AUDIT AND PENSIONS COMMITTEE

JUNE 2011

CONTRIBUTORS	**Subject**	**WARDS**
		All
All departments	**Tri Borough Risk Management**	

This report updates the Committee of the implementation of risk management arrangements in Tri Borough planning.

RECOMMENDATION:

1. The committee consider and approve the arrangements for implementing risk management across the Tri Borough programme.

1. PURPOSE

1.1. This report presents to Members the progress of embedding risk management across the Tri Borough council programme as requested by the Audit & Pension Committee at its February 2011 meeting. This also establishes the first in a series of regular quarterly risk management reporting to the Audit & Pension Committee for Tri Borough risk management.

2. BACKGROUND

2.1. Cabinet approved the Tri Borough Proposal document 'Bold Ideas for Challenging Times' at its February 2011 meeting. The move to the next stage – from 'Proposals' to 'Plans' - represents a valuable opportunity to develop robust risk management and further enable Members scrutiny of plans to implement new models of service delivery.

2.2. Cabinet considered a further report at its May 2011 meeting updating and noting the positive public response to the proposals and the draft business cases highlighting continued confidence in achieving the £35m savings target. The report updated Cabinet Members on progress of proposals to the future provision of services for Adult Social Care, Children's Services, Corporate Services, Libraries and Environmental Services.

2.3. More specific proposals, including the proposed appointment of a joint Chief Executive with the Royal Borough of Kensington and Chelsea, and also updating Cabinet on business cases for the Integration of Childrens Services, Environment Services and Adult Social Care are tabled for the 20th June Cabinet meeting.

3. RISK MANAGEMENT

3.1. Responsibility for risk management will sit within a governance structure outlined in the February 2011 Cabinet report and the proposal document 'Bold ideas for Challenging Times'. This proposed the following governance and Programme Delivery structure;

3.2.

Programme Delivery Teams

Strong, empowered teams are to be appointed for each programme dedicated to the delivery of plans and savings. Each programme team should comprise (as a minimum):

A Senior Responsible Owner: One Chief Executive will be responsible for each of four programmes. The Senior Responsible Officer (SRO) must be empowered to take decisions and remove barriers across the boroughs within agreed parameters.

Business change managers: Very senior staff such as Chief Officers to lead the change from the service perspective, resolve blockages and be responsible for the delivery of savings and protection of service quality.

A Programme Manager: Delivering the experience, credibility and strong influence to direct and deliver the programme across all three boroughs. Responsible for the co-ordination and execution of the projects required to enable the savings.

Programme and Project Support: Programme management experience and strong relationship skills to manage and monitor plans, progress, risks and issues and to give problems the visibility needed so that the programme manager and business change managers can solve them. To make cost-effective use of senior people's time and support inexperienced project and business change managers.

Project managers: To deliver specific changes required to enable Business Change Managers to deliver savings. For example, delivering an outsourcing exercise, implementing an IT system.

3.3.

Pooled Delivery Support

At particular times programmes will need specialist support in the following areas:

a) Restructure and Human Resources: End-to-end support and capacity to help deliver management rationalisations (establishing structures, posts, grades; conduct of recruitment exercises; subsequent contractual issues and management of departures). There will be considerable demand for such support at the early stages of Tri-borough delivery.

b) Support from other key functions: Programmes will also require procurement, legal, finance, IT, internal and external communications, consultation and property input. Internal resource will be used (wherever possible).

c. Business and Financial Analysis and Intelligence: There is a significant upfront requirement for this resource in order to ensure consistent metrics (and therefore fair apportionment of costs and benefits) and the development of robust business cases and savings targets.

13. T he extent and timing of support required will vary between programmes. Careful management of specialist support will be needed to prevent resource conflicts between programmes, ensure the correct prioritisation/sequencing and management of dependencies Tri-borough will use existing staff where possible, capitalising on the skills and experience of staff in the three boroughs. Each borough brings to the table significant and complementary strengths in programme and change management on which to build, for example but not limited to organisational development and transformation management (LBHF), business analysis (WCC) and programme delivery support (RBKC).

