



<u>Committee and Date</u> Audit Committee 15 September 2016	<u>Item</u> 6 <u>Public</u>
---	--

Management Report on Programme Controls and Risks

Responsible Officer George Candler – Director of Place & Enterprise
e-mail: 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, and also provides an update on the 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.

With the business plan coming to an end in 2017 the Council is developing the Corporate Plan 2016/17 – 2018/19. The Corporate Plan and Financial Strategy are linked; the Corporate Plan will set out how the Financial Strategy will be delivered and the council's high-level outcomes and medium term outcomes and objectives (next 12 to 18 months) achieved at a strategic level. The medium term outcomes and objectives will be reviewed every 12 months alongside the Financial Strategy starting in the spring 2018. The medium term outcomes and objectives will be underpinned by more complete Strategic Action Plans which will also be reviewed every 12 months.

The Corporate Plan provides the direction that the Council is taking, informing the shape and design of services directly delivered by the Council or commissioned from others. This direction therefore runs through the Council and shapes the work being delivered at directorate, service area and team levels, as well as providing the basis for staff work planning and appraisals.

The Council is also developing how it uses information and evidence of what works and what is needed to identify targeted priorities and ensure that plans, strategies and actions are based on intelligence and will achieve the expected impact.

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

The Corporate Plan is an essential component of the Council's Strategic Planning, Governance Assurance Framework and the Opportunity Risk Management Strategy. The plans need to link up, and together support and provide direction for the Council to achieve its outcomes and objectives, including delivering a balanced budget. Failure to do so and fully implement the changes required will put the Corporate Plan at risk.

Regular performance reporting against delivery of the Council's outcomes and objectives established in the Corporate Plan, including through Strategic Risk Reporting will in turn provide assurance to Members and Officers that the Council is achieving against its plan and that strategic risks are being monitored and managed, or on an exception basis activity for improvement is identified. This in turn will provide reflection on and assurance as to the strength of the governance environment.

All Committee reports to Members will continue to report on opportunities and the associated risks and these in turn should be linked to the delivery of the Council's outcomes as set out in the Corporate Plan.

4. Financial Implications

The delivery of actions within the Financial Strategy 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.

Financial monitoring reports are 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

The Council's Director's team lead on programme management and any service re-design. This involves close liaison with the council's members, 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.

Since the last update to the audit committee in September 2015 the governance and assurance around commissioning activity has further developed and improved.

5.2 Commissioning Governance and the Commissioning Directors Group

The overall Commissioning governance structure for commissioning activity across the council is attached at Appendix 1 The Commissioning Directors Group takes overall responsibility for all strategic commissioning activity and as appropriate report into full council, cabinet and audit committee. The objectives of the group have been previously circulated to this committee.

6.0 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 has since been established and 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 Development and Advice
- Equalities

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

The members of the Unit work 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 also provides advice and support to Commissioners on their overall approach to commissioning and ensures 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 is 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 starts 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.

7.0 Intelligence Led Organisation

Effective commissioning, as with all service design and planning, requires accurate information and intelligence to identify need and with evidence of what works, set out the outcomes that need to be delivered.

In order to ensure consistency a framework has been developed bringing together existing council and best practice to help guide commissioners through the process. The emphasis is on making the intelligence available, ensuring that the intelligence is used in the way that will achieve the greatest benefit, and that intelligence is used as the starting point.

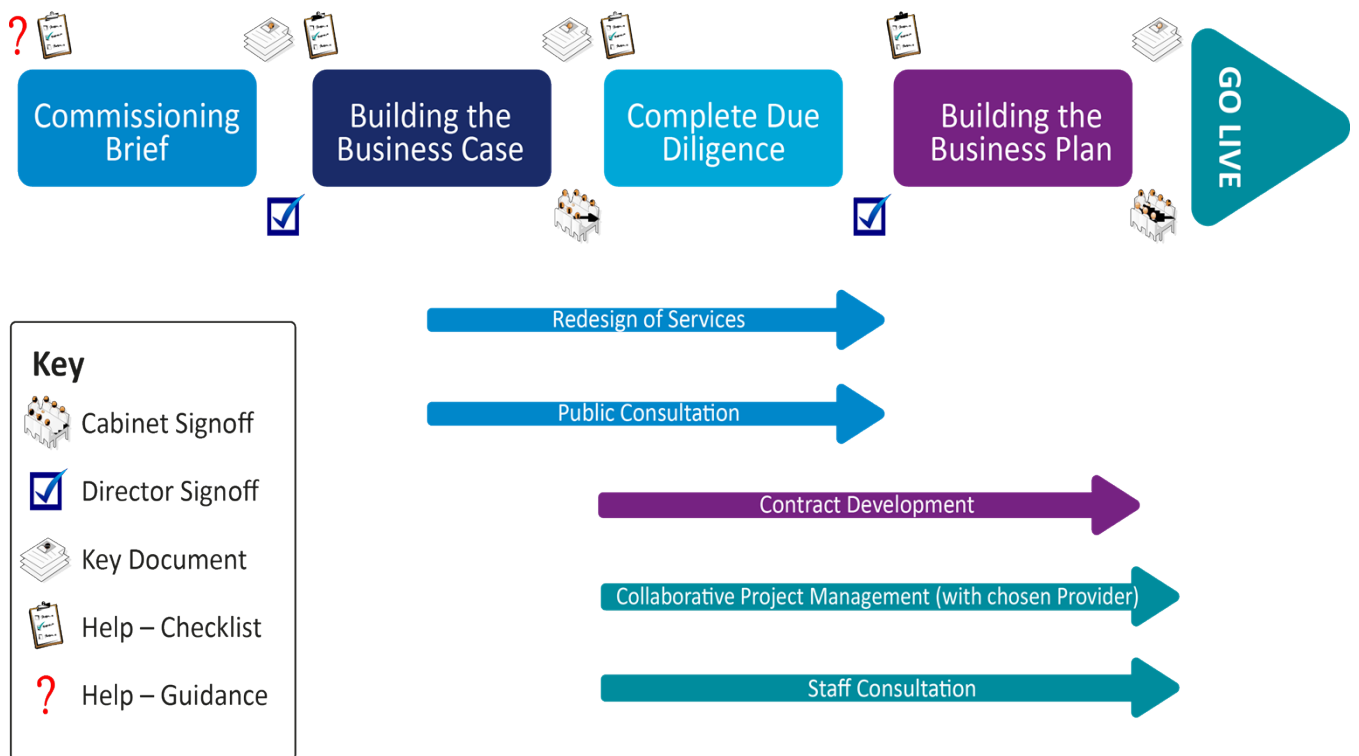
Commissioners work with the Commissioning Support Unit and the Public Health Specialist Intelligence to define their objectives. The appropriate information is then identified, gathered and brought together to identify trends, patterns and knowledge. This is considered against available evidence such as examples of approaches and interventions that work, national and local policy, and local environmental factors.

