Internal Audit Report 2018/19

Connected Knowledge:

Benefits Realisation

MARCH 2019

Contents

Distribution List

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1. *Background*

Aylesbury Vale District Council approved 'Connected Knowledge – Technology Strategy 2017-22' (hereafter 'Connected Knowledge') at Full Council on the 10th January 2017.

Connected Knowledge sets out the Council's vision for its future use of technology and data to deliver:

- A leaner, better, and more unified customer experience;
- Improved access to information, enabling better and faster decision-making for all;
- Commercial opportunities from both our innovation and the recognition it receives (from partners, industry and our peers).

The Connected Knowledge programme is made up of a series of projects.

In March 2019, an internal audit review was performed of a sample of projects and considered whether projects within Connected Knowledge:

- Identify the financial and/or non-financial benefits they aim to achieve;
- Are realising those benefits and have appropriate reporting arrangements in place to track this;
- Have sufficient arrangements in place to identify and apply lessons learned to future projects.

The review focused on a sample of three completed Connected Knowledge projects to assess the approach the Council has taken in each of these areas. The sample was selected through discussion with the Connected Knowledge programme team to include one from each of the three types of Connected Knowledge projects:

- Transformation – projects may be part of wider programmes spanning all aspects of working practices to deliver better, more efficient customer services;
- Innovation – projects designed to "test" or pioneer new ways of working, the impact of which may not be apparent for some time to come;
- Legacy – the move to Software as a Service requires old server based systems to be replaced with hosted cloud solutions.

The projects selected were:

- Building Control (Transformation) - The Council's CRM system is Salesforce. The Council's back-office system for Building Control was Uniform. Previously staff at the Council were obtaining output from Salesforce and having to key it into Uniform because the two systems did not link. The Council therefore needed to move its back office systems for Building Control on to Salesforce. The decommissioning of

Uniform is part of the wider Built Environment Project whereby all the services, including Planning and Land Charges are moving over to Salesforce. The Building Control element of the project is now complete.

- Alexa (Innovation) - The Alexa project ran in two phases. Phase 1 was a trial to understand how customers used the service. It provided some basic information but was not particularly transactional. Phase 1a became more transactional and focussed on some specific services (e.g. 'find my bin day', 'sharps waste collection' and 'assisted waste collection'). This allowed information reported to Alexa to go straight to the Council's Customer Relationship Management (CRM) system and be actioned with no human interaction required. Phase 1a of the project is now complete.

- Northgate Software as a Service (SaaS) (Legacy) - Northgate provide the Council's revenues and benefits systems. However this was all held on servers within the Gateway and therefore was not as resilient as it could be. The Council therefore took a decision to move to a Northgate cloud solution for revenues and benefits and have it managed as 'software as a service' (i.e. no technical staff employed, just an online helpdesk available). This was a sensitive project, given the nature of the data, but not a particularly complex one, given the provider was the same. The project is now complete.

The full Terms of Reference for the review is included in Appendix 1.

Advice and recommendations were shared with management real-time during the review. A number of areas of good practice were noted along with areas for further improvement. This report sets out a summary of the findings, recommendations and agreed actions.

2.   *Good practice noted*

The following areas of good practice were noted during the review.

Templates and documentation

- The Council has a standard set of project governance documents in place which form milestones in the lifecycle of a project.
- These include a Business Case template to be completed at the outset of a project, and signed off by the Connected Knowledge Programme Board, and a Project Close Form, to be produced at the end of a project to capture any lessons learned and key handover information.

