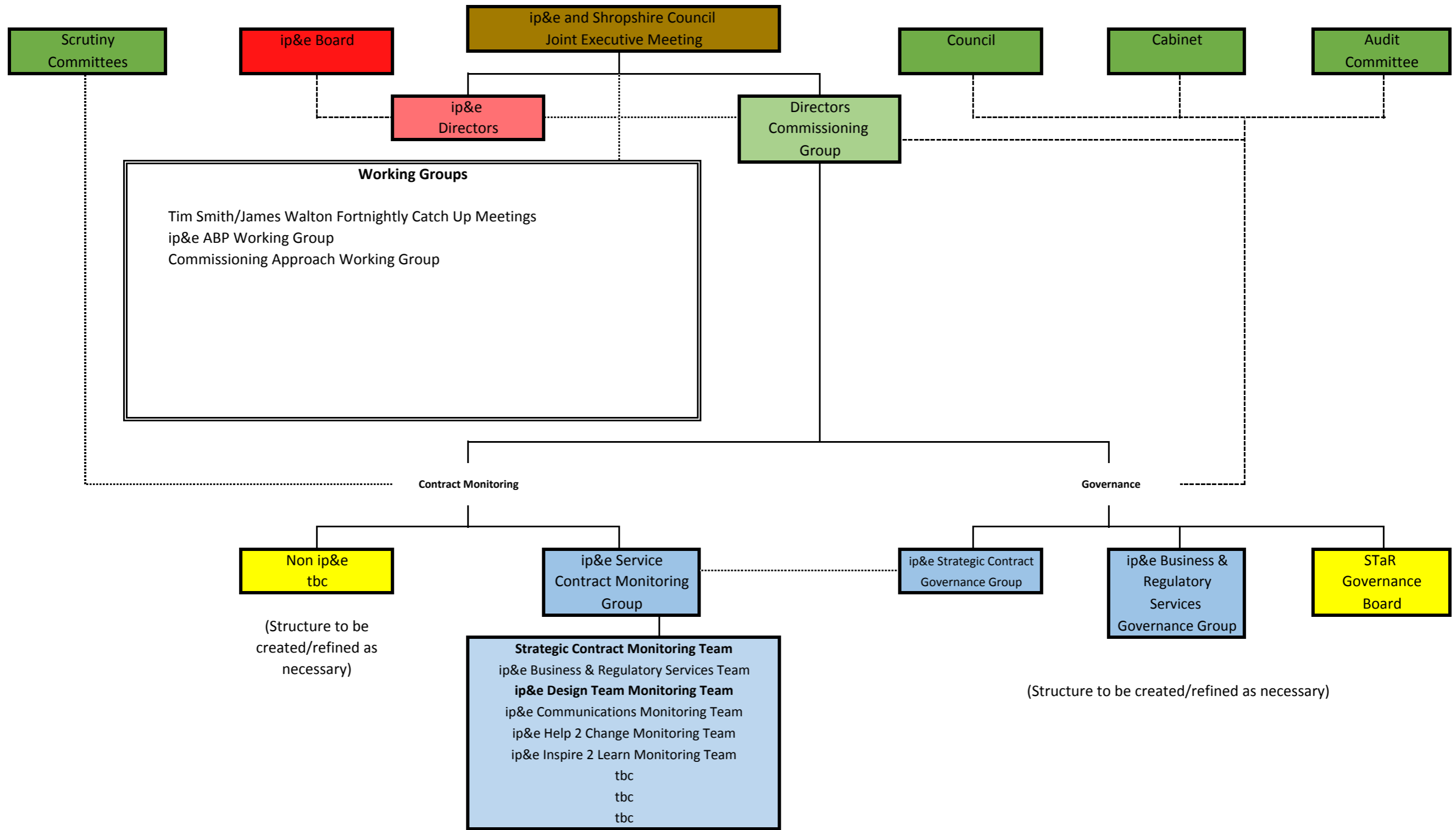
<b>Appendices</b>
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<b>Appendix 1 – Commissioning Governance Structures - overview</b>
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<b>Appendix 2 – Commissioning Governance Structures - Objectives</b>
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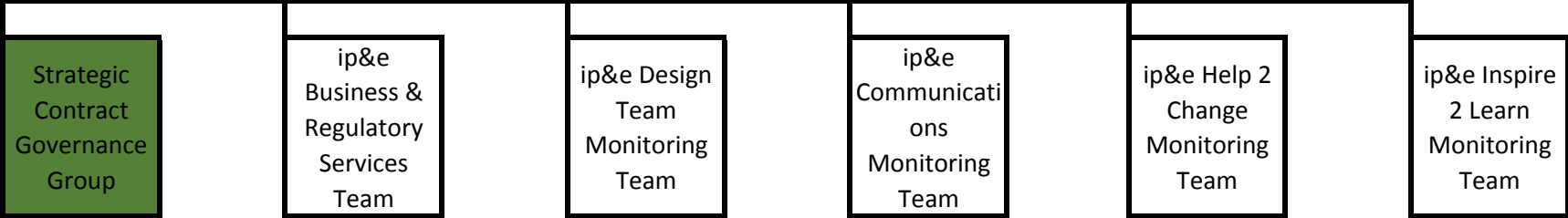
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Directors commissioning Group

