



City of York Council

Review of the Housing for Older People Project

Presentation to Audit and Governance Committee

29 July 2015



Introduction

- CYC embarked on a programme of work for the re-provision of accommodation for older people in July 2011
- This involved plans for new residential care facilities and a Care Village – a relatively new and innovative concept to provide greater choice to the older people of York
- A comprehensive public consultation supported the proposals
- The planned timescale for delivery of the programme slipped considerably due to a series of complex challenges relating to:
 - site suitability;
 - design and specification; and
 - affordability.
- This led to the termination in March 2015 of a protracted competitive dialogue process
- An alternative solution is now being implemented to meet the City's needs
- In February 2015, the Chief Executive commissioned an independent review of programme management and governance to identify lessons to be learned and recommendations for future major change programmes
- The review was completed in June 2015.

Scope of Work

Programme Initiation	<ul style="list-style-type: none">▪ Strategic context and fit▪ Risk assessment▪ Initial scrutiny
Programme Governance	<ul style="list-style-type: none">▪ Consultation and engagement▪ Outline business case▪ Programme governance and communication▪ Affordability risk▪ Wider linkages
Programme Management and Resourcing	<ul style="list-style-type: none">▪ Programme management arrangements▪ Risk management▪ Resourcing and capacity▪ Project costs
Procurement Process	<ul style="list-style-type: none">▪ Programme management arrangements▪ Risk management▪ Resourcing and capacity
Approach to alternative solution	<ul style="list-style-type: none">▪ Learning for revised modernisation programme▪ Programme management and governance



Key Findings – Areas of Good Practice

- There was a comprehensive and well managed public consultation with positive feedback from external stakeholders
- A wider reference group was set up for ongoing engagement with external stakeholders
- Successful transition of residents and staff following closure of 2 homes in March 2012, independently assessed as meeting best practice
- Some elements of good project management at work-stream level, for example disciplined reporting to Programme Board, debate of risks and actions required
- A well run procurement process despite significant affordability challenges and reducing market appetite
- Considerable commitment and diligence from project team to explore ways to address challenges and find an affordable solution

Key Findings – Areas for Improvement and Learning

Issue	Recommendations	CYC Response
<p>1. Business Case</p> <p>The business case for the investment evolved over a period of time in a fragmented way.</p> <p>It was difficult to evidence that all options were considered and risks mitigated.</p>	<ul style="list-style-type: none"> ▪ A disciplined business case process should be adhered to ensure all options generated, appraised and risks evaluated at an early stage . ▪ The Treasury Green Book approach is recommended as best practice. 	<ul style="list-style-type: none"> ▪ CYC have invested in a programme management system, Verto. ▪ This has the functionality to support this disciplined approach.
<p>2. Programme Governance and Communication</p> <p>Governance arrangements over risk were inconsistent.</p> <p>Significant risks were not systematically escalated to Corporate Management Team and Cabinet.</p> <p>Governance arrangements failed due to the perceived risk to the Council of disclosing the commercial sensitivities of the programme in a public domain.</p> <p>There was limited consideration of the wider strategic developments in Adult Social Care, Housing and the Health sector.</p>	<ul style="list-style-type: none"> ▪ Risk registers should be maintained by work-stream to feed a project risk log. ▪ A risk assurance framework approach is recommended for escalation to CMT and Cabinet. ▪ CYC officers and Members to examine options for creating an appropriate governance framework to allow debate of significant commercial risks. ▪ Developments in other sectors should be fully considered as part of options appraisal. 	<ul style="list-style-type: none"> ▪ Verto provides the disciplined approach required for effective risk management and escalation. ▪ CYC are considering a Risk Controller role. ▪ Major programmes are now managed under CYC’s Transformation Board.

Key Findings – Areas for Improvement and Learning

Issue	Recommendations	CYC Response
<p>3. Financial Evaluation</p> <p>Issues raised relating to affordability at earlier stages of the project should have alerted CYC to the need for more rigorous financial scrutiny.</p>	<ul style="list-style-type: none"> There should be a greater focus on challenging the economic, operational and financial assumptions as part of the early phase of business case development. 	<ul style="list-style-type: none"> A financial model is under development for the new programme. CYC recognise the need to invest in specialist skills to ensure this is robust and flexible.
<p>4. Programme Management</p> <p>There were some weaknesses in arrangements, for example project planning, roles and resourcing and risk escalation.</p>	<ul style="list-style-type: none"> Major projects should be supported by comprehensive, best practice programme management arrangements. 	<ul style="list-style-type: none"> CYC have taken steps to address through the implementation of Verto.
<p>5. Procurement Process</p> <p>CYC officers involved had limited experience in competitive dialogue and associated commercial issues.</p> <p>A contingency plan was not considered in advance of the formal procurement phase on which the outcome of the project was critically dependent.</p>	<ul style="list-style-type: none"> Appropriately skilled support on complex procurements is necessary to allow fuller consideration of commercial implications, for example the impact of market failure and contingency planning. 	<ul style="list-style-type: none"> CYC has recognised the need for contingency planning and enhanced procurement expertise. CYC is examining ways to address commercial skills gaps.