

**CAMBRIDGE LIBRARY ENTERPRISE CENTRE REVIEW - UPDATE ON ACTION PLAN  
PROGRESS TO DATE**

*To:* **Audit and Accounts Committee**

*Date:* **24<sup>th</sup> January 2017**

*From:* **Chief Internal Auditor**

*Electoral Division(s):* **All**

*Forward Plan Ref:* **N/A**

*Key decision:* **No**

*Purpose:* **To report on progress to date with implementing the recommendations set out in the Cambridge Library Enterprise Centre Review Action Plan.**

*Key Issues:* **N/A**

*Recommendation:* **The Audit and Accounts Committee is asked:**

**a) to note and comment on the progress made against the Cambridge Library Enterprise Centre Review Action Plan;**

**b) to agree to invite the Head of Transformation to the May meeting of the Audit and Accounts Committee, to provide a further update on the implementation of revised project management processes and the Council's Transformation Programme.**

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# Central Library Enterprise Centre Review

Implementation of Agreed Actions at January 2017

## 1. BACKGROUND:

Internal Audit completed a review of the Central Library Enterprise Centre (CLEC) project, which was reported to the Audit & Accounts Committee in September 2015. A number of the key recommendations and agreed actions centred on improvements to the authority's project management processes, procedures and guidance.

By July 2016, 22 actions had been successfully implemented by the authority, with 11 actions remaining outstanding. Of these, 10 were to be addressed through an update to the Council's project management policies and procedures.

At that point, it was recognised that further progress on these actions would inevitably be delayed by the Council's Corporate Capacity Review, which incorporated a complete review and restructure of project management resource at the Council. Consequently it was agreed that the next update on progress would be brought to Audit & Accounts Committee for their January 2017 meeting, by which time the new structure would be finalised.

Detail of the actions that remained outstanding at July 2016 is provided at Appendix 1, below.

## 2. CURRENT POSITION:

All outstanding actions from the CLEC report are now in a position to be closed by the Internal Audit team; details of the progress that has been made are provided below.

Project management resource within the authority has now been centralised in the new corporate Transformation Team. This team will act as a resource for the organisation to support delivery of the authority's Transformation Programme, projects pipeline and the Business Planning process.

## 3. IMPLEMENTATION OF ACTIONS FROM CLEC:

The Transformation Team is currently in the process of revising the organisation's approach to project management and trialling new ways of working. Details of how the team's current and planned work addresses the outstanding actions from the CLEC review are provided below:

### 3.1 Review of Project Management and the Gateway Review process: A complete review of the Council's Gateway Review process has now been completed by the Transformation Team, in consultation with all sections of the business. From this, the team has developed a specification for a new project management system for the Council. This includes a single project initiation process to be followed for all projects, and will incorporate a revised Gateway Review process.

The new system will act as a database containing all key information about each project including Business Cases, project documentation, details of responsible officers, financial information and so on. The system will also be able to report on progress with projects and flag issues that need review, and the intention is that Members will be able to access and view projects on the system, to increase transparency.

The specification is currently with IT for review, and a recommendation on the options with regards to which software to use is expected before the end of January. The Transformation Team have a deadline for the new system to be procured by mid-February, with the transition to using the new system planned to take place in March 2017. The intention is for the new system to be in place for the new financial year.

In the interim, the Transformation Team are populating an existing piece of software with the Transformation Programme, which they are able to use to report on projects and store key documents.

- 3.2 Options Appraisals:** The authority now has a Commercial Board, which has responsibility for the Council's Contracts Register, reviewing procurement opportunities, and considering requests for exemptions from Contract Procedure Rules. This Board also has a role in reviewing options appraisals and providing challenge to ensure that these are robust and demonstrate best value.

As part of the Transformation Programme, Learning & Development are in the process of procuring a 'commercial academy' which will provide training for officers who are responsible for managing or procuring contracts, or pursuing commercial opportunities. This will include training officers to conduct robust options appraisals.

- 3.3 Business Cases:** Business Cases are now required in order for projects to gain approval as part of the Council's Business Planning process. All projects coming in to the Transformation Programme require a Business Case, and the Transformation Team is ensuring that these are completed. The Transformation Team are also implementing a more iterative approach to Business Cases, with the document being reviewed and updated as greater clarity becomes available over time, in line with best practice.

- 3.4 Public Consultations:** The new project management software will ensure that projects identify the key customers who need to be involved in consultations as the project is initially being set up, ensuring that a need for consultation is identified at the earliest possible stage.

- 3.5 Other key areas of work:** As part of the new project management processes, all projects will be required to identify a single accountable decision maker. The intention is that this will address the current complexity of roles and responsibilities and reporting requirements, which can create confusion around accountability and delays in decision-making. This approach has already been trialled with a couple of projects and is working well.

An induction programme is currently being developed for members of the Transformation Team, which will be followed by developing a general programme of project management training for the whole Council. Given the workload of the team in developing new processes and procedures as well as supporting the organisation's project work, the current intention is that this will be rolled out to the whole organisation in December 2017. The team is also currently considering how best to provide relevant training in this area for Members.

#### **4. PROPOSED ACTIONS:**

The actions currently underway within the Transformation Team address the outstanding actions from the Central Library Enterprise Centre review, with the exception of the Confidentiality

Agreements action, which sits elsewhere (see below). Given the extent of the progress which has been made and the plans which are now in place, it is therefore proposed that it is appropriate for Internal Audit to close these actions.

It is suggested that the Audit and Accounts Committee consider inviting the new Head of Transformation to the Committee meeting in May 2017, to provide a further update on progress with the Transformation Programme and implementation of the new project management software and processes.

## **5. CONFIDENTIALITY AGREEMENTS POLICY:**

The only action which sits outside the remit of the Transformation Team is the action around introducing the Confidentiality Agreement Policy (action 2.1, below). The draft policy has been agreed with the Director of Law and Governance, who has stated that the policy does not require further approval by GPC and can be implemented immediately. Arrangements for the policy to be made available to staff on the Council's intranet are in the process of being agreed. This action will also therefore be marked as closed once the policy is available.

## Appendix 1 - CLEC Action Plan at July 2016

*Actions outstanding as at July 2016 – for reference.*

	Key Actions
2.	<p><b><u>Confidentiality:</u></b></p> <p>Although Confidentiality Agreements are an essential tool in many circumstances, clear guidance should be in place to establish the content of agreements and the circumstances under which they are appropriate. This guidance should establish clear lines of authorisation for entering into confidentiality agreements, which should include members, as well as a process for recording all such agreements. The guiding principle for the authority must be to maximise the extent to which information may be shared with members and the public.</p>
2.1	<p>An outline Confidentiality Agreements Policy has been developed, to enable officers to develop commercial proposals which involve working alongside the private and voluntary sectors. Audit recommend that this draft protocol is referred to the General Purposes Committee for their consideration and to agree a final version, which officers must follow.</p>
3.	<p><b><u>Project Management:</u></b></p> <p>The impact of budget cuts means that the Council is likely to continue to engage in projects alongside the private sector. Project management methodology in use at Cambridgeshire should be challenged and, if necessary, refined to ensure that it is applicable to projects undertaken with commercial partners.</p>
3.2	<p>The Council's current Gateway Review Process functions as a system for resource allocation and prioritisation. The process does not include any provision for peer review or challenge; it does not require circulation of a Business Case for comment; and it focuses purely on the initiation of a project. This means that review of projects which are underway but experiencing delays or overruns is undertaken only by officers who are internal to the service in which the project is taking place. Internal Audit recommend that a review of the Gateway Review Process and project management protocols should be conducted, to ensure that there is a robust process for independent review and challenge of projects undertaken by the Council, which enables comment and challenge from officers outside the service area in which the project is taking place, and from appropriate members.</p>

