EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF TRANSFORMATION TASK AND FINISH PANEL
HELD ON MONDAY, 11 SEPTEMBER 2017
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.30 - 9.30 PM

Members Present:	A Patel (Chairman), , N Avey, R Baldwin, R Bassett (Vice Chairman of the Council), N Bedford, R Brookes, D Dorrell, B Surtees and H Whitbread
Other members present:	A Lion
Apologies for Absence:	K Chana, L Hughes and M Sartin
Officers Present	G Chipp (Chief Executive), D Bailey (Head of Transformation), P Maddock (Assistant Director (Accountancy)), O Shaw (Head of Customer Service) and A Hendry (Senior Democratic Services Officer)

16.   SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that there were no substitute members for this meeting.

17.   DECLARATIONS OF INTEREST

There were no declarations of interest made pursuant to the Member Code of Conduct.

18.   NOTES OF PREVIOUS MEETING

The notes of the meeting of the Task and Finish Panel held on 1 August 2017 were agreed as a correct record, subject to the following:

- Agenda item 9 – page 2, end of second paragraph '…Project Sponsor from (add) "most often within the" membership…'
- Agenda item 10: First sentence, remove the word 'recently' as this report was July 2016.

19.   PROGRESS OF PROJECTS BY SELECT COMMITTEES

The Head of Transformation, Mr Bailey introduced the report on the progress of projects by the Select Committees. He noted that the information, structured by Workstream, included:

a. Workstream;
b. Project reference number and title;
c. Current project lifecycle stage;
d. Risk Potential Assessment – High / Medium;
e. Start and due dates;
f. Select Committee for scrutiny;
g. Level of completion (as percentage); and
h. Project Sponsor and Project Manager.

It was also noted that the Cabinet received regular Highlight Reports on the Council's

Transformation Programme, which contained updates by exception. Broadly the report gave the following information:

   a) The number of high and medium complexity projects, alongside a summary of how such projects are managed;
   b) Overall progress indicators for 'time', 'cost', 'delivery / outcomes / outputs' and 'benefits' for the period, given as a Red / Amber / Green alongside actual numbers;
   c) Actions – the number of actions in progress during the period;
   d) Project closures – the projects closed during the period; and any
   e) Overdue actions for the period and remedial actions for the next period.

Table 2 of the report gave information for future highlight reports, the information given was for September 2017 and so was up to date and relevant, including the risk potential assessment (RPA) for each project.

An example of a highlight report that went to the Cabinet was tabled for information.

Councillor Bassett noted that there were lots of projects with finite resources; it would be useful to have some sort of prioritisation and indication of a return of investment. Could that be shown? Mr Bailey said that more information could be put in the highlight reports.

Councillor Surtees wondered if this was too simplistic way of doing things, just by checking it all the time. A more appropriate way would be to ask appropriate questions at the right time. Councillor Patel said that they needed to know what information would be relevant and what to scrutinise. Councillor Bassett added that they needed to know if something had a large business benefit in savings etc. to help prioritise. Councillor Patel said that this would happen in the initiation stage. Mr Chipp commented that this came from private sector thinking and tackling the bigger projects first. In the public sector we could not afford not to do any projects. If they are on the lists they had to be done. This was why we set up the Covalent System to help us get to this stage. Councillor Bassett said it was not only capital returns but also business benefits. Mr Chipp asked how could you rank two statutory functions; both had to be carried out, no matter what. Councillor Bassett would still like some sort of prioritisation of the various projects. Mr Chipp replied that prioritisation would be the next stage. Councillor Lion added that prioritisation was down to the Corporate Plan, but where did scrutiny come in. Mr Chipp said that they should be looking at projects that were going wrong and in the red.

Councillor Bedford asked about the new Data Protection coming in next year and how would this affect the way we undertook projects, were we planning now how to incorporate this into our projects. He was assured that data protection was being addressed.

Councillor Surtees said that they needed to know when it was not appropriate for a Select Committee to look at something; as they needed to be careful they were not putting in extra demands on people just to 'tick boxes'. Councillor Patel replied that they were only to look at things that went wrong.

Mr Bailey took the meeting through the Transformation Programme Project Dossier, the table contained information that was current, only about a week old. All this information could be presented to the Overview and Scrutiny Committee on a regular basis.

Councillor Patel noted that there had always been a frustration that we had always been dealing with data that was 3 months old. This would enable us to look at things at only a week's distance. He would also like to have the progress for each project. Councillor Surtees would like a traffic light indicator on the progress of a project and Mr Bailey said that this would be easy to add.

Councillor Surtees asked if Councillors could have direct access to this data as a live feed. Mr Bailey said that this could be arranged through access to Covalent.

Councillor Bedford asked if a project was going well could we shorten the timescale. Mr Bailey said that was a good question, the progress in percentages was just a guide to where the project was at that time. The traffic light system would also be good at indicating this.

Councillor Lion asked how details get examined, was it through scrutiny. Councillor Patel replied that scrutiny would get information in real time and could look at what actions needed to be taken going forward. It maybe the function of the Overview and Scrutiny Committee was to ask the Scrutiny Committees to look into things in more detail.

Mr Chipp said that they needed to look if we had the right processes in place to rectify any problems. You needed to scrutinise the processes in place for remedial action. Councillor Surtees commented that they knew that management would look after things at the time, it would be better to look at things from a distance and at things going wrong across the board.

Councillor Bassett asked if any of the projects were dependent on the completion of other projects. He would also like to see the resources we have and what we need. Mr Bailey said officers were currently looking at resource requirement. Mr Chipp said that was why they put in the Covalent System to monitor this type of thing.

Mr Bailey noted that 15 to 18 months ago they had no timelines for any projects except for the larger ones, and we were now in a much better place.

Councillor Baldwin asked if a cost benefit analysis was applied to each project and who decided what projects went ahead. Mr Chipp said that there was a list; they had introduced a method to monitor projects and to sign these off via the Transformation Programme Board.

Councillor Patel thought that it would be useful for the Overview and Scrutiny Committee to look at the projects on their completion. Mr Bailey noted that an example of project closure information came to the last meeting of this panel. Projects were now routinely evaluated. He would like the closures to go to the relevant Select Committee as a matter of course. We should look back from a distance and ask questions and note what we have learned.

20.   **RECOVERY AND RISKS FOR THE COVALENT SYSTEM**

Mr Bailey introduced the report on the recovery and risks of the Covalent System. Covalent was a cloud-based performance and project management software that provided real-time visibility and control of strategic and operational performance, project management and risk. The Council has purchased Covalent system licences for all staff, initially for a twelve-month period.

The risk of the Covalent product being discontinued or substantially altered, adversely affecting our continued use of the product, was assessed as being of low likelihood and medium impact. Consequently, this risk was being monitored but no additional control or mitigation actions were appropriate.

Councillor Bassett wondered if we had access to the source code and if we also had access to 'Escrow'. Mr Bailey would check and put a response in the minutes, see below. Councillor Bassett then asked if we had a daily back up of the data and what was our backup policy. Councillor Patel said that these questions should go to the Resources Select Committee.

Response from ICT:
"The use of Escrow agreements was evaluated by ICT a number of years ago, and the cost of the agreements, coupled to the time and cost that would be incurred in paying a specialist for recompiling the code to reproduce the application was deemed uneconomic and given the nature and size of software companies we normally deal with the likelihood of the company failing without warning was deemed to be low. The saving from not continuing with these agreements over the intervening years in excess of £250,000.

We do not take a daily backup of our data from Covalent as the system is managed as a SAAS application and we do not have server or database access. Backups are taken by the supplier.

We can take manual exports of the system as required, this could be done by system administrators on a regular basis, but as it uses the system functionality to do this it cannot be automated by ICT.

Consideration of the corporate policy around back ups for cloud hosted critical systems forms part of a project in the new ICT strategy. Thus far the Council has been satisfied with using the backups carried out by the supplier."

Councillor Surtees wanted to know what level of personal information of our customers went into this system or was it just management information. Mr Bailey said that no personal customer information was on this system.

21.   TRANSFORMATION PROGRAMME COSTS AND BENEFITS

Mr Bailey introduced the report on the costs and benefits of the Transformation Programme. He broke this down into 4 headings:

1.   *Transformation Team Structure and Cost Estimate* - The Council's corporate Transformation Team (also known as the Programme Management Office) consists of four posts. This current establishment reflects the merger of the previous transformation team with the Council's Performance Improvement Unit. This has united efforts to manage the improvement of performance across both Business As Usual (BAU) and Business Transformation.

The total salary cost for the team was £206,500 for 2017/2018, including on-costs. This excluded the costs of any apprentices or internships within the team, both of which were funded from central Human Resource budgets. As with other officers that undertook specific project work in support of their operational areas; the work of the Head of Customer Service was not included in the costs of the corporate Transformation Team.

The corporate Transformation Team also undertakes a range of non-transformational duties, i.e. Business As Usual (BAU) activities. Overall, it was estimated that these Business As Usual functions currently occupy around 1.5 FTE, leaving the remaining 2.5 FTE attributable to transformation activities. This reduces the proportion of the team's wage bill attributable to transformation activities to around £130,000 for 2017/2018.

A £100,000 prototype fund for the Transformation Programme was established in 2016/2017. To date around £30,000 has been spent undertaking activities in support of the programme. There are currently 55 High (43) and Medium (12) complexity projects and programmes across the Transformation Programme, supported by the corporate Transformation Team.

Councillor Patel asked how did the business as usual element of the programme support other managers. Mr Bailey said that depended on the project and where it was in its life cycle, its complexity or scale, and if it connected with other parts of the council.

Councillor Surtees noted that it was a small team and asked what they did if they had long term absences. He was told that they had not faced this as yet but they would rebalance their workload if needed.

Councillor Lion asked about transferring the transformation officers skills into the Business as Usual side of the council. Mr Bailey said that increasing the ability of the organisation to manage change would be managed strategically. Mr Chipp added that 100 managers had already been through the transformation change training. Councillor Bassett was pleased that we had a separate transformation team and were not asking our managers to do this. Councillor Patel commented that it may be useful if members could be given this type of training.

2.   *Benefits from Management of the Transformation Programme* - An assessment of the authority's current capability in project, programme and portfolio management had been undertaken, using the Portfolio, Programme and Project Management Maturity Model (P3M3). The P3M3 model described five levels of capability, across seven process perspectives through three maturity models: Project, programme and portfolio. The seven perspectives are:

- Management control;
- Benefits management;
- Financial management;
- Stakeholder management;
- Risk management;
- Organisational governance; and
- Resource management.

The recent assessment shows that the Council has increased its capacity to successfully manage projects and programmes. Plans are in place to reach the target performance levels alongside the establishment of the new Corporate Plan.

At inception, the Transformation Programme was set a savings target for 2016/2017 of £100,000. These savings had been identified and delivered.

3.   *Individual Project Costs* - work is currently ongoing to identify the financial costs and benefits – both financial and non-financial – across all transformation projects.

The costs being tracked are the costs of direct delivery. It should be noted that there are challenges accounting for project management costs like the apportionment of officer time or costs that are described as 'within existing resources'. Further, it is reasonable to question the value of undertaking such cost estimates.

Mr Bailey noted that the early projects had few benefits written down. They were now tracking these projects down and will write them up and report back to the Transformation Programme Board.

Councillor Avey asked if external resources were assessed by the Transformation Board. Mr Bailey said this was considered when it first went to the Board, but not assessed by the transformation team. Mr Chipp added that if they could carry this out internally they would, but we did not really have that skill set. Where supported by a business case, additional staff resource would be required to deliver the programme.

Councillor Patel asked if there was a need to use consultants to tell us what we need. Mr Chipp responded that the consultants we use have skills that we do not have. Mr Maddock added that a report on the use of consultants had recently gone to the Resources Select Committee.

4.   *Individual Project Benefits: Financial and Non-Financial* - The benefits from the projects which constitute the Transformation Programme were expected to contribute to the four key benefits previously agreed by the Cabinet:

- Improved customer value – recognising what customers' value about our services and placing them at the heart of everything we do;
- Reduced waste – Focussing on getting things right first time through joined up services;
- Increasing agility – Reducing red tape to simplify how we work; and
- Increased savings and income – Delivery of resource savings and income generation, to keep Council Tax low.

The effort required to successfully manage projects and programmes across different industry sectors varies enormously, but research suggests the cost of managing should represent between 12-18% of the total project cost (Casper Jones, 2007). As an illustration of how the Council compares with this research finding, for two programmes (P106 and P160), project management effort represents an estimated 6.0% of the total costs.

It was clear therefore that the current level of investment in project and programme management represents very good value for money for the Council. However, it was conceivable that this level of investment may not be adequate to support the realisation of benefits. Further study would be required to confirm this hypothesis.

Councillor Bassett said that it was fortunate that we had the ability to "invest to save" at this Council. We were looking at the benefits of projects and how they were linked to the corporate plan. We now understood our business better. Mr Bailey said that there was now increased transparency in the Directorate plans.

Councillor Dorrell asked how they measured non-financial benefits. Mr Bailey said that we can have non-financial benefits (such as measure of customer satisfaction and impact on our customers) and theses were put in the plan.

Councillor Patel wondered if it would leave us open to Audit rules if we attached notional sums to these non-financial benefits.

22. **IDENTIFICATION OF RECOMMENDATIONS TO BE MADE TO THE OVERVIEW AND SCRUTINY COMMITTEE**

The meeting then went on to consider what recommendations they would make to the Overview and Scrutiny Committee. They agreed the following:

1. That the Overview and Scrutiny Committee receive the five closure reports of the finished (high risks) projects, to enable them to compare lessons learned across projects (P013, P033, P116, P118, P136).

2. That an updated Transformation Programme Project Dossier should be reviewed at each Overview and Scrutiny Committee meeting.

3. That the Head of Transformation should submit an end of year report to the Overview and Scrutiny Committee, (preferably to their March meeting) summarising the projects work during that year and setting out any potential areas for scrutiny for the coming year.

4. That details of new projects should be submitted to the Overview and Scrutiny Committee or if appropriate to the relevant Select Committee, for their information.

5. That project closure and benefits realisation reports should be submitted to the Overview and Scrutiny Committee or if appropriate to the relevant Select Committee for their information.

6. That reporting of projects entering lifecycle stages be included in the Cabinet 'Highlight Report' for information.

7. That arrangements be made for all members of the Select Committees and the Overview and Scrutiny Committee to receive training on the transformation and the various elements of the project lifecycle.

8. That members be allowed 'read only' access to the Covalent system for information. The access to be at project level.

9. That the Overview and Scrutiny Committee undertake appropriate scrutiny of projects and initiatives that concern matters within the service responsibility of the Chief Executive.

10. That the Overview and Scrutiny Committee receive an annual update of the Customer Services Programme from the Head of Customer Service.

11. That existing projects be reported to the relevant Select Committee to be reviewed.

The Chairman thanked officers for their hard work and the supply of reports to enable this Task and Finish Panel to carry out its work. He also thanked the members for their participation and contribution.