ARGYLL AND BUTE COUNCIL	POLICY & RESOURCES COMMITTEE
CUSTOMER AND SUPPORT SERVICES	19 OCTOBER 2017

AUDIT SCOTLAND'S PRINCIPLES FOR A DIGITAL FUTURE

1.0   EXECUTIVE SUMMARY

1.1   Audit Scotland has published a number of reports since 2012 on managing major ICT contracts and projects in the public sector. The lessons learned from their review of these projects have been incorporated into a new Principles For a Digital Future report which highlights the difficulties in managing large complex digital transformation programmes. It points towards a set of principles for programme and project management that all public sector organisations should consider when embarking on transformation projects. The principles focus on project planning, governance, end users, leadership and strategic oversight. This is a useful reference document to ensure the Council maintains our existing arrangements for Project and Programme Management as we embark on a number of Digital Transformation projects.

1.2   The report gives examples of how these principles are already applied in Council ICT projects.

1.3   The Committee is asked to note the report and to be reassured that the Council's approach to Project Management and Digital Transformation is very much in line with the approach recommended by Audit Scotland.

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2.0   INTRODUCTION

Audit Scotland have published a number of reports since 2012 on managing major ICT contracts and projects in the public sector. They have mostly been produced as a result of perceived failures in some of these large ICT projects. None of the projects in question cover the local authority environment but Audit Scotland have focused instead on large scale NHS, Police, and central government projects such as NHS 24 and the Common Agricultural Policy Futures programme. The lessons learned from their review of these projects have been incorporated into a new Principles For a Digital Future report in an attempt to bring together all of the common themes into one place. The report is meant to highlight the difficulties in managing large complex digital transformation programmes and points towards a set of principles for programme and project management that all public sector organisations should consider when embarking on transformation projects

2.1   A number of key messages have been identified which are relevant to all major or minor projects whether they are ICT based or not. They focus on project planning, governance, end users, leadership and strategic oversight with some guidance on how each principle influences the outcome of the project or programme. The principles generally reflect all of the governance, planning leadership and delivery work already in place in Argyll and Bute Council –no local authority "failures" have been used as examples in the main report. Nonetheless they offer a credible and useful reference document to ensure the Council maintains our existing arrangements for Project and Programme Management as we embark on a number of Digital Transformation projects.

3.0   RECOMMENDATIONS

3.1   The key messages from the Principles For A Digital Future are noted below alongside examples of how these principles are already applied in Council ICT projects. The Committee should be reassured that the Council's approach to Project Management and Digital Transformation is very much in line with the approach recommended by Audit Scotland.

4.0   DETAIL

4.1   In their report on the Principles for a Digital Future, Audit Scotland has produced a set of core principles to be considered by all Scottish Public Sector organisations when embarking on digital programmes or projects. This follows

the publication of a number of review reports by Audit Scotland into well publicised failures in public sector ICT projects in Scotland. The report also includes examples of lessons learned from other projects from around the world. None of the examples of failures come from the Local Government sector but Audit Scotland would like all public sector organisations to incorporate these principles into the management of projects. They suggest they cannot be considered in isolation but they all interact to create the right environment for a successful project.

4.2 The five key principles are based around:

- Active GOVERNANCE providing appropriate control and oversight
- Comprehensive PLANNING setting out what you want to achieve and how you will do it.
- Putting USERS at the heart of the project
- Clear LEADERSHIP that sets the tone and culture and provides accountability
- Individual projects set in a central framework of STRATEGIC OVERSIGHT AND ASSURANCE

4.3 GOVERNANCE Principles: Audit Scotland recommends:
- Ensure Governance is active and Dynamic
- Integrate Risk Management
- Use an appropriate Project Management Methodology
- Be an intelligent client
- Develop assurance arrangements
- Ensure honest and accurate project monitoring
- Build in quality assurance processes

4.4 The Council has a very well established approach to ICT Project Management and uses the Prince2 methodology for all projects. This ensures most if not all of the principles highlighted by Audit Scotland are already in place and this is reflected in our continually high success rate in meeting the objectives of all projects. The methodology has helped the Council to establish the necessary governance around all of the work carried out by the ICT service. All senior staff in the department are Prince2 practitioners and the service's main project based workload is overseen by an ICT Steering Board with Chief Officer representation from all departments. Other work (particularly digital transformation work) is overseen by the Transformation Board while the department's asset sustainability and development plans are governed by the Asset Management Board. All of the Governance boards have incorporated risk management into all of the project work and highlight and exception reports are produced as and when required.

4.5 PLANNING Principles: Audit Scotland recommends:
- Clearly define the needs and benefits
- Understand the likely complexity
- Identify people with the right skills and experience
- Break the project down into manageable stages

- Be aware of optimism bias
- Consider the procurement options early

4.6   The Council maintains a team of ICT Project Leaders and Client Liaison Officers (all Prince2 Practitioners) to ensure projects are always managed to the highest standards. They work with customers and suppliers and produce Business Cases, Project Initiation Documents and Project Plans which clearly define the project needs and benefits, identify participants with the right skills and experience, break the project down into manageable stages with clearly defined deliverables, and work closely with the Council's procurement team to identify the very best routes to market.

4.6   USERS Principles: Audit Scotland recommends:
- Identify all users and understand their needs
- Sustain engagement with users
- Help people make change happen
- Prioritise knowledge transfer

4.7   The Council created the Client Liaison role to help ensure user needs were fully integrated with the work of the ICT service. In addition user needs and roles are fully incorporated into the structure of projects from the earliest stages. Projects rely on the constant involvement of users through specification, procurement, testing, and operational delivery stages.

4.8   LEADERSHIP Principles: Audit Scotland recommends:
- Ensure senior leadership show drive and commitment
- Clarify and define lines of accountability
- Maintain stability and develop succession planning
- Recognise the role of culture and tone at the top

4.9   The Council's new ICT and Digital Strategy has been fully endorsed by the Council's leadership and digital transformation plans have been encouraged and supported by politicians and chief officers alike. All of the ICT Governance boards are attended by senior officers who continue to support a positive culture of change throughout the organisation. Every project has a defined project sponsor who normally chairs the project board.

4.10   STRATEGIC OVERSIGHT AND ASSURANCE Principles:Audit Scotland recommends:
- Work with a central assurance framework
- Recognise that strategic oversight adds value

4.11   The Council's Asset Management Plans, ICT and Digital strategy, and transformation plans combine to form a central framework for strategic oversight but we may need to look at the assurance recommendations from Audit Scotland for riskier projects in more detail. At present the assurance role tends to focus on the management products (documentation) and process rather than the major deliverables of the project. This role is often provided by ICT which is fine when it comes to the detailed technical components but as the

"internal supplier", this isn't necessarily always appropriate. Overall assurance should be a Client based role or ideally independent of both the Client and Supplier roles but working for the benefit of the Client. The difficulty in smaller projects like those undertaken by the Council is finding an appropriate assurer that has the understanding of the project, its objectives and outcomes and the ability to recognise when the direction of travel and delivery are correct or otherwise.

4.12   The ICT Service therefore believes that it is reasonably well positioned in relation to the principles identified by Audit Scotland.

5.0   CONCLUSION

5.1   The committee is asked to note the key messages from the Audit Scotland report and the commentary provided in terms of the Council's position in relation to these.

6.0   IMPLICATIONS

6.1 Policy: No change.

6.2 Financial: None

6.3 Legal: None.

6.4 HR: None.

6.5 Equalities: None.

6.6 Risk: No change.

6.7 Customer Service: No change.

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Appendix

1   Audit Scotland Report: Principles for a digital future

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