



Committee and Date

Audit Committee

26/06/14

## **Update on Programme Management Controls & Risks**

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### **1. Summary**

This report provides an update on the existing and emerging assurance and management controls and risk management arrangements within the Council. The report gives assurance on the robustness of governance arrangements for all change related activity arising from the Council's 2014/17 Business Plan and Financial Strategy including service redesign, commissioning and service transitions to new delivery vehicles as well as IT enablement.

### **2. Recommendations**

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). This is a new requirement as part of measuring performance and is in the process of being implemented. 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.

At a project level, working closely with the Council's Risk Management Team, Programme Management services (now part of ip&e Ltd) co-ordinates service managers to ensure that they fulfil their responsibility to complete detailed risk analyses and that all change activity takes correct account of all risks and opportunities, as per the Council's agreed Opportunity Risk Management Strategy.

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

#### **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 will be approved by Cabinet on a quarterly basis. However, monthly reports will continue to be produced and will be 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, monthly informal Cabinet meetings have been diarised throughout the year specifically to review and monitor progress against the delivery of the Council's savings plans (over all three years of the current Medium Term Financial Plan) and the impact on Council's in-year revenue and capital position.

#### **5. Management Controls**

Management control arrangements at Shropshire Council are based on clear, consistent governance structures and reporting, ensuring 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 both the public and private sector.

##### **5.1 Programme Management (including 'Tracking Hub') :**

With effect from April 2014, the Council's Programme Management Office (PMO) has transferred to ip&e Ltd. A three year contract is now in place that sets challenging performance measures whilst reducing cost of this service to the

taxpayer. Cost of these services in Year 3 of the contract (2016/17) will be 53% of the costs in 2014/15.

As part of this contract, the Council has commissioned Programme Management services including provision of change management, governance processes and project, program 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 outcomes whilst ensuring that their project activity is consistent with the overall direction and ambitions of the Council.

Support includes the development and roll out of standard documentation as well as access to project resources and enabling technology, and facilitating activities that allow the Council's staff to learn from their experiences and continuously develop success in project development and delivery.

The programme management services included in this contract include the following responsibilities:-

- Operating and maintaining the Programme Tracking Hub (as described in the February 2014 Audit Committee report: Update on Programme Management Controls & Risks).
- Project Management of the Council's service transition/commissioning approach which manages the transfer of service areas from the Council into new delivery vehicles (see details of commission strategy below).
- Programme Management of service redesign activity related to the 2014/17 Business Plan and Financial Strategy.

The contract is monitored on a monthly basis and the service received from ip&e is performance measured in relation to quality, efficiency and consistency of project and programme approach (to facilitate better targeting of resources and minimised waste) as well as timeliness and accuracy of management information that informs decision making.

## **5.2 Commissioning approach – Commissioning for the future**

Shropshire Council's Commissioning Strategy 'Commissioning for the Future' has now been recommended by Cabinet for adoption by Shropshire Council. The strategy sets out how the council will approach the transformational changes required to move towards a role as a commissioning body as opposed to a direct deliverer of services.

As Shropshire Council moves rapidly into the commissioning world, the need for strong, consistent and robust approaches to contract management that, in turn, mitigate risks to the Council and ensure we are receiving value for money for the resources used, will be key.

The strategy sets out the principles that will be applied in the Council's approach to commissioning and also provides guidance to those people involved in the

commissioning of services on how best to achieve desired outcomes. The strategy will be realised through a three year action plan. Key elements of this plan are:-

- Developing the commissioning approach
- Developing skills, awareness and knowledge for officers
- Developing the local commissioning approach
- Review of the Council's top 50 contracts
- Review of ip&e contracts

Work currently underway on the plan includes:-

- *5.2.1 - Developing the commissioning approach*

As described above, the Programme Management service (now commissioned from ip&e Ltd) plays a key role in the Council's service transition approach including co-ordination/support for the development of Business Cases, Business Plans, due diligence work and transition of services.

Capturing the lessons learned from the recent transition of services to ip&e and, with an eye on the Council's emerging commissioning approach, processes are currently being reviewed and updated. This review includes consideration of appropriate approach, governance arrangements and supporting documentation.

Whilst work will initially focus on how to further enhance the approach for transfers to ip&e, the intention is to develop a solution that works as a council wide approach for all commissioning activity. Once approved, this revised approach will form part of a 'toolkit' and support mechanism for staff engaged in the commissioning of services.