This provides the intelligence that can be used by commissioners to identify targeted priorities, outcomes and related measures for the commissioning activity and subsequent contract. In turn this clarity enables progress and impact to be monitored, and managed when necessary with the provider.

8.0 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 to an alternative provider. Due to the demise of ip&e Ltd and the lessons learnt and also the new Corporate Plan and Strategies, a new approach and guidance is currently being developed, the current draft of which is attached as Appendix 2 – 'Transitioning Services out of the Council our Approach'. This provides a step by step guide to the service transition process as summarised in the diagram below:

Shropshire Council – Service Transition Process



This approach allows services within the Council to put forward proposals for new service models which might include externalisation or transformation of existing services. In order to ensure consistency a process for determining such a 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.

The Commissioning Development team are also now finalising an extensive series of guidance and supporting documentation for Commissioners to use duly aligned to the Council's new strategies, Commissioning Strategy and Corporate Plan. A summary of the guidance is attached in Appendix 3 and includes guidance for example on Strategies, Engagement and Consultation, Market Position Statements, Social Value, Contract Monitoring and Decommissioning.

9.0 Procurement and Contract Management update

9.1 New Contract Reference System

A new contract reference system has recently been introduced after approval by Directors. This followed analysis work undertaken by the Commissioning Development and Procurement team of annual expenditure with contractors which attempted to match expenditure with contract arrangements that had been captured on the existing Contract Register. The analysis looked at Contractors with highest expenditure and representing 80% of the annual spend. This work undertaken had been previously reported on to this committee in 2015.

This analysis work identified the following:-

- The previous process for the allocation of contract references only covered contract arrangements over £50k in value (total value over whole duration of contract).
- The retention of contract documents other than those held by Legal Services is devolved throughout the Council. There had been examples where copies of contracts are very hard to locate and this has been identified by the Information Governance Group along with need for better processes to be established.
- Records of contracts were not being consistently maintained throughout the Council.
- There are a variety of data transparency demands that the Council has to meet which amongst other requirements lead to quarterly requests for information around contracts/procurement activity between £5k and £50k in value.
- FOI requests around contract information continue to grow putting more pressure on having the right information to hand.
- Commissioners do not always have an easy overview of what contracts are in existence or the critical details about them to make informed decisions for the future.
- Contract Management throughout the Council is inconsistent in quality and good contract management requires easily accessible contract information as a starting point.

The new Contract Reference System looks to counter the above difficulties and also utilises the contract register system on Delta (our e-tendering system) as a repository for procurement and contract documents. The new system introduced in the Spring 2016 is as follows:

- It extends the current requirements for contract references to cover all procurement activity and contracting with a value exceeding £5k.
- Officers must now apply for a contract reference before any procurement process (including the obtaining of quotations) and also before entering into any contract with a value above £5k.
- A Contract Reference is then allocated to be used on all related documents and the contract itself.
- If no procurement is undertaken (for a legitimate reason) then the officer must provide an electronic/scanned copy of the contract for placing in the central repository. The original is still held either with legal or with the service but the location of the original with details/reference/individual must be provided.
- If a procurement is undertaken then at the end of the process the details of the outcome along with a copy of the contract etc. must be provided at that stage.
- This a mandatory system for all Officers.
- New forms and guidance have been created and a communication plan put in place.

9.2 Extended use of E-tendering System

An electronic tendering system ('Delta') has been put in place which provides a full audit trail for procurement processes as well as an electronic means of managing tender processes and receiving tenders.

The system is used extensively by the procurement team and has also been rolled out for use by Premises Services. Additionally work is underway with other sections of the Council who have a high volume of tendering work to further extend its use including Passenger Transport Services and also Highways.

The Delta system is now also used as Contract Register and repository for procurement and contract documents and such documents under the new contract reference system. Many such documents have now been added to register and this will grow with time.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Cabinet Member (Portfolio Holder)

Michael Wood, Portfolio Holder Corporate Support

Local Member

All

Appendices

Appendix 1 – Commissioning Governance Structures - overview

Appendix 2 - Transitioning Services out of the Council our approach

Appendix 3 – Commissioning Strategy Supporting Documents Summary