	Key Actions
4.	<p><b><u>Options Appraisal, Market Research &amp; Procurement:</u></b></p> <p><b>Options appraisals should be undertaken at the earliest opportunity in deciding whether proposals may be worth pursuing, and should be subject to continued challenge throughout the process by officers and, where appropriate, members, as new information becomes available and the market changes.</b></p>
4.1	<p>Officers would benefit from further guidance regarding options appraisals. In cases where it is established that a service concession means that tendering is not required, Best Value may be established through conducting a thorough options appraisal. The guidance should include the following key points:</p> <ul style="list-style-type: none"> <li>➤ Basic market research must be conducted by Council officers when considering new commercial proposals, at the initial stages of considering whether to pursue a project and before work begins to develop a full Business Case.</li> <li>➤ On the basis of the research carried out, options appraisals should be drawn up; again this must be undertaken at the very earliest stages of a project.</li> <li>➤ Options appraisals and supporting market research must be continually challenged throughout the process of a project, and should be reactive to market changes and new information becoming available.</li> <li>➤ Market research should always involve a thorough review of: whether there is already any similar provision available in the local market; the potential impact on the local market of the proposals; and consideration of whether there is likely to be sustained demand for the proposed services.</li> <li>➤ All options appraisals should include thorough exploration of the 'do nothing' option.</li> <li>➤ Options should be appraised in light of their financial benefits; their non-financial benefits; their impact on the organisation and stakeholders; the risks relating to each option; and their resource requirements, in line with the CCC Business Case template.</li> <li>➤ Options presented to Committees must be comparable; when financial projections are produced to show the financial effect of different options over a number of years, it is crucial that the figures for all options are prepared on the same basis. Similarly, the analysis of risks and benefits for each possible option should be consistent. Officers would benefit from referring to the extant Cambridgeshire County Council Business Case template, which includes templates for options appraisal.</li> <li>➤ The opportunity cost of each project must be shown as part of the options appraisal, i.e. if existing income is foregone, this must be taken into account.</li> <li>➤ Where options are considered but rejected at an early stage and not worked up in detail, the reasons for this should be set out clearly.</li> </ul>

	Key Actions
4.2	All risks relating to a project should be reported to the relevant Committee even where officers feel that these risks are likely to be tolerable, to enable members to make an informed decision to accept or reject the risk.
4.3	The expected impact of commercial proposals on the current local market should always be reported to the relevant Committee, to enable members to make an informed decision.
5.	<p><b><u>Engagement with Members:</u></b></p> <p><b>Now that the transition from the Cabinet system to a Committee model of governance is complete, both officers and members need to ensure that new ways of working are fully embedded. Whilst Committees only take papers on decisions, due to their high workload, progress on key projects and negotiations should be a standing agenda item for Spokes meetings. Spokes can then brief their Group accordingly, and this will ensure that members are able to engage throughout the process of developing major projects. Additionally, there needs to be further guidance available for officers and members setting out what constitutes a key decision.</b></p>
5.3	Where projects of a commercial nature are underway, but have not yet progressed to the point of requiring a decision paper to be taken to the relevant Committee, updates on progress should be a standing agenda item for Spokes meetings, to enable continued member oversight and engagement with the development of major projects.
5.5	As per the Council's Constitution, local members should be kept informed about matters affecting their divisions during the formative stages of policy development.
5.6	Spokes must be briefed on proposals in time to consult with their Group members.
6.	<p><b><u>Public Consultation:</u></b></p>

	Key Actions
	<b>Officers will always need to conduct work on new proposals before consultation with the public is possible, but the philosophy of the Council must be to engage with the public as soon as possible. The public and their contributions should be considered a valuable resource. Public consultation must feed into the Community Impact Assessment for all projects, which must be made available to the relevant Committee for their consideration as part of the decision-making process.</b>
6.4	Consultation on projects must be held at a sufficiently early stage to be meaningful in shaping the proposed projects.
6.5	When a Key Decision is going to be made, information regarding consultation carried out and the results obtained needs to be available to members at the point that they are requested to make the decision, even if this means that a two-stage approach to consultation needs to be taken, with the public consulted first in a general way about proposals and then secondly about the detail of the proposals. Where this two-stage approach is taken, it must be ensured that final decisions are not taken with regards to the detailed proposals until consultation has been completed.
7.	<b><u>Business Cases:</u></b>  <b>Robust individual Business Cases must be produced for new commercial proposals, and be subject to challenge from the appropriate professional officers within the Council, and by members.</b>
7.3	As per the Council's Scheme of Financial Management (s.5), any new revenue or capital project costing more than £160,000 shall be appraised as to its financial, human resources, property and economic consequences and the appraisal approved by the relevant Strategic Finance Manager before detailed budgetary provision is made. The completion of this appraisal process should be confirmed in reporting to the relevant Committee.