3.4. The London Programme Management Approach will be adopted for programme management and will be the preferred approach to project management. This includes establishment of a Portfolio Management Office (PMO) that will support the delivery of the benefits of the Tri-borough programmes in the following ways and these are being implemented for Hammersmith and Fulham Council facilitated through our Organisational Development Division and are;

Supporting change programmes by

- assisting programmes to identify and meet their requirements for specialist resources
- identifying, understanding and advising on dependencies between programmes
- helping programmes to establish suitable governance arrangements between projects and programme boards
- providing hands on support with programme delivery (e.g. identifying benefits and risks and programme planning
- developing clarity and consistency in terms of roles, responsibilities, accountabilities and helping SROs and Lead Programme Directors to interpret and apply these to their programmes
- coaching/mentoring key role players in what to do and how to do it and identifying and addressing individual learning development requirements

The PMO will support Tri-borough initiative as a whole by

- giving confidence that benefits are tracked and delivered
- developing and facilitating communities of practice
- holding an overall picture of Tri-borough ensuring that dependencies are managed and opportunities identified.
- delivering programme assurance processes/exercises
- establishing suitable governance arrangements between Portfolio Management Board (PMB), the Central Programme and Policy Board (CPPB) and Programmes and adjusting these as needed. Ensuring the programmes are linked in with leads on HR, IT etc
- providing the Secretariat functions for PMB and CPPB (agendas, papers, minutes etc)

3.5. The high level Tri-Borough Programme Governance Structure is attached as **Appendix A**. Discussions have commenced with colleagues in Westminster and the Royal Borough of Kensington and Chelsea how Tri-Borough risks will be tested and monitored through respective Boroughs Audit Programmes.

3.6. There are undeniably numerous risks associated with such a change programme and these are not to be understated. A number of these have already been expressed in the risk log disclosed on page 89 of the document 'Bold Ideas for Challenging Times'. A more comprehensive set of risks attached to the proposals has been shared with the Tri Borough Sponsoring Group and its Senior Responsible Officer.

3.7. Additional details on risks attached to specific programmes are included in the Cabinet report of the 20th June 2011 in specific Tri-Borough Service Plans and Proposals. Complementary to this the Hammersmith & Fulham Council Corporate Risk & Assurance register has been updated to incorporate its Tri-Borough high level risks, a copy of which has been provided to the Audit & Pension Committee through existing Risk Management reporting. As new risks emerge they will be logged by the Programme Manager in compliance with the agreed Programme Management approach.

4. UPDATES FROM PROGRAMME LEADS

4.1. **Adult Social Care** - Marian Harrington. The structure of Tri-borough Adults' Services commissioning core is now ready to go to the three Cabinets (20th June 2011). The services will continue to be managed by the councils with each borough having a lead Assistant Director within the commissioning core. Permission to appoint a single Director of Adults' Services for the three boroughs is projected to take place by the autumn.

4.2. The proposal is for Hammersmith and Fulham to be the employing authority for all new senior appointments in Adults' Services. We are also seeking permission to negotiate the development of integrated health and social care services with the Central and North West London Community Health Trust. Integrated health and social care services will have a distinct borough identity and will be responsive to local need. Budgets will be retained by the councils and not delegated to community health services.

4.3. **Corporate services** - Jane West. The Corporate Services work-stream has been making good progress on its cornerstone Project Athena. The three boroughs are leading on the London-wide procurement of managed service solutions for HR transactions, finance and procurement transactions, property transactions and business intelligence. Once in place, various framework contracts would provide Tri-borough integrated IT platforms and transactional processing for these services. The IT systems would be owned and managed by the providers, not the three councils.

4.4. Although the Tri-borough councils are leading on the procurement of these services, any London council or other public body, will be able to join the framework agreement. Seventeen other London boroughs have already formally expressed an interest. Given the London-wide value of the project, Capital Ambition, a pan London partnership for work on performance and procurement, is making £750,000 available to fund the procurement process. The June Cabinets will be asked to formally support the project and to contribute £250,000 from each borough towards the estimated procurement process costs.