Contract Monitoring Group



Page 8

**Members**  
**Council**  
 James Walton  
 George Candler  
**ip&e**  
 Nicki Beardmore  
 Tim Smith

**Members**  
**Council**  
 Frances Darling  
 Kieron Smith  
 A.N.Other  
 Claire Spencer  
**ip&e**  
 Ian Kilby (plus others)  
 Karen Collier (plus others)  
 Martin Key (plus others)

**Members**  
**Council**  
 Tom Dodds  
 Charlotte Green  
**ip&e**  
 Neil Felton  
 Arren Roberts

**Members**  
**Council**  
 Debbie Martin  
  
**ip&e**  
 Laura Pell

**Members**  
**Council**  
 Rod Thomson  
 Emma Sandbach  
 Gemma Griffiths  
**ip&e**  
 Kevin Lewis  
 James Pierce

**Members**  
**Council**  
 Karen Bradshaw  
 Chris Matthews  
 Phil Wilson  
**ip&e**  
 tbc

Help2Change Programme Leads (as req'd)

Reports to Contract Monitoring Group

**Frequency**  
 Quarterly

**Frequency**  
 Monthly operational performance meetings

**Frequency**  
 Monthly

**Frequency**  
 Monthly information sharing

**Frequency**  
 Monthly information sharing

**Frequency**  
 Quarterly Contract Monitoring

Quarterly performance and financial meetings

Quarterly Contract Monitoring

Quarterly Contract Monitoring

**Date Formed**  
 23.06.14

**Date Formed**

**Date Formed**

**Date Formed**  
 11.02.15

**Date Formed**  
 May-15

**Date Formed**  
 tbc

**Date ToR Agreed**  
 23.04.15

**Date ToR Agreed**

**Date ToR Agreed**

**Date ToR Agreed**  
 04.08.15

**Date ToR Agreed**  
 May-15

**Date ToR Agreed**  
 tbc

## **Objectives of the Commissioning Directors Group**

### *1.1 Monitor overall delivery of the strategic commissioning activity*

- direct and monitor the overall progress of all commissioning activity including key risks and issues to delivery
- to manage through variance, key commissioning activity across the council through individual Dashboard reporting from commissioned activity
- identify key dependencies between commissioning activities and programmes ensuring issues relating to them are resolved
- agree whether to approve any variations to commissioning activity
- agree when activity should be progressed to each stage following the already approved commissioning approach programme
- consider the relevant outcomes of any internal or external reviews and if appropriate, instigate a review or health check of any commissioning activity at any time and commission related improvement activity as required

### *1.2 To ensure appropriate contract management and good governance are in place in relation to the management of the Strategic Contract*

- *To monitor all elements relating to the Strategic Contract* is being implemented and can be reviewed and considered regularly to ensure it is adequate for the purposes for which it was intended.
- Any amendments required to the Strategic Contract are given early consideration at this group before amendments are proposed to the appropriate decision making bodies (see below).
- Good governance arrangements are in place to ensure that the Strategic Contract and the relationship between the Council and ip&e are managed appropriately.
- The Council and ip&e have a mechanism by which one can hold the other to account for any matters deemed as not meeting the requirements of the Strategic Contract or the smooth running of the relationship between the parties.
- Exception reports are received from Service Contract Monitoring Meetings to identify and agree actions in response to these.

### *2.2 Advise Audit Committee, Cabinet and Council as appropriate on commissioning activity including relevant Portfolio Holders*

- Provide regular (as deemed appropriate) Reports into Audit Committee/Cabinet/Council on monitoring of strategic commissioning across the Council
- advise Elected Members and Portfolio Holders as appropriate when commissioning activities should be halted
- horizon scanning to identify new opportunities to be considered for future commissioning activity

### *2.3 Approval of new commissioning activity*

- provide governance for and own Shropshire Council's commissioning approach and ensure that it is followed
- review the Commissioning Approach model at regular intervals to ensure it remains fit for purpose
- assess the feasibility/concept of new activities and links to Corporate Plans and Strategies
- ensure that a clear Project Management Plan is in place and agreed for the activity
- ensure that the equality and diversity implications of commissioning activities are considered

#### *2.4 Direct and manage resources and governance*

- direct the allocation of funds and resources for commissioning activity ensuring that appropriate commissioners are in place as commissioning functions are transitioned out of the Council

#### *2.5 Commissioning – Completion*

- review lessons learned and take appropriate actions as required

The Commissioning Directors Group have no status as a separate entity and will work within the schemes of delegation and the accountability arrangements of the Council and inform the governance process and decision making powers held by Shropshire Council's Cabinet, Shropshire Council (Full Council) and Audit Committee.

### **Ip&e Strategic Contract Governance Group**

The aim of the group is to ensure that:

- the strategic contract is being implemented and can be reviewed and considered regularly to ensure it is adequate for the purposes for which it is intended
- any amendments required to the strategic contract are given early considerations at this group before amendments are proposed to the appropriate decision making bodies
- good governance arrangements are in place to ensure that the strategic contract and the relationship between the Council and ip&e limited are managed appropriately.
- The Council and ip&e limited have a mechanism by which one can hold the other to account for any matters deemed as not meeting the requirements of the strategic contract or the smooth running of the relationship between the parties.
- Exception reports are received from service contract monitoring meetings to identify and agree actions in response to these.