Review of Project Management Arrangements for the Transformation Programme

City of York Council - 2014/15 Audit

November 2015

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Contents

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1. Executive Summary

We reviewed the project management and governance arrangements for the Re-wiring Public Services Transformation programme over the summer of 2015. Our review considered overall programme management and governance arrangements, supplemented by a detailed review of a sample of projects within the programme.

The Re-wiring Public Services Programme was introduced in October 2013 as a major programme of work to redesign services and develop new operating models with full engagement with York residents to ensure client focus whilst managing the major funding challenges faced by the Council.

Our key findings and conclusions are summarised below.

A strategic case setting out the key dimensions of the programme was presented to the Cabinet in February 2014. Cabinet considered further updates in July 2014, October 2014, December 2014 and February 2015. The Transformation Programme assisted with the delivery of some changes and improvements, helping make changes to children's centres, establish an alternative plan for care home replacement and also delivering some savings through service improvements in a time of acute austerity.

Skills and capacity issues were cited as key challenges by officers during our review and this was recognised in Corporate Management Team discussions and Cabinet papers as a risk.

Project teams included resources from teams with operational roles. This placed pressure on service managers and significant reliance on key individuals to support concurrent programmes of work, for example, in Finance and HR. The corporate transformation team supporting the process was relatively small and their capacity was therefore stretched in supporting the whole programme.

From our review, we noted that:

- Programme briefs provided a high level summary of each programme. Generally, there was limited articulation of risks, financial and workforce impacts of programmes. However, we note that for Place Based Services a considerably greater level of detail was provided on financial implications;

- Corporate Management Team noted in September 2014 that business cases for all programmes were to be submitted to the Cabinet in October 2015; business cases for projects under Children's Services have been taken to Members, the Executive did receive proposals on the future plans for older people's accommodation in July 2015, and proposals for Place based services were progressing; and

- there has been a significant investment of officer time in the transformation programme; it is important that this is evaluated against the outcomes, improvements and savings that are delivered.

At the time of our review, feedback from officers indicated that business cases were evolving and therefore decision-making gateways were not currently well defined. The change in political leadership in the May elections and recent changes in senior officers meant that delivery timetables slipped, as the teams sought to understand any new views and revised priorities that emerged from these changes.

We recognised the challenges programme managers expressed in terms of uncertain direction and prioritisation given the significant changes at the Council.

We understand that the Transformation Programme has now ended as a separate programme, although a number of projects are continuing within Directorates. Although the programme has ended, many of the issues identified from our work are still relevant to how well the Council takes forward these projects, both in terms of the approach by Directorates, and corporate oversight and coordination.

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Funding constraints may not allow any additional resourcing to support projects. However, it would be sensible to take stock and re-assess priorities and timescales. Within this context, we would recommend consideration of a re-phasing of projects and a thorough review of resources required to support them, in terms of skills and capacity. In our view, the Council should take the opportunity to re-assess, redefine and reprioritise aspects of the projects it is currently implementing which otherwise risk failure due to the breadth of scope of the programme and associated governance and project management requirements. This would allow expectations to be managed for all stakeholders in terms of deliverability of core, critical programmes of work to a feasible timescale.

We do note that a new Guide to Project Management has been developed and we can see that this incorporates many elements of good practice. The gateway processes identified within the new project management process, if applied effectively, provide a good opportunity to ensure that projects are effectively managed from the start.

2. Scope of Work

Introduction

The Rewiring Public Services Programme was introduced in October 2013 as a major programme of work to redesign services and develop new operating models with full engagement with York residents to ensure client focus whilst managing the major funding challenges faced by the Council. There were three broad principles underpinning the transformation programme:

- Helping residents to be independent and supporting those that need help to have a better quality of life;

- Commissioning outcomes efficiently and focusing resources on the real needs of the community; and

- Understanding communities and businesses and working with partners to enable and commission the outcomes.

The programme consisted of 5 core overarching programmes of work:

- Business efficiency and consolidation

- Place Based Services and Public Realm

- Adult Social Care

- Communication and Resident Engagement

- Children's Services, Education and Skills

An Organisational Development project supported the transformation programme.

