

Appendix A

ESPO Change Programme Programme Closure Report

Status: Final

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Contents

1.	DOCUMENT CONTROL	3
1.1	Control Details	3
1.2	Document Amendment Record	3
1.3	Location of Project Documentation and Products	3
1.4	Document Sign-off	3
2.	PURPOSE	4
2.1	Purpose of the Report	4
2.2	Purpose of the Programme	4
2.3	Objectives	4
2.4	Approach	4
3.	PROGRAMME PERFORMANCE	6
3.1	Deliverables and Success Criteria	6
3.2	Performance against Time and Cost Objectives	9
3.3	Effect of Changes to the Programme Plan	9
4.	DELIVERY OF BENEFITS	10
5.	FOLLOW ON ACTIONS REQUIRED	11
6.	PROGRAMME CLOSURE RECOMMENDATIONS	12

1. Document Control

1.1 Control Details

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1.2 Document Amendment Record

Issue	Amendment Detail	Author	Date	Approved
0.1	Initial Draft	Ebru Oliver	10 Oct 12	
0.2	Comments from John Doherty	Ebru Oliver	23 Oct 12	
0.3	Final updates	Ebru Oliver	23 Jan 13	
1.0	Final Review		29 Jan 13	J. Doherty & B. Roberts

1.3 Location of Project Documentation and Products

Document Location:

1.4 Document Sign-off

Programme Manager:

Signature:

Printed Name:Ebru Oliver.....

Position:Programme Manager.....

Date:21st January 2013.....

Programme Sponsor:

Signature:

Printed Name:Brian Roberts.....

Position:Consortium Treasurer.....

Date:29th January 2013.....

2. Purpose

2.1 Purpose of the Report

The purpose of this report is to seek formal agreement from the Chief Officer Group (COG) and the Management Committee (MC) to close the Change Programme and to re-establish the Legal and Governance Workstream as a Task and Finish Group to continue to finalise the Consortium Agreement and Constitution documents.

The report will also inform the Management Committee of:

- The achievements of the programme, and
- Any follow on actions required to address outstanding issues and to allocate responsibility for these actions

2.2 Purpose of the Programme

The Member Authorities agreed to undertake a fundamental review of the role and purpose of ESPO. The aim of the review was to investigate the appropriateness of business strategy, reviewing the role and purpose of ESPO, its alignment with the members' requirements, the value of partnering with ESPO, and the options going forward.

This review resulted in a revised vision and service model being proposed together with a number of recommendations to improve the operational efficiency and effectiveness of ESPO. Subsequently, the Management Committee approved the mobilisation of the Change Programme in November 2011.

2.3 Objectives

The following objectives/priorities were agreed by Member Authorities during the consultation process:

Priority 1- Supporting Member Authorities to deliver their strategic objectives and priorities, particularly in relation to enabling the delivery of efficiency savings.

Priority 2- Reducing Member Authorities' exposure to risk and providing greater transparency and accountability for decision making.

Priority 3- Demonstrating and improving confidence in the business efficiency of ESPO, measured by achieving the agreed percentage return on investment of resources employed and demonstrating year on year efficiency improvements.

2.4 Approach

In order to deliver the above objectives/priorities, the following key deliverables were identified:

- **Constitution-** Revised legal structure to provide protection to Consortium Members so that the accountability and liability is clear and fair and that appropriate indemnities are provided.

- **Decision making (governance) and risk management-** A new governance model to improve the transparency of the decision making process and management of risk.
- **Business model-** A defined model of how ESPO creates, delivers and captures value for its customers. This represents core aspects of the business including purpose, revenue generation mechanism, strategies, infrastructure, trading practices and operational processes and policies.
- **Organisational structures and capabilities-** New ways of working considering the complex relationship between tasks, workflow, responsibility and accountability, and making sure these all support the objectives of the business.
- **Performance Management Framework-** An integrated framework (corporate, operational and individual) that brings together the strategies, plans, policies and performance measures to continuously drive performance improvements and to deliver ESPO vision.
- **Category Management Approach-** A common framework for joint procurement of the agreed categories of spend drawing on the lessons learned from the HR Category Pilot

Four workstreams were established to ensure the delivery of the above.

