Update on Programme Management Controls & Risks including Contract Health Check

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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.

The report also provides a progress update on the work being undertaken to review and create a new approach to contract management within the Authority.

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).   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')

Since April 2014 Shropshire Council has commissioned ip&e to provide it's Programme Management and Service Redesign functions. Services include 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.

The contract is monitored on a quarterly basis with performance measured in relation to quality, capacity, 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. The contract also

monitors levels of service redesign and project management skills transfer to Council staff. Measures are both quantitative and qualitative with the latter assessed through feedback questionnaires from those involved in redesign activity.

5.2 Contracts Health check – Top 50 External contracts

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.

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 this 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.

Phase 1 – Review of existing approaches
Officers are currently in the process of undertaking individual internal reviews to ascertain where we are now in terms of managing our major contracts. A schedule has been set for meeting the individual contract managers and external Contractors together with a set questions to allow us to do a consistent overall assessment (Appendix A & B).

We have also sought information on areas of best practice for contract management, from a range of sources including IEWM and other West Midlands Authorities and Procurement Groups. We also have received a presentation to the Council's management team (free of charge) from a specialist Contract Management consultancy Newcomen who provided details of the important elements of Contract Management and its current relevance.

Through the above work the following have been identified as the key elements to successful contract management:-

- Negotiation
- Market/Contractor Engagement
- Contract Initiation
- Contract Administration
- Performance Monitoring
- Supplier Viewpoint
- Relationship Management
- Contract development and improvement

It is intended these elements would form the basis of the Contract Management module within the Commissioning Training Programme.

In addition best practise would dictate that we need a clear documented framework and guidance to be available to all officers along with a reporting and review mechanism.

Phase 2 – Creating the new Approach to Contract Management

It is intended that phase 2 of this work will draw upon the results to ensure a single, consistent approach to contract management is established that ensures key principles are followed but also builds in sufficient flexibility, depending on the size and nature of the contract.

This will also include a documented framework and guidance for officers alongside a specific Contract Management module as part of the overall Commissioning Training programme.

It is hoped the new approach will be established by December 2014.

5.3 Commissioning Training Programme for Staff

The Commissioning Strategy 'Commissioning for the Future' has been adopted 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. It sets out the principles that will be applied in our approach to commissioning and also provides guidance to those people involved in the commissioning of services on how best to achieve desired outcomes.

In order that the strategy is understood and applied consistently across Shropshire Council we recognise that we need to ensure that officers have the right knowledge, skills, understanding and awareness. As such the council needs to understand the existing skills which exist in the organisation and the skills we expect will be needed to deliver on the strategy and to apply the commissioning approach adopted in Shropshire.

Based on this understanding it is planned to develop a programme for staff involved in the commissioning process. We have identified organisational level needs which have informed the creation of the training programme. As part of our role of the manager offer, we have carried out consultation with managers at different levels where contract management and commissioning training needs were identified and inform the programme.

The training programme will include an introductory module for all staff involved in commissioning, this will provide an overview to the Commissioning Strategy, principles and model adopted for Shropshire. Additional individual modules will be created based broadly around the four component parts of the commissioning cycle – Analyse, Plan, Do, Review. Officers will determine, in conjunction with their managers, which modules they need to complete.

Officers with relevant professional expertise are involved in creating the content of individual modules and appropriate delivery methods.

Module content will be underpinned by our values, systems thinking and service design. Effective communications, progress updates and stakeholder engagement needs to be implicit throughout the programme. To support the diverse needs of staff, delivery of the programme will involve various learning methods such as coaching, mentoring, workshops, on line tools and materials.

The training programme needs to be reviewed and evaluated to assess the impact on organisational, team and individual performance; ensuring it continues to be fit for purpose in delivering the Commissioning Strategy.

5.4 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.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
Audit Committee – 13/02/14 : Update on Programme Management Controls & Risks
Audit Committee – 26/06.14: Update on Programme Management Controls & Risks
Cabinet 04/06/04 - Commissioning Strategy 'Commissioning for the Future' report
Cabinet Member (Portfolio Holder)
Cllr Mike Owen – Portfolio holder for Resources, Finance and Support
Local Member
N/A
Appendices
Appendix A – Contract management assessment form – Commissioner
Appendix B – Contract management assessment form - Provider