Objectives and Scope of Work

We have reviewed the programme and project management arrangements for the Rewiring Public Services transformation programme, to assess how effectively risks are being managed to ensure that improved outcomes are delivered.

Our key findings and recommendations supported the Value for Money conclusion as part of our external audit for 2014/15.

Our audit work consisted of the following:

- review of existing corporate guidance/policy documentation relating to programme governance;

- review of the functionality offered by the Council's Verto programme management system and use of this functionality for the management of the programme;

- for a sample of selected projects, assessment of the governance and management arrangements focusing on risk management; and

- interviews with the Transformation Programme lead and project managers as appropriate to the sample selected

Our key findings and recommendations follow in Section 3. Please note that in Section 3 our recommendations were based upon our assessment when the Transformation Programme was still in place and we were expecting it to continue. As highlighted in the Executive Summary, we understand that the Transformation Programme has now ended as a separate programme, although a number of projects are continuing within Directorates. Although the programme has ended, many of the issues identified from our work are still relevant to how well the Council takes forward these projects, both in terms of the approach by Directorates, and corporate oversight and coordination.

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3. Key Findings and Recommendations

Key Findings	Recommendations
Strategic Oversight A strategic case setting out the key dimensions of the programme was presented to the Executive in February 2014. Routine updates were requested for the Executive and Corporate and Scrutiny Management Committee. Reporting to the Executive is considered at Corporate Management Team (CMT) Transformation Board, however this is not a standard agenda item which means there is a risk that reporting does not occur on a systematic, planned basis. In terms of the content of reporting on the programme to date: • Programme briefs have provided a high level summary of each programme. Generally, there is limited articulation of risks, financial and workforce impacts of programmes. However we note that for Place Based Services a considerably greater level of detail is provided on financial implications. • Corporate Management Team noted in September 2014 that business cases for all programmes were to be submitted to the Cabinet in October 2015; business cases for projects under Children's Services have been taken to Members, the Executive did receive proposals on the future plans for older people's accommodation in July 2015, and proposals for Place based services are progressing; and • Notwithstanding capacity constraints as highlighted below, there has been a significant investment of officer time in the transformation programme; it is important that this is evaluated against the outcomes, improvements and savings that are delivered. Feedback from officers has indicated that business cases are evolving and therefore decision-making gateways are not currently well defined. The change in political leadership in the May elections and recent changes in senior officers have meant that delivery timetables have slipped, as the teams seek to understand any new views and revised priorities that emerge from these changes. We recognise the challenges programme managers expressed in terms of uncertain direction and prioritisation given the significant changes at the Council. We understand that the strategic direction for this programme is being reviewed, but as at the current time this has not been publicly reported.	• It is important to clarify the future direction of the transformation programme, and for the Executive and CMT to agree a formal reporting cycle on how the programme will be managed and delivered in future. • The Council should take the opportunity to re-assess, redefine and reprioritise aspects of the programme which risks failure due to the breadth of scope of the programme and associated governance and project management requirements. • This would allow expectations to be managed for all stakeholders in terms of deliverability of core, critical programmes of work to a feasible timescale.

Key Findings	Recommendations

Skills and Capacity
 	
The breadth of the transformation programme is significant and CYC's level of ambition in terms of objectives and outcomes is high. However, the Council is operating with increasingly reducing resources.
 	
Skills and capacity issues were cited as key challenges by several officers and this is recognised in CMT discussion and Cabinet papers as a risk.
 	
Project teams include resources from teams with operational roles. This places pressure on service managers and significant reliance on key individuals to support concurrent programmes of work, for example, in Finance and HR. The corporate transformation team supporting the process is relatively small and their capacity is therefore stretched in supporting the whole programme.
 	
It should also be noted that some project support officers are under temporary contracts which will be ending.
	• Funding constraints may not allow any additional resourcing to support the programme. Limited capacity needs to be recognised in terms of the breadth of the programme and deliverability.
	
	• The change in administration provides an opportunity to re-assess priorities and timescales. Within this context, we would recommend consideration of a re-phasing of the programme and a thorough review of resources required to support, in terms of skills and capacity.
	