- a) Legal & Governance workstream led by Warwickshire County Council
- b) Business Strategy & Efficiencies workstream led by ESPO
- c) HR Category Management Pilot led by Lincolnshire County Council
- d) People & Performance led by Leicestershire County Council

Due to a significant amount of work required by EPSO and Member Authorities, the programme was broken down into four distinct stages.

The first stage focused on critical areas of concern and established high level strategies and a legal framework to assist the following stages. The second phase focused on the development of detailed strategies and a governance framework to achieve the agreed priorities and to support the People and Performance workstream. The third phase focused on the development of new ways of working, finalisation of the legal and governance frameworks and completion of category management documentation. The final stage of the programme focused on the embedding of outputs of the programme into business as usual.

3. Programme Performance

3.1 Deliverables and Success Criteria

The Chief Officer Sub-Group had identified the following critical success criteria in the Deloitte stage 2 review report, which have been mapped against the key deliverables of the Programme:

Success Criteria	Key Deliverables	Measure	Original Delivery Date	Actual Delivery Date	Assessment Against Measure
Managing ESPO's risk exposure transparently	Constitution and Decision Making and Risk Management	New Consortium Agreement and Constitution documents developed and agreed by all parties. Effective standard operating procedures, business continuity and risk management strategies are developed and implemented.	May 2012	Jan 2013	Complete
Having a strong governance framework to facilitate a collaborative and transparent relationship	Constitution and Decision Making and Risk Management	A new governance model that provides transparency of the decision making process and management of risks developed and approved. Clear roles and responsibilities of Director of ESPO, The Chief Officer Group and the Management Committee defined and agreed by all parties.	May 2012	Jan 2013	Complete
Ensuring the strategy is achievable and addresses the need for change	Business Model (Business strategy and new ways of working)	Business strategy is developed, member authority consultations completed and it is approved by the Management Committee	Feb 2012	June 2012	Complete

Success Criteria	Key Deliverables	Measure	Original Delivery Date	Actual Delivery Date	Assessment Against Measure
Ensuring the ongoing strategic alignment of ESPO and the Consortium authorities	Business Model and Decision Making and Risk Management	Business model (business strategy, marketing, customer relationship, procurement, business continuity and risk strategies) developed and agreed by Member Authorities and approved by the Management Committee	Feb 2012	June 2012	Complete
Enabling significant savings for the consortium	Business Model & Efficiencies (Business, Procurement and Marketing Strategies)	The key strategies and action plans address many needs of the Member Authorities. Member Authorities have many priorities and the Director of ESPO meets with Members and Chief Officers quarterly to understand their priorities to align resources to support their objectives.	Feb 2012	May 2013	<p>Part complete- Elements of the Marketing Strategy and Action Plan are being implemented. The marketing strategy will be finalised upon the implementation of the new marketing structure in the new year.</p> <p>Good procurement practices are in place and will continue to be implemented. The procurement strategy will be finalised upon the implementation of the new marketing structure in the new year.</p>

Success Criteria	Key Deliverables	Measure	Original Delivery Date	Actual Delivery Date	Assessment Against Measure
Achieving results rapidly	Business Model (Business strategy, Performance Management Framework and People Strategy)	The strategies are outcome focused and performance management culture is implemented and the performance is measured.	Feb 2012	June 2012	Complete
Having a cost neutral plan of investment	Business Model (Business Strategy & MTFS)	Business strategy and medium term financial strategy approved by the Management Committee	Feb 2012	June 2012	Complete
Developing/ recruiting sufficiently skilled resources across the Consortium	Business Model (Business Strategy and Organisational Structure and Capabilities)	Resource capacity and capabilities are identified and appropriate training and development programmes are in place for internal staff to ensure necessary skills are in place to complement ESPO's deliverables. A suite of training and development opportunities are available to Member Authority staff (as per the core service offer)	Feb 2012	Sept 2012	Complete
Providing an ongoing cost effective service	Business Model (Business strategy and efficiencies and Category Management)	The portfolio of efficiency projects is delivered and efficiencies are realised. A common category management framework developed and agreed for all spend categories.	Feb 2012	Ongoing	Mostly complete- Organisations efficiency projects are reviewed regularly and on-going. The Category Management action plan is in place and will be implemented by SOG.