4.5. **Children's Services** - Andrew Christie. The proposed Tri-borough Children's Services model to be presented to the June Cabinets will include plans for:

• A single commissioning function bringing together social care and family support services to help families that have broken down

• A single education commissioning function responsible for raising standards and preventing failure in 153 schools

• Three borough based delivery units with responsibility for protecting children, supporting families and delivering early help as efficiently as possible. However, where appropriate, specialist services will be combined to share overheads and expertise (e.g. Youth Offending Service, Fostering & Adoption).

4.6. The proposed Tri-borough service will involve a transition to one department for Children's Services, managed by one management team. There will be one post responsible for education, one for commissioning other services and one for providing the financial support. Each borough will have a director responsible for the delivery of child protection, children in the care of the local authority and family support services.

4.7. Libraries – David Ruse. A strong vision for the future of the library service, with improvements for customers and savings for councils, underlies the business case for an integrated library service that is to be presented to all three Cabinets in June. While there will be fewer posts in the new arrangements, there will be opportunities for staff and a more sustainable financial base for the service. If agreed, a process will be put in place to appoint a new senior management team by the autumn, with a fully integrated structure by spring 2012. The new senior team will be employed by Westminster. The integrated service will reflect local community needs and be complemented by locally commissioned services in each borough. Delivery models, such as a Trust, will also be considered. If approved by Cabinets, a formal consultation with staff will begin.

4.8. Environmental services - Tot Brill An updated timetable for the review of each service and the governance and support structures to ensure a strong business cases for change, while continuing to deliver excellent services to residents, will be ready for the June report to Cabinets.

4.9. Councils explore employee led mutuals Sustaining public services for a reduced cost is a key part of the Tri-borough proposals and work is being done to explore how new enterprises can be set up to secure new income and reduce running costs. In RBKC the Youth Support and Development Services, which comprises 170 staff, is exploring this option. The Royal Borough is examining the feasibility of its Youth Support and Development Service (YSDS) opting out of local authority control and forming a free standing, employee led social enterprise. The project is part of the Cabinet Office Employee Led Mutual Pathfinder Programme. The ultimate aim of the project is to re-provide youth support services under contract at a reduced cost. Information about the project is shared among youth services staff via a 'communities of practice' website.

4.10. Hammersmith and Fulham is also exploring new ways of working around an employee mutual with a private sector partner to deliver ICT and finance services to schools. Again, part of the Cabinet Office Employee Led Mutual Pathfinder Programme, it is hoped that the new organisation will employ a total of 42 staff in total from the three councils and will help to reduce council liability and costs. Ultimately it is hoped that the mutual will sell its services to other organisations and is intending to provide some of its profits back into the councils for the delivery of other social benefits.

5. Future reporting arrangements

5.1. As new service delivery proposals are developed risk will be retained, transferred or shared as structures develop. Directors and Service Managers shall retain responsibility and accountability for their Service areas and will continue to need to provide public assurance on their Internal Control environment. Resilience and service to the customer must be maintained and risks appropriately managed. In support of this and as stated in page 7 of the accompanying papers of the February report to Cabinet entitled 'Bold Ideas for Challenging Times'

Assessment of children at risk will continue to be done on a borough basis but specialist functions and management will be combined.

5.2. Where it remains a legal duty to do so the Identification, assessment, management, reporting and scrutiny of operational risk will therefore be relatively unaffected by the proposals. Risk will continue to be identified and reported on a Borough by Borough basis.

5.3. It is proposed that quarterly updates on emerging risk areas from Tri-Borough working continue to be reported through the existing risk management quarterly reports provided to this Audit and Pension Committee.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Cabinet Tri Borough Implementation Plans 20 June 2011	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
2.	Bold Ideas for Challenging Times	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
3.	Tri Borough Working Update 9th May 2011	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
4.	Tri Borough proposals risk register	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall, Hammersmith
5.	BS 31100 Code of Practice for risk management	Michael Sloniowski 2587	Corporate Finance Division, Internal Audit, Town Hall,

			Hammersmith

Tri-borough Support Arrangements