- *5.2.2 - Developing Skills, Awareness & Knowledge for Officers*

In order that the Commissioning Strategy is understood and applied consistently across Shropshire Council, it is recognised that there is a need to ensure that officers have the right skills, awareness and knowledge. As such, the Council is currently building an understanding of existing skills which exist in the organisation and the skills expected to be needed to deliver on the strategy and to apply the commissioning approach adopted in Shropshire.

Based on this understanding a programme for staff involved in the commissioning process will be developed, based broadly around the four component parts of the commissioning cycle – Analyse, Plan, Do, Review. Individual modules will be created around these stages and officers will determine, in conjunction with their managers, which modules they need to complete.

- *5.2.3 - Contract Management : Review of the Council's top 50 contracts*

At present Shropshire Council already commissions a range of services that have contracts associated with them in areas such as Waste Management, Highways,

Adult Social Care, Children's Services, Public Health and with the Voluntary and Community Sector. The total value of contracts in 2013/14 was £138.7m.

In order to create consistency of approach, understand skill sets amongst those staff that manage these contracts, and to establish best practice, a small team of officers are now undertaking a review of our contract management across the council by looking at the Top 50 contracts (in value) and to understand how these contracts are managed at present, what is working well and is deemed industry best practice and also identifying those areas that could learn from others.

Once this first stage of the review is complete, an agreed second stage of the review will be developed which will be about creating a single, consistent approach to contract management that ensures key principles are followed but also builds in sufficient flexibility, depending on the size and nature of the contract. It is hoped the new approach will be established by October 2014.

### **5.3 ICT Project Governance:**

As part of the development of a new IT strategy there will be the implementation of an IT Governance process and framework which, in turn, will agree a set of criteria for IT assurance. The governance framework (to be developed via the Council's Information Governance Group) will include:-

- Control of change activity to define and approve project activity and assign resources
- Project approval procedures to ensure that all proposed projects support the Council's IT and business strategies
- Communications and escalation procedures to allow management to respond to issues as they arise
- Procedures to keep management informed of progress

The principles of the framework will be to ensure that all IT systems are managed appropriately and standards compliant, including for PSN purposes.

With this in mind, work is also underway on the new IT Systems Register which will ensure that there is a complete record of all IT systems and software operating on the Council's network. Initial data capture has been completed and work is now focussed on cross referencing this with other registers, including details of information asset owners, service recovery and business continuity plans.

Once complete, the IT Systems Register will be the single source of the Council's information about key systems and software, system managers from within the service areas and data base and system administrators. The register will primarily used by and managed by a Change Control Group (to be established via the Information Governance Group).

The Change Control Group will be chaired by the Council's ICT Implementation Manager and will include those system owners identified in the Systems Register, as well as any relevant senior system administrators. The purpose of the group will be to ensure that all systems are being managed appropriately and also that any

changes to a system (or key personnel) are recorded and the impact on IT infrastructure or other dependent systems are accounted for.

Contracts for some of the Councils IT systems will feature in the 'Top 50 Contracts' work described in the Commissioning section above. It is likely that the Change Control Group will play a key role in the success of any contract renegotiations with suppliers that stem from this top 50 review.

As part of the governance framework, IT will also provide appropriate programme management for the implementation of all IT projects and project management support for the implementation of all significant IT systems. Project management will focus on the timely execution of agreed plans, mitigation of risks as they are identified, resolution or escalation of issues, maintenance of quality, monitoring of costs and use of milestone events at key project stages (e.g. go/no-go decisions).

Project management controls will need to be efficient enough to ensure adequate oversight of the project (financial, meeting deadlines, etc.), appropriate involvement by the stakeholders, iterative evaluation of risks, monitoring and escalation of issues (where required), and secure storage of system documentation. Cost of project management will be reflected in the overall project implementation costs for each project.

It will be essential that IT services (and hence the IT Strategy) both facilitate and are subject to the Commissioning Strategy described above.

<b>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</b>  Audit Committee – 13/02/14 : Update on Programme Management Controls & Risks  Cabinet 04/06/04 - Commissioning Strategy 'Commissioning for the Future' report
<b>Cabinet Member (Portfolio Holder)</b>  Cllr Mike Owen
<b>Local Member</b>  N/A
<b>Appendices</b>  N/A