3.2 Performance against Time and Cost Objectives

It was agreed that the implementation of the Review's recommendations would be provided through a combination of existing resources, both financial and staff, of ESPO and Member Authorities.

Initially an allocation of £400k was approved to support the implementation of the Programme including programme management, staff backfill, consultancy and support and organisational change costs (as per the ESPO Management Committee meeting 24 June 2011). However, only a small proportion of this budget was required due to the need for specialist resources (a locum to support the development of legal documentation and an analyst to gather and analyse financial data to support the business and marketing strategies) and the category management training. The overall cost of the programme is £57,350.

3.3 Effect of Changes to the Programme Plan

During the life of the Programme a number of exception reports were presented to the COG detailing issues and seeking direction. The reasons for these exceptions were:

Delay in programme start

Delay in approval of Project Initiation Document (PID) from September to November Committee meant that the project could not start until December, resulting in delays in achieving key dates particularly within the Business Strategy workstream (from Feb 12 to June 12).

Legal & Governance Workstream Issues

Progress was initially slow due to lack of representation and key issues raised by each member authority. Since February 12, full representation has been achieved and key issues have been identified and chief officer direction sought for completion of the consortium agreement and constitution. It is estimated that these issues will result in approximately 10 months of delay to the completion of this workstream (from May 12 to March 13).

HR Category Management Pilot Issues

The availability and capacity of officers from across the Consortium and the need to undergo joint training to gain common understanding of Category Management approach to deliver the pilot resulted in delays. The training and stock take exercise highlighted the need to bring the pilot to an end due the position of each member in how they approach category management concept.

4. Delivery of Benefits

Objectives/Priorities	Benefits and Measures	Owner	Timescales
Priority 1- Supporting Member Authorities to deliver their strategic objectives and priorities, particularly in relation to enabling the delivery of efficiency savings.	The annual business plans are developed in consultation with member authorities considering their objectives and priorities which is incorporated into performance monitoring system. The annual review of core services and regular feedback from by SOG are used to evaluate progress.	Director of ESPO	June 2013
Priority 2- Reducing Member Authorities' exposure to risk and providing greater transparency and accountability for decision making.	Risk and performance management is an integral part of day to day operational performance. Risks are monitored and reviewed through a compliance process, driven through a detailed business case methodology. Risks are assigned to owners and escalated through the senior management team to the ESPO Management Committee when appropriate. Through this comprehensive risk management approach, member authorities' exposure to risk is minimised.	Director of ESPO	Achieved
	A new constitution and consortium agreement are in place that sets out transparency of decision making, clear accountabilities and liabilities and provides protection to member authorities.	Director of ESPO	Apr/May 2013
Priority 3- Demonstrating and improving confidence in the business efficiency of ESPO, measured by achieving the agreed percentage return on investment of resources employed and demonstrating year on year efficiency improvements.	ESPO will achieve 3.5% return on capital ESPO and will have a target of an annual surplus of between £1m to £2m to ensure sufficient working capital, asset and resource replacement, contingency funding, and a dividend to member authorities is maintained.	Director of ESPO	June 2013
	The cost of service delivery is reduced through organisational and supplier efficiencies as well as collaboration with others.	Director of ESPO	

5. Follow On Actions Required

This section summarises any actions required to address outstanding risks, issues and to complete specific products. The reporting on progress towards the completion of the following programme activities, which have been handed over to business as usual will be made to COG and Management Committee, by the Director of ESPO and the Consortium Treasurer, as and when required.

Task	Action Recommended	Responsibility For	Proposed Date
Marketing Strategy	Finalise the marketing strategy	Director of ESPO and Senior Manager responsible for Marketing	May 2013
Procurement Strategy	Finalise the marketing strategy	Director of ESPO and Senior Manager responsible for Procurement	May 2013
Development of Category Management Approach	6 recommendations set out in the project closure and lessons learned report dated June 2012	Senior Officer Group	2013 work plan

6. Programme Closure Recommendations

The Programme Board is recommended that:

- The successful completion of the programme be noted and thanks given to those involved;
- The acceptance and commitment to the completion of the follow on actions set out in section 4;
- The follow on actions listed in section 5 are completed by ESPO;
- Subject to the above, the Programme be formally closed, programme papers archived and communications made to those involved.