

Constitution Committee

Date of Meeting: 28 June 2018

Report Title: Closing the Executive Monitoring Board and Revising the Approach to the Technical Enabling Group

Portfolio Holder: Cllr Paul Findlow - Portfolio Holder, Corporate Policy & Legal

Senior Officer: Jan Willis, Interim Executive Director for Corporate Services

1. Report Summary

- 1.1 The roles of the Technical Enabler Group (TEG) and Executive Monitoring Board (EMB) functions require change following a significant review of procurement activity, improvements in the budget setting process and the establishment of the Programme Management Office.
- 1.2 EMB and TEG were necessary, to ensure change was managed as a process, and met essential criteria:
 - Maintain executive oversight of Council spending on change initiatives
 - Maintain control of spending
 - Provide an opportunity to support change processes
 - Satisfy Council leadership that these controls are adequate and operating effectively and efficiently
- 1.3 Recommendations from the procurement review have been followed to set up a Commissioning and Procurement Board and a supporting Commissioning and Procurement Delivery Group, and the arrangements overlap roles for TEG/EMB. The Portfolio Holder for Finance and Communications is a member of the Commissioning and Procurement Board to ensure there is an ongoing member oversight of this activity. The functions of TEG and EMB are Constitutional, and were established to ensure much tighter control of change and project monitoring. With the procurement review creating an opportunity to focus on the Commissioning Cycle it is clear that the structure of TEG/EMB can end in its current form to avoid any risk of duplication or excess bureaucracy.
- 1.4 The proposals in this report focus on managing the implications of a change to the Constitution, alongside a practical efficient role for the Portfolio Holder and relevant officers within any ongoing requirements of a TEG function.

2. Recommendation

- 2.1. Amendments to the Constitution be made to remove references to the Technical Enabler Group and the Executive Monitoring Board, in line with the tracked changes within Annex 1.

3. Reasons for Recommendation

- 3.1. The TEG/EMB process covers four elements of managing the Council's medium term finances and achievements:

- i. **Business planning for the annual budget**
- ii. **Monitoring ongoing projects**
- iii. **Reviewing in-year proposals to change the budget**
- iv. **Review contract spend**

- 3.2. Each element i-iv is addressed below to identify an updated approach to satisfy the criteria of the TEG/EMB process and give reassurances that projects are controlled and decision makers are supported.

- 3.3. **Business Planning for the annual budget.** The business planning process introduces changes to the financial plans of the Council. The Constitution requires approval of the change proposals to include consideration by EMB. However, the current process provides consistent involvement of the Corporate Leadership Team, Portfolio Holders, Cabinet, Scrutiny Committees and Full Council. Matters may also be reviewed by the Commissioning and Procurement Board which is made up of senior officers and the Portfolio Holder for Finance and Communications. As such the additional steps provided by TEG/EMB have little opportunity to add value in its current format. This has created levels of confusion over the gateway process too.

- 3.4. There is a need for enabling services to provide support to business planning proposals and this is covered by circulating business cases to relevant enabling managers with enough time for feedback to be considered during the approval process. Timely input from enabling managers, including guidance from the Programme Management Office on the quality and effectiveness of documentation, is sufficient to ensure projects are established effectively and can therefore proceed.

Amendment i - Remove any requirement for TEG/EMB from the Business Planning Cycle. Treat Budget Council as Gate 1 for all projects (See Annex 1 for detailed impact on the Constitution).

- 3.5. **Monitoring ongoing projects.** The gateway process requires projects to pass through gates with the endorsement of TEG/EMB. There is a financial minimum of £250,000 for projects to follow this process. This approach has

generated elements of confusion as the importance of some projects is not only financially based. This has led to significant focus on a process to set-up projects to the detriment of ongoing monitoring. The training of project managers, and improvements in processes and ongoing reporting, has mitigated the risk of projects proceeding without funding or authority. And this was frequently recognised in the Council's Value for Money assessment. However, there remains a need to maintain best practice and actively support key members in overseeing the achievement of project benefits.

Proposal ii - *A timeline of project activities will be included within Team Plans and also provided to the Portfolio Holder. Team Plans will be monitored through existing officer structures and the reporting process to members. To support an overview of activity, the Portfolio Holder will receive updates on all project activity as part of their regular update meetings with officers (See Annex 1 for detailed impact on the Constitution).*

- 3.6. **Reviewing in-year proposals to change the budget.** In-year budget changes happen outside of the normal business planning process. The decision making process is not as scripted as the annual process and this could introduce an element of risk. However, there are parameters within the Constitution for 'Supplementary Estimates' and 'Virement from existing budgets' that prevent issues arising from in-year changes.

Proposal iii - *Remove TEG/EMB from the in-year change to budget process. Utilise officer level scrutiny around business cases, as if they were annual business planning proposals. And introduce a process whereby the Portfolio Holder for Finance must be notified in advance of any in-year budget changes that require member recognition in accordance with the Constitution (See Annex 1 for detailed impact on the Constitution).*

- 3.7. **Review contract spend (EMB only).** At present EMB has an additional function to opt to review any contracts issued where the value exceeds £250,000. In the case of ASDV's this review should be in advance of the contract award. This provides reassurance that large contracts are not being signed by officers without an element of member scrutiny. EMB are able to challenge elements of the contract process such as procurement routes and budget allocations.
- 3.8. The role of the Commissioning and Procurement Board includes the review of a pipeline of purchasing activity that enforces the Council's Commissioning Framework. A series of stages must be completed to support value for money and compliance requirements, which will be performance managed and reported to the Board by exception. The Board will have access to all relevant data to ensure transparency.
- 3.9. In addition to management of the pipeline of purchasing activity the Board is also responsible for maintaining best practice in ongoing contract management. The Commissioning and Procurement Group, that supports

the Board is made up of senior officers from Finance, Procurement, Legal and commissioning expertise provided by service representatives.

Proposal iv – Replace the role of TEG/EMB, in relation to contract spend, with the role of the Commissioning and Procurement Board (See Annex 1 for detailed impact on the Constitution).

4. Other Options Considered

- 4.1. Retaining TEG/EMB, effectively the 'do nothing' option, was considered as an alternative to Constitutional change. But for the reasons outlined in 3.1 to 3.7 above this report recognises that processes to set the budget are now more robust and that the role of procurement has been enhanced sufficiently to mean the TEG/EMB roles are no longer necessary.

5. Background

- 5.1. In a climate of austerity there is no room for project failure as a result of poor process or ill-informed decision making. The TEG / EMB process was established, and written in to the Council's Constitution, to support improved processes and offer new levels of protection against project failure. Project management and monitoring has also been improved through better training and awareness.
- 5.2. The current process revolves around a gateway model whereby initiatives valued at £250,000+ must pass through a number of 'gates' before completion. The 'gates' are passed via TEG/EMB meetings (that are pre-arranged at least monthly). TEG is an officer group chaired by a Corporate Manager, EMB is an officer/Member group chaired by the Portfolio Holder for Policy & Legal. The process can endorse initiatives if satisfied, reject them if dissatisfied or recommend changes in order to become satisfied.
- 5.3. The challenge to this process is the potential for too much bureaucracy and a need to ensure the process added value. This paper looks at the options to update the requirements of the TEG/EMB process based on feedback from officers and members.

- 5.4. The relevant elements of the Constitution are extracted at Annex 1.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The proposals seek to remove any risk of duplication of processes linked to the current role of TEG/EMB, by replacing the four key elements of the roles to other existing arrangements.

- 6.1.2. Constitutional change is required to remove the roles of EMB/TEG.
This will require suitable reassurance that the functions of EMB/TEG are still being suitably delivered.

6.2. Finance Implications

- 6.2.1. There are no financial implications to the proposals, which are purely process related. The importance of TEG/EMB in the financial control environment is being replaced by the proposals within this report.

6.3. Policy Implications

- 6.3.1. There are no direct policy implications.

6.4. Equality Implications

- 6.4.1. There are no direct implications on equality.

6.5. Human Resources Implications

- 6.5.1. There are no direct implications for Human Resources.

6.6. Risk Management Implications

- 6.6.1. The process to develop business cases and monitor projects focuses on specific steps. The Council uses principles within the Better Business Cases model and within PRINCE2, which each have a significant element of Risk Management built in to them.
- 6.6.2. Business Cases consider risks as part of the options appraisal step and ongoing projects maintain risk and issue logs that are monitored by the Project Manager and Senior Responsible Owner.
- 6.6.3. The level of re-assurance that risks are being managed is not diminished by the changes to the Constitution proposed within this report.

6.7. Rural Communities Implications

- 6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People

- 6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

- 6.9.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. None.

8. Consultation & Engagement

8.1. None.

9. Access to Information

9.1. None.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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