

Internal Audit Final Report

Depute Chief Executive's Service

Review of Transformation Programme

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	2
Minor issues that are not critical but managers should address.	Low	0

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Distribution:

Interim Depute Chief Executive
Head of ICT & Digital Transformation, Depute Chief Executive's Service
Service Lead - Corp Improve & Redesign, Depute Chief Executive's Service
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1. Introduction

- 1.1 The objective of the review was to verify that the planned outcomes of the Transformation Programme are on course to be achieved or have already been achieved. The audit aimed to verify that the intended outcomes of the Transformation Programme are clearly specified and are measurable. The audit also reviewed the processes for monitoring and reporting progress with projects to ensure that any issues with projects are identified at an early stage and that appropriate mitigating action is taken.
- 1.2 The Revenue Budget Report 2021/22 to 2023/24 approved by Highland Council at the meeting on 04/03/21 agreed to progress nine key transformation projects under a single Transformation Programme. With forecast costs of £2.25m in 21/22, and overall costs of £3.686m (reflective of some projects being up to 24 months duration), the proposed Transformation Programme was forecast to deliver estimated £18.7M of savings, efficiencies, cost mitigation and cost avoidance. The Transformation programme consisted of the following projects, some of which were made up of a number of separate workstreams:
- Economy
 - Asset Rationalisation (including new ways of working)
 - Service Redesign
 - Roads & Transport
 - Social Care
 - Waste
 - Climate Change
 - Digital Transformation
 - Procurement and Contracts Management.
- 1.3 The Service Redesign and Waste projects and the Adult Social Care workstream of the Social Care project were selected to be reviewed in more detail to ensure that robust project monitoring and governance arrangements were in place.

2. Main Findings

2.1 *Project Outcomes*

This objective was substantially achieved as the majority of projects had clear, measurable outcomes. However, issues were identified with the undernoted projects:

Economy - Planning Workstream

Reference is made to income generation and delivery of significant investment in the Highlands, but there is no baseline to enable measurement of this. It should be noted however, that this project had a target of achieving full cost recovery for the new post created as part of the workstream which was significantly exceeded.

Asset Rationalisation & New Ways of Working

Benefits are highlighted in the Project Initiation Document (PID) reported to Recovery Improvement & Transformation Board (RITB) on 29/03/21, although there is no timescale for delivery. Further to the PID being signed off by RITB, the Redesign Board of 20/08/21 approved a Project Brief for the project and this included the timescales for delivery.

Climate Change - Net Zero Action Plan Workstream

Clear objectives were in place for this workstream, but there was no timescale for developing service level carbon budgets or strategic control plans.

Roads & Transport

Objectives for this project are fairly high level with no reference to specific targets to enable progress to be easily measured. An additional workstream for this Project is included in the monitoring reports to RITB from 24/05/21 onwards, but there is no detail within the report to explain the governance arrangements that led to the workstream being added to this project. The additional workstream relates to a Schools Transport Review.

Procurement & Contracts Management

Objectives for this project are fairly high level with no reference to specific targets to enable progress to be easily measured.

(See Action Plan M1 for all points raised above for this objective)

2.2 *Project monitoring and Governance*

Each project reviewed in detail had evidence that monitoring was carried out regularly, risks were identified with mitigating action taken and issues affecting delivery of the project were appropriately escalated. Initially projects were reported to the RITB however this Board was dissolved in June 2022 with the last meeting taking place on 28/02/22. Monitoring of the Transformation Programme now takes place at the Change & Improvement Board, however this is an officer only Board. Monitoring also takes place at the Redesign Board, but this only covers 4 Redesign Projects (Asset Management, Roads, In-House Bus Operation and My Council) rather than the full range of Transformation activity. While project updates are provided to Strategic Committees, this was also the case when the RITB was in place and there is a risk therefore that for some projects there is now less opportunity for Member scrutiny of the Transformation Programme than was previously the case (See Action Plan M2).

A review of the team structures within the Depute Chief Executive (DCE) Service has recently taken place which included bringing together the ICT Services and Transformation teams within the DCE Service and redesigning how the functions are delivered. This combined function now sits under the remit of the Head of ICT and Digital.

This restructure will deliver direct savings but is mainly driven by a service review aimed at creating a sustainable long-term structure to meet the needs of the Council. Bringing together the separate ICT and Transformation project management teams is expected to lead to greater standardisation and efficiencies in the running and reporting on projects. It also means that a digital

approach can be applied across all major projects in line with the Council's Digital Strategy.

Work is underway currently to realign the staffing structure and carry out a full review of the portfolio of work undertaken by the teams. The aim will be to rationalise the programme, closing projects which have delivered their objectives, handing projects back to Services, through a formal project closure process, where they have become "business as usual" and bringing other work packages together into a core set of high value programmes and projects managed corporately. This will enable resources to be focussed on the activities that will deliver the greatest benefits.

3. Conclusion

- 3.1 The audit found that there were robust project management processes in place for the Transformation Programme, with individual Project Managers being well supported by the Project Management Office. While the audit identified areas for improvement around identifying clear target outcomes for projects and potentially enabling more opportunity for scrutiny by Elected Members, these are considered to be enhancements to the sound processes already in place.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
M1	Medium	<p>3 Projects and 2 Workstreams within Projects did not have clear, measurable outcomes.</p> <p>An additional workstream in respect of a School Transport Review was included in the monitoring reports to RITB for the Roads & Transport project from 24/05/21 onwards, but it is unclear where the additional workstream came from.</p>	<p>Clear measurable outcomes should be included as part of any future projects to ensure that progress towards outcome can be measured during the project, and ultimately that achievement of outcomes can be evidenced.</p> <p>Any additional workstreams or amendments to projects should be fully documented to highlight the reason for the addition/amendment.</p>	<p>Full lifecycle management of the work within the portfolio of programmes and projects will be in place as well as a single process for additional work to be added to the portfolio with the Service Now Application (SNOW) being the place where the initial Request is captured, held, and reported on. Full lifecycle management of the projects includes.</p> <ul style="list-style-type: none"> • Pre project qualification • Business case and outcomes • Approach for work to be included in the portfolio and resources allocated • Benefits identification & management • Change management Ownership of change • Project closure & post implementation reviews 	Service Lead - Strategic Improvement, ICT Services & Digital	30/09/23
M2	Medium	<p>There is a risk that for some projects there is now less opportunity for Member scrutiny of the Transformation Programme than previously when progress was reported to the RITB.</p>	<p>Management should consider whether the current governance processes provide sufficient opportunity for Member scrutiny of Transformation projects.</p>	<p>The portfolio of projects and programmes report directly to two governance boards – the Member-led Re-design Board & officer-led Strategic Improvement Board (SIB). The Redesign Board reports directly into Full Council reflecting the more strategic nature of this work at an organisational level.</p>	Head of ICT & Digital Transformation	Complete

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
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				The items not reported via Re-design form part of the delivery of a variety strategies and Service Plans, progress against which are reported to the respective Strategic Committees. It is considered that this is sufficient Member scrutiny at the required level.		