

**From:** Paul Carter, Cabinet member for Business Strategy, Audit and Transformation and Commercial and Traded Services  
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**To:** Policy & Resources Cabinet Committee, 14<sup>th</sup> March 2016

**Subject:** Corporate Assurance Quarterly Report

**Classification:** Unrestricted

**Summary:** This report outlines the key findings from Corporate Assurance on major change projects and programmes in the period January to March 2016.

**Recommendations:**

The Committee is asked to:

(1) **Note** the findings of the Corporate Assurance Quarterly Report.

## 1. INTRODUCTION

- 1.1 The first report from Corporate Assurance to the Policy & Resources Cabinet Committee was provided in December 2015. The Committee requested regular reports to keep Elected Members informed on developments within major change projects and programmes.
- 1.2 This report continues to provide an overview of all change activity within KCC's change portfolios, in addition to analysis on variances to costs, benefits and milestones for major 'Tier 1' (business critical) projects, potential project activity and checkpoint findings from projects in the Analyse and Plan stages of the project lifecycle.

## 2. BACKGROUND

- 2.1 In September 2013, KCC published "*Facing the Challenge: Delivering Better Outcomes*" which introduced four change portfolios to help manage an unprecedented level of complex change across the organisation.
- 2.2 The Corporate Assurance function was established in May 2015 to provide oversight, transparency and assurance of major change activity, providing confidence we are 'doing the right thing', as well as delivering things well.
- 2.3 Corporate Assurance uses a collaborative, constructive and relationship based approach.
- 2.4 In September 2015 an internal audit of Programme Management and Corporate Assurance was undertaken, reporting to Governance & Audit Committee in January 2016. The internal audit was assessed as 'Adequate' with 'Good' prospects for improvement, which was positive

given the audit was initiated at an early stage of the new operating model. Several of the audit recommendations have already been completed with a management action plan in place to progress further improvements, in collaboration with Portfolio Delivery Managers and Engagement, Organisation Design and Development.

- 2.5 Five of the 16 current Tier 1 projects are service redesign programmes supported by our strategic partner, Newton Europe. These programmes within 0-25 and Adults portfolios have additional assurance through the Financial & Performance Monitoring Group (FPMG). Their role is to agree, confirm and sign off the programme benefit, ensuring the improvement has been reliably evidenced and bringing clarity to how this translates to a change in bottom line expenditure and in year cash benefit. For corporate assurance reporting purposes portfolios report only the total programme benefit.

### **3. KEY FINDINGS – JANUARY TO MARCH 2016**

- 3.1 The key findings are taken from the analysis within the Corporate Assurance Quarterly Report (**Appendix 1**):
  - a. 5 new Tier 1 projects have been introduced this quarter. There are currently 16 Tier 1 projects, with 65 projects within the portfolios overall. 10 projects have stopped or completed this quarter.
  - b. As we explore opportunities to use new technology, the volume of emerging major infrastructure and systems projects is increasing – from 12% of Tier 1 projects in January to 44% of Tier 1 projects in March and 21% of all potential projects.
  - c. The majority of portfolio activity continues to be service redesign projects with 50% of current Tier 1 projects, 65% of all current projects within portfolios and 51% of potential projects.
  - d. Although the overall volume of current portfolio projects is reducing as portfolios effectively prioritise the right projects to support KCC's strategic outcomes, there remains a growing number of potential projects emerging for 2016-17 (33 identified this month).
- 3.2 Strengths and prospects for improvement identified from the internal audit, include:
  - a. The Corporate Assurance team has a clear, defined process in place and approved vision of its role and where it is headed, including a programme for assurance of projects.
  - b. The Portfolio Delivery Manager (PDM) role is seen as helpful by Project Managers as a source of support and guidance. The PDM's are clear about their roles and have set up reporting systems to regularly obtain project updates to report to senior management.

- c. The Corporate Assurance staff and PDM's have good knowledge for undertaking their roles and have completed nationally accredited training on Better Business Cases used by HM Treasury.
- d. Some good examples of project and programme management documentation have been evidenced across all four change portfolios.

3.3 Areas for development identified from the internal audit, which correlate with findings from recent corporate assurance activity, include:

- a. Project objectives and governance need to be formally defined.
- b. Further work is needed to fully quantify financial benefits and clearly state non-financial benefits.
- c. Project resource cost, capacity and capability needs to be fully considered, including need for corporate resources.
- d. Need for greater understanding of impacts and interdependencies between projects, including documenting and communicating these.

3.4 Key findings arising from checkpoint activity undertaken on major projects this quarter include:

- a. The strategic case for change is a strength, with good alignment to KCC's strategic outcomes, strategies and objectives. Governance and approval routes need to be clearly defined.
- b. Options development and analysis has been robust, with a clear recommended option and equality impacts well considered. However, the risks and implications (e.g. procurement or financial implications) for each option need to be explicit.
- c. The case for affordability and value for money, including clearly defined cost/benefits, non-financial benefits, return on investment and sustainability need to be more developed and clearly evidenced.
- d. Risks are often defined at a high level, but require further development and could benefit from clear mitigations and owners.
- e. In commissioning projects, the contract mobilisation and management arrangements need to be explicit, to provide additional confidence to progress to the Do and Review stages.
- f. Detailed mobilisation and project planning needs to be well-defined, to build confidence that the project can quickly and efficiently be progressed following contract award/key decision.

3.5 Key risks and issues this quarter include:

- a. Capacity and capability to support a large volume of current projects and potential projects arising in 2016-17 financial year.

- b. Public Health projects currently sit outside the change portfolios, but will be included in new governance arrangements so the dependencies need to be clearly defined.
- c. The majority of activity is defined as individual projects rather than aggregated into programmes, limiting ability for corporate assurance and risking looking at projects with similar outcomes or client groups in isolation.
- d. Given financial pressures, consideration needs to be given to the robustness of the Analyse stage to ensure the right projects are started.

#### **4. NEXT STEPS**

- 4.1 Corporate Assurance Reports will continue to be regularly provided to the Policy & Resources Cabinet Committee. Reporting on a biannual rather than quarterly basis should provide further insight and analysis on trends. Elected Members are welcome to provide feedback to ensure the reports add value.
- 4.2 The management actions in response to the recent internal audit will be progressed to further refine and improve the future approach.
- 4.3 We will regularly reflect and review the most appropriate future arrangements for Corporate Assurance to support new governance arrangements and ensure it stays relevant to the organisation.

#### **5. RECOMMENDATIONS**

5.1 The Committee is asked to:

(1) **Note** the findings of the Corporate Assurance Quarterly Report.

#### **Appendices:**

Appendix 1: Corporate Assurance Quarterly Report

#### **Background Documents:**

Corporate Assurance Analysis Report, Policy & Resources Cabinet Committee, 11<sup>th</sup> December 2015

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