	• The resource plan should be fully documented and its implementation assessed at CMT Transformation Board as a standard agenda item.
	
	• Further use of skilled temporary resource should be considered where the cost/benefits dictate, for example to deliver specific projects to deliver savings targets which are critical to delivering the Council's financial plan.
	
	• The resource plan should consider how to get the balance right between core resourcing required in:
	
	   o the Transformation team to set direction and support priorities;
	
	   o operational delivery teams; and
	
	   o support functions to enable project delivery.

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Key Findings	Recommendations
Governance Arrangements The governance structure over the Transformation Programme is generally established in terms of the oversight of programme steering groups/boards into the Corporate Management Team (CMT) Transformation Board and on to the Executive. The programme is also supported from a governance perspective by Priority Boards and the Adult Social Care Transformation Board for associated projects. It is not clear how links are made to the Health and Wellbeing Board where relevant, however recently additional groups have been set up for joint working with health providing oversight of ASC projects including the Provider Alliance Board, Integrated Commissioning Board and Systems Leaders Group. Structures and Terms of Reference for some of these groups are out of date due to change in the administration at CYC and changes in senior personnel. Below this level, some Project Teams are operational but arrangements are inconsistent across the programme and require formalisation. For Place Based Services, project management responsibility is with the operational team, however the programme has not yet reached business case phase and requires continued support from the Transformation team. Programme governance is referred to in Project Briefs but has not been fully documented in terms of business case development, decision-making gateways and progress reporting. It is noted that many of the programme elements are at a research phase with business cases yet to be formulated. Following the review of the Older People's Accommodation programme, CYC has developed a best practice framework for programme management. This was approved by CMT in July 2015.	• The new programme management framework, approved by CMT in July 2015, provides a robust framework to cover all aspects of the programme governance. This should be implemented with immediate effect with an associated training programme for all officers involved in programme management and oversight. • At the same time, the programme governance structure should be reviewed and refreshed to ensure consistency across the programme. • Terms of reference for all Boards governing and supporting the programme should be refreshed to ensure clarity and consistency in terms of roles, composition, reporting requirements and to minimise duplication in terms of level and content of debate. • The governance and programme management arrangements would benefit from simplification and alignment across the programme to ensure best use of senior management time and minimise duplication. The role of the new joint health/social care boards should be assessed in the context of existing groups where there may be opportunities to reduce the number of meetings or refocus terms of reference. • Reporting to Executive, relevant Scrutiny Committees and the Health and Wellbeing Board should be formally documented and understood. The role of the new joint health/social care boards in the overall governance of the programme should be clarified in the formal governance documentation. • Where projects have reached an operational implementation phase, governance arrangements should ensure continued oversight by CMT Transformation Board.

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Key Findings	Recommendations
Role of the Transformation Board The CMT Transformation Board plays a pivotal role in programme governance and there is evidence in minutes of meetings of a good standard of debate and challenge on risks. The Board agenda is extensive and the strategic importance of the programme requires considerable time for thorough debate. The quality of action recording has improved significantly over the period of review. Feedback from management indicated that the agenda was well managed with a focus on those projects where status was high risk. The Board has identified the need to significantly develop the level of progress reporting, risk articulation and management provided by programme managers through the Verto Highlights Reports. The Summary Programme and Risk Reports do not provide enough information to report adequately on progress and risk management. The Board has also referred to the need for: • closer working with Finance team to better articulate costs, financial benefits and monitoring of realisation. We noted that programme management costs are not routinely monitored. We understand from management that detailed costs had been worked up for the majority of projects but were not at business case stage. Monitoring of the realisation of financial benefits and project management costs was not evident in Board papers or programme management reporting. • more work on the human resources impacts of programmes, communication and monitoring of the Organisational Development project; • clarity on ICT support to programmes. We understand that an ICT Board has been established but it is not clear how this Board works in terms of feeding into the overall governance structure.	• The action log could be improved further in terms of indicating timescales for completion. • For recommendations on progress reporting and risk mitigation (see further below) • Given the concerns expressed by the Board on enabling elements of the programme (HR and ICT), we would recommend that detailed project plans are assessed for these aspects of the programme to dovetail into the core work-streams. • CYC might consider the need for Finance, HR and ICT focus, for example quarterly at the CMT Transformation Board to thoroughly assess progress and risks in these areas. • Where appropriate for the stage of a project, business cases should be developed which provide more clarity and detail on the financial impacts. • Reporting should include monitoring of programme management costs against budget.