Lesson learning

- In a recent review (October 2018) of Phase I and II of the Connected Knowledge programme, the Council has acknowledged that it needs to improve the specificity with which financial and non-financial benefits of projects are set out in business cases.
- An updated Business Case Template has been produced to support this which is designed to encourage the author of a business case to be more specific about the anticipated benefits. For example, the template now asks the author to: identify the quantum and phasing of financial benefits; clarify the timescales over which the benefits of the project are expected to be delivered; and be more specific about who is responsible for delivering the stated benefits.
- The Council also used the review of Phase I and II of Connected Knowledge to acknowledge it needed to improve how it tracked stated financial and non-financial benefits throughout the life of a project. The Project Close Form was updated to help facilitate evaluation at the point the project is closed down (and the work delivered becomes the Council's business as usual) and set up monitoring arrangements going forward. The new Project Close Form has been tailored to be paired with the updated Business Case Template to determine whether the planned benefits were actually delivered. The updated Project Close Form is also more specific about roles and responsibilities for applying lessons learned from those projects.
- The Connected Knowledge programme team have collated all lessons identified from previous projects into one searchable spreadsheet which is accessible by all project managers. There is also evidence of lessons being applied. For example, based on learning from the Regulatory Services (Licensing) project, the Building Control project introduced a contractual mechanism requiring the new provider to pay for extended licenses for legacy services as a result of any overruns in implementing the new system.
- Both the updated Business Case Template and Project Close Form improve how benefits are stated and tracked throughout the duration of a project, and after the project closes down. However it is important that both updated templates are used to their full potential and the findings in this report provide some recommendations

around how benefits can be better specified in the Business Case Template and reported appropriately.

Governance and oversight

- The Council has a governance structure in place to oversee Connected Knowledge. This covers the day-to-day management of Connected Knowledge (Steering Group) and oversight of the programme as a whole (Programme Board). These forums receive two standard documents setting out the progress on live projects in terms of timescales, resource usage and cost.
- However, these forums should also receive reporting on whether completed projects are delivering their anticipated financial and non-financial benefits.

3. Key findings and recommendations

This review has highlighted a number of areas where programme management could be improved and actions have been identified to address these. These recommendations fall into three categories: making benefits more specific and measurable; improving arrangements for tracking delivery of benefits; and closing down projects and learning lessons.

1) *Making benefits more specific and measurable*

- The Council should be clearer about how it states the financial and/or non-financial benefits of Connected Knowledge projects.
- Financial and non-financial benefits should be SMART (Specific, Measurable, Assignable, Realistic, Timebound). The Council's updated Business Case Template (see 'good practice' above) covers the last three of these and has made improvements on the first two. However accountability would be improved if benefits were set out in a way which is both more specific and measurable.
- Furthermore, where projects have been completed, the Council should retrospectively agree benefits for those projects which are sufficiently specific and measurable.

Agreed actions:

1.1 Update the Business Case Template to require a Benefit Profile for each financial and non-financial benefit stated in a business case.
1.2 For completed and 'in flight' projects, retrospectively agree a manageable and definitive list of financial and non-financial benefits, prepare a Benefit Profile for each of those benefits, and incorporate this in all benefits tracking going forward.

2) *Improving arrangements for tracking delivery of benefits*

- The Council would be better able to definitively state whether all the stated benefits of Connected Knowledge are being realised if there was greater specificity as to how those benefits were initially defined and improvements made to the way they are measured and reported.
- The Council should simplify how it reports benefits for each project to ensure consistency in the way delivery or non-delivery against benefits is communicated. This means that all projects will be fairly and objectively assessed, in the same manner, against the pre-agreed set of success criteria.
- Some reporting on benefits takes place within the service area concerned but these benefits also need to be reported to Connected Knowledge Programme Board so it can take an overall view on the success of the Programme.

Agreed actions:

2.1 Produce a single list of clearly defined financial and non-financial benefits, drawn from Benefits Profiles (see Finding 1).

2.2 Upload this single list of clearly defined financial and non-financial benefits on to Verto (project management software) and assign reporting against benefits to relevant service areas.

2.3 Use Verto to automate requests to service areas for quarterly reporting against the benefits assigned to them.

2.4 Report quarterly to Programme Board on whether all benefits which feature in the single list of agreed benefits are, or are not, being delivered.

3) Closing down projects and learning lessons

- Currently projects are handed over to services with considerable work still required to resolve issues necessary for the project/system in question to be used by the service as business as usual without ongoing support from the Connected Knowledge team or other technical staff.

