

From: Paul Carter, Leader of the Council
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To: Policy & Resources Cabinet Committee, 11th December 2015

Subject: Corporate Assurance Analysis Report

Classification: Unrestricted

Summary: This report outlines the role of the Corporate Assurance function and progress to date, including an overview of change activity across the four change portfolios and a summary of major change projects and programmes.

Recommendations:

The Committee is asked to:

- (1) **Note** the Corporate Assurance analysis report.
- (2) **Agree** that the Policy & Resources Cabinet Committee receives future Corporate Assurance reports every six months.

1. INTRODUCTION

- 1.1 The Corporate Assurance function in the Strategy, Policy and Assurance division was established in May 2015, to provide a strategic overview of change activity across KCC and undertake corporate assurance on major change projects and programmes.
- 1.2 This is the first Corporate Assurance report for Elected Members. It outlines why the Corporate Assurance function was created, key roles and responsibilities, progress to date and a summary of the major change projects and programmes which are business critical for the authority.

2. BACKGROUND

- 2.1 In September 2013, KCC published "*Facing the Challenge: Delivering Better Outcomes*" which introduced four Change Portfolios (**Figure 1**) to help manage an unprecedented level of complex change across the organisation.
- 2.2 The aim of the Portfolios is to ensure benefits are realised across the full range of change activity for similar service users/client groups, making the best use of resources available and managing dependencies between similar projects and programmes. This approach to managing change has become a fundamental and central part of how we manage the business.

- 2.3 The Corporate Directors provide the Senior Responsible Owner (SRO) role for each Portfolio Board.

Figure 1: KCC's Change Portfolios

Business Capability	Growth, Environment & Transport (GET)
SRO: David Cockburn	SRO: Barbara Cooper
Adults	0-25
SRO: Andrew Ireland	Dual SRO's: Patrick Leeson & Andrew Ireland

- 2.4 With rapidly changing business needs and a significant pace of change, Corporate Directors agreed the need to develop new arrangements to provide portfolio support and assurance. In March 2015, the new operating arrangements were approved, disbanding the former Corporate Portfolio Office and formally splitting the portfolio management and corporate assurance functions. The new arrangements went live in May 2015 and are as follows:

- a. Each Portfolio now has an embedded Portfolio Delivery Manager (PDM) to support the effective operation of Portfolio Board and the co-ordination and delivery of programme and projects within the Portfolio. The role is embedded within Directorates, reporting directly to the Senior Responsible Owner.
- b. The Corporate Assurance function now sits in the Strategy, Policy and Assurance division, reporting to the Director of Strategy, Policy, Relationships and Corporate Assurance.
- c. The two functions act as a 'virtual' team, collectively responsible for reviewing progress, undertaking assurance activity, managing cross-cutting impacts and dependencies and acting as an information hub for change activity across KCC.
- d. As the success of the 'virtual' team relies on proactively sharing information, the PDM posts have a 'dotted line' relationship to the Director of Strategy, Policy, Relationships and Corporate Assurance to fulfil their corporate, as well as portfolio, responsibilities.

3. THE CORPORATE ASSURANCE FUNCTION

- 3.1 The purpose of a corporate assurance function is to provide oversight, transparency and assurance of major change activity, providing confidence we are 'doing the right thing', as well as delivering things well.
- 3.2 It is important that the new approach for corporate assurance is undertaken in a way that adds value, is proportionate by focusing on the projects and programmes that are business critical to delivering KCC's strategic priorities and is supportive and sympathetic to the delivery challenges services face. This requires a collaborative, constructive and relationship based approach.

3.3 The key roles and responsibilities for Corporate Assurance include:

3.31 **Developing a ‘whole picture’ overview of change activity;**

Providing a strategic overview of change activity across KCC and developing communications on progress towards a strategic commissioning authority. In a democratically-led organisation such as KCC, with a requirement to report to Elected Members and to meet standards of transparency and accountability, it is important that Corporate Assurance begins to report regularly outside of the internal transformation governance.

3.32 **Setting the policy standards for change projects and programmes;**

Introducing minimum requirements (standards) that all change projects & programmes must meet. This is necessary to improve the quality and content of project proposals (scope) and business cases, which are essential for successful delivery, but need be light touch and proportionate. Each PDM supports their Portfolio to meet these requirements.

3.33 **Greater segmentation of change activity to provide corporate assurance on major projects and programmes;**

Change activity across KCC is now split into three ‘tiers’ based on the level of investment /cost and the financial benefits, as objective measures (**Figure 2**). This segmentation helps to create a more proportionate approach suitable for the scale, nature and complexity of each project and clarifies the assurance lead for each tier. Corporate Assurance is only undertaken for Tier 1 projects and programmes which have costs greater than £750k and/or financial benefits greater than £2m, reporting to Transformation Advisory Group (TAG) and Cabinet.

Figure 2: Project and Programme Tiers:

Tiers	Costs Investment	/ Financial Benefits	Assurance Lead
Tier 1	£750k +	£2m +	Corporate
Tier 2	£100K – 750k	£1m - £2m	Portfolio
Tier 3	< £100k	< £1m	Portfolio

3.34 Corporate Assurance ‘checkpoints’ will take place for Tier 1’s at the earliest possible stage to concisely and effectively draw out critical issues for consideration to help strengthen proposals and business cases for business critical projects and programmes. This will help to ensure that the quality of the business case is right from the outset, giving a stronger chance of success.

3.35 **Acting as the 'information hub' for change activity.**

Working as a virtual team to bring together information on change activity to inform assurance activity and provide collective action on cross-cutting dependencies, impacts, risks and issues.

4. **PROGRESS TO DATE**

4.1 Since May, progress has been made to review the arrangements and move towards a different approach for Corporate Assurance, including:

- a. Completing a stock-take of project and programme activity across the Portfolios, to baseline activity and define information for Tier 1.
- b. Developing an understanding of the different Portfolio approaches, to ensure assurance requirements complement Portfolio arrangements.
- c. Adapting the principles of the '5 Case Model' for better business cases (used by HM Treasury), to test in practice for Tier 1 projects.
- d. Setting 'must do' requirements for all change projects and programmes, including cost/benefit 'golden rules' for Tier 1 to improve consistency of financial information (**Appendix 1**).
- e. Launching a new Project & Programme Management Toolkit to provide resources and support for project managers, which complements a targeted training approach and network to share experiences and lessons learned across Portfolios.

4.2 **Corporate Assurance Checkpoints**

Early checkpoint activity is testing a lighter-touch and more proportionate approach, which is focused on constructive and supportive feedback at the earliest possible stage of a project. The intention is to improve the quality of the case for change and strengthen planning arrangements so the project has the best possible chance of delivering successfully.

4.3 The checkpoint is not a 'stop/go' gate and does not deliver a judgment or rating on the quality or viability of the project. Instead it aims to highlight the strengths and key areas for consideration, to inform discussion and decision. The process is undertaken collaboratively with services, so findings are shared openly and transparently, with other independent views brought in from Finance, Audit, Policy, Risk etc. as required.

4.4 Early checkpoint activity has included:

- a. **Adults Transformation Programme Phase 2 business case** – focusing on strengthening the economic (value for money) and financial (affordability) case for change. This business case sought approval to progress the Newton Europe supported projects within the Adults Portfolio into the implementation phase, including Your Life, Your Home, Enablement, Shared Lives and Kent Pathway Services, to improve outcomes for older people and adults with physical and learning disabilities.

- b. **ICT Projects** within the Business Capability Portfolio – focusing on strengthening the strategic case for change and options development to inform future business cases.
- c. **Learning Disability Internal Day Care Services** – focused on reviewing the findings of the ‘Analyse’ phase and testing the design for the ‘Plan’ phase to explore a new delivery model that will meet the changing business, market and demand requirements of the service.
- d. **Future of In-House Provision** – focused on creating business cases to inform the forthcoming key decision.

5. CHANGE ACTIVITY ACROSS THE PORTFOLIOS

- 5.1 Since May 2015, Corporate Assurance has been building the strategic overview of all change activity within the four Portfolios. This provides a collective view of all the current projects and programmes, and identifies activity within the three tiers (see **Figure 2**). This is tracked on a monthly basis to monitor key changes to the scope and scale of the Portfolios over time.
- 5.2 During this period there has been a rapid pace of flux and change within the Portfolios, as the PDM’s have supported the Portfolios to ‘stock-take’ and prioritise activity to define the most relevant change projects and programmes that will deliver the greatest benefits (financial and non-financial) and deliver strategic outcomes.
- 5.3 Whilst the Business Capability and GET Portfolios are relatively stable, the activity within the Adults and 0-25 Portfolios has rapidly changed. In the Adults Portfolio, the Portfolio Management approach (supported by Newton Europe) has helped to prioritise the overall number of projects, speeding up delivery and improving the value of projects. In the 0-25 Portfolio, this approach has helped to identify wider change activity, with the Portfolio Board now prioritising the scope of the most significant projects which will form the Portfolio, to be confirmed in December.
- 5.4 Projects and programmes are constantly opening and closing (some prematurely stopping or pausing due to scope changes, capacity issues or changing business priorities, and others completing). As such, Corporate Assurance have also been tracking ‘pipeline/prospect’ activity (emerging projects) and project closures on a monthly basis (often more frequently in busy change periods), to build an audit trail of change and identify when best to engage with emerging projects. **Figure 3** illustrates the level of flux within the Portfolios, based on a ‘snapshot’ in time at the end of every month.

Figure 3: Tracking current Portfolio change activity over time.

Month	Total Activity	Total Tier 1 Activity	Prospect/Pipeline	Stops/Exits	Current change activity identified within Portfolios			
					BC	GET	0-25	Adults
MAY	69	11	N/A	N/A	8	13	9	47
JUN	81	28	6	N/A	8	12	8	53
JUL	113	38	11	10	7	12	41	53
AUG	94	25	10	23	7	12	35	40
SEPT	115	31	14	13	7	12	52	44
OCT	96	21	7	4	7	13	33	43
NOV	68*	16	22	8	7	14	10	39

*2 projects are shared across more than 1 Portfolio so are only counted once

- 5.5 The scale of change activity within the Portfolios was much greater than first anticipated, primarily because activity is often managed as individual 'projects' (peaking at around 115 pieces of change activity), rather than a smaller amount of 'programmes' underpinned by supporting projects. Each Portfolio has a different approach to defining what is in scope – in some cases it is only the most significant transformational change programmes which are priorities for the Portfolio Board, in others it brings together all change activity which is being managed as a 'project'.
- 5.6 As most activity is defined at project level, the scope of Tier 1 has varied from between 11 to 30 projects at any one time. As such, in September Corporate Directors agreed to raise the financial bar for Tier 1 from £500k to £750k to narrow the scope and ensure we were only focusing corporate assurance on the highest value projects.
- 5.7 The latest position (November 2015) is set out in **Appendix 2**. Of the 68 current projects and programmes within the Portfolios, 16 are Tier 1. We are currently aware of up to 22 prospect/pipeline projects and are now working with Portfolios to consider the best way to support emerging Tier 1 activity and introduce checkpoints at the earliest possible opportunity.

6. TIER 1 – MAJOR CHANGE PROJECTS & PROGRAMMES

- 6.1 There are currently 16 major change projects and programmes which fall into Tier 1 for Corporate Assurance. The lifecycle stage, costs, benefits milestones and reasons for any significant variances for these projects are tracked on a monthly basis, to keep a live and informed picture of delivery.
- 6.2 A summary of the current Tier 1 projects and programmes, costing over £750k and/or delivering over £2m financial benefit are included in **Appendix 3**.

7. NEXT STEPS

- 7.1 The first months of the new function have highlighted a number of opportunities:
- Bringing together a strategic overview of all projects and programmes for the first time could help to build a better understanding of the collective investment and impact of change activity across KCC.

- b. Early warning of potential demand for corporate services to support multiple change projects, identifying pressure points and informing prioritisation discussions between Portfolios.
- c. A virtual team could help to better mitigate and manage cross-Portfolio dependencies and impacts of projects.
- d. Working more closely with Internal Audit to proactively identify audit opportunities and improve project consistency and controls.
- e. The 'pipeline' of prospect projects will complement the business planning process, improve the ability influence at an earlier stage and bring in expertise right from the start (e.g. Strategic Business Intelligence and Development helping to scope the 'Analyse' stage).

7.2 The Internal Audit of Corporate Assurance (reporting to Governance & Audit Committee in January 2016) will provide useful feedback to further refine and improve the future approach and direction.

7.3 As KCC's approach and governance to managing change continues to develop, we will regularly reflect and review the most appropriate future arrangements for Corporate Assurance, to ensure it stays relevant and adds value to the organisation.

8. RECOMMENDATIONS

8.1 The Committee is asked to:

(1) **Note** the Corporate Assurance Analysis Report.

(2) **Agree** that the Policy & Resources Cabinet Committee receives future Corporate Assurance reports every six months.

Appendices:

Appendix 1: Minimum Project & Programme Management Requirements

Appendix 2: Current Change Activity within Portfolios – November 2015

Appendix 3: Summary of Tier 1 Major Change Projects and Programmes.

Background Documents: None

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