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Key Findings	Recommendations
Programme Management System Verto offers comprehensive, good practice functionality for programme and project management. The functionality is not currently being used effectively for decision-making purposes, project planning, risk management and project interdependencies. Use of Verto appears limited to recording high level information to meet existing monthly reporting requirements rather than as a pro-active management tool. Much information on projects is held outside the system and as a result the content of monthly Highlights Reports is at a high level and does not give a fully informed picture of progress. Risk identification is not comprehensive, scoring is inconsistent and mitigations do not provide adequate assurance. Much information contained in the system requires update to take account of project progress or to amend for changes. Many fields are not completed or inconsistently completed. Key officers involved in programme and project management have been trained in the basic functionality of the system, however there is no User Guide to ensure consistency of use of the system in terms of its application across the programme portfolio. CMT and Programme Boards rely on the information provided in the Highlights Reports to assess progress. This presents a risk due to the limited and inconsistent population of the system.	• The use of Verto should be reviewed and aligned to the requirements of the new programme management guidance. • Improving the use of Verto for reporting purposes should be a priority in terms of discipline and completeness in order to provide greater assurance over the programme and to make more effective use of limited senior officer time on programme boards. • The system functionality should focus on ensuring appropriate governance over decision making, robust risk reporting and effective progress updates to CMT and the Executive. • Training should be refreshed once the functionality required is determined and provided to all key users to ensure consistency of practice. This should be supported by a comprehensive User Guide to provide a point of reference for users. Training and guidance needs to focus on ensuring consistency in detail of information recorded, reporting on risks and articulation of costs and benefits.
Programme Scope and Interdependencies CMT Transformation Board has discussed other projects outside the main Rewiring Public Services programme but which are related or interdependent, for example Adult Social Care projects such as the Care Act and Better Care Fund. We understand that that there are numerous projects which are not part of the governance arrangements for the Rewiring programme. This presents a risk in terms of ensuring linkages between work-streams where appropriate. Verto does not currently highlight project interdependencies. Without arrangements to provide governance over all programmes and projects ongoing, there is also the risk of over-stretched officer capacity and uncertainty over priorities.	• We would recommend that governance arrangements cover all programmes of work across the Council to ensure interdependencies and cross-cutting themes are given the necessary oversight. • In view of the number of projects ongoing within and outside of the Rewiring Public Services programme, we would recommend a review of the scope of key projects and defined priorities to ensure minimal duplication and re-focus. • Verto needs to be developed as a tool to highlight interdependencies and associated risks to the CMT Board to support this area.

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Key Findings	Recommendations
Risk Management CYC has a corporate Risk Management policy providing guidance on the identification, assessment, evaluation, reporting and monitoring of risks. The document does not define where risks should be recorded and mechanism for monitoring and reporting (although this now happens through the Verto system to CMT). Risks identified in project briefs which have been provided to the Executive tend to be high level and are not fully translated into the project management system. This means that risks may not be being appropriately recorded and managed. We understand that workshops were held at the commencement of the Place Based Services project to generate and debate risks. This is good practice. Information provided in Verto by project managers indicates that risks are recorded at a high level only, inconsistently scored and not sufficiently mitigated. We note that Internal Audit is represented on the programme board to support risk management arrangements.	• The Risk Management policy should be updated to reflect the implementation of the new programme management approach together with a more disciplined recording of risks and mitigations to properly inform progress reporting. • Risk management training and guidance should be provided once the policy is refreshed. • We would also recommend review and testing of a refreshed policy by Internal Audit. • Risk review sessions should be a standard part of project initiation when a risk log should start to be populated.

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