- Whilst this is not unusual for IT projects, and is supported on an ongoing basis by the Connected Knowledge programme team, formalising this process into two stages ('Handover' and 'Project Completion') would ensure: a) lessons learned during the full implementation phase of a project can be applied to future projects; b) work required to fix implementation issues is appropriately resourced and therefore completed as soon as possible; and c) would increase confidence in service areas that projects are not left 'unfinished'.

- The first 'Handover' stage is already in place – i.e. when a project is formally handed over from the Connected Knowledge programme team to the service in question and a 'Project Close Form' is completed.

- The second stage should be the actual 'Project Completion Stage', when implementation is completed successfully and any implementation issues overcome.

Agreed actions:

3.1 Split the close down of projects into two phases – 'Handover' and 'Project Completion' and replace the current 'Project Close Form' with two forms, one for each stage of the close down process.

3.2 The 'Handover' project should clearly state the ongoing support which will be provided by the Connected Knowledge programme team post-handover.

3.3 Require both 'Handover' and 'Project Completion' forms to be completed and signed off by all affected services.

4.   Conclusion and Management Comment

For the projects sampled in this review, the majority of service users feel that the projects have delivered improvements on the previous arrangements.

The Council has already spent, or committed to spend £2.3m across Phase I and II of the project. As stated in The Council report – 'Connected Knowledge: Phase I and II Look Back' (November 2018) – to date the programme has achieved £138k of savings. This is ahead of schedule as it was not predicted to deliver any financial savings before 2019/20. The Council has committed to (i.e. incorporated into its Medium Term Financial Plan) but not yet delivered, £371k of savings in 2019/20, and £630k of savings in each year thereafter. This was all set out before the decision to move to a single Unitary authority for Buckinghamshire. It is unknown at this stage how the new Buckinghamshire Council will take the Connected Knowledge programme forward from 1 April 2020.

The programme has also delivered a range of projects which have attracted national attention such as use of Alexa and Digital Genius to provide new automated channels through which service users can communicate with the Council. These have received national recognition with the Council being awarded an iESE Public Sector Transformation Award. The November 2018 report also sights other non-financial achievements including: increased breadth and depth of online services; process automation reducing staff processing time; improved systems resilience and increased staff productivity.

However, from the sample of projects considered, this review concludes that at this stage of the programme it is hard to form a definitive view on the benefits realised to date, with further improvement needed on the clarity with which anticipated benefits are stated and subsequently reported. Improvements have been made, but given the level of expenditure on the Connected Knowledge programme, it is essential that the Council puts in place more robust arrangements to monitor the ongoing delivery of financial and non-financial benefits stemming from the programme. This includes being more specific about the expected benefits for projects being developed, increasing specificity retrospectively for projects already completed or 'in flight', and then putting reporting arrangements in place to track delivery of these benefits at a programme-level, rather than just within service areas as business as usual. In addition the Council needs to further formalise its arrangements for closing down projects, using a two stage approach.

Management comment

We recognise that benefits realisation and lessons learnt require improvement within the Connected Knowledge programme (and projects as a whole) and have made a number of recent improvements to these and the overall project process. We welcome this report and its findings as it provides us with key areas of focus going forward and highlights how we could go about improving areas of weakness, but also where we should continue to build upon areas of strength.

For each of the recommendations, responsibilities and timeframes for implementation have been agreed. Not all actions will be implemented in the same way as suggested in the report. This is to ensure, as much as possible, improvements to the processes fit with the way in which we deliver projects and our systems to support this. However, the desired outcome will be the same. There are also a number of recommendations within this report which have already been implemented immediately following the review as part of the full rollout of our new project management system, Verto.

The recommendations in this report will be implemented throughout all projects that the AVDC corporate Project Management Office (PMO) is responsible for delivering as part of rolling out good practice, not just those that sit within the Connected Knowledge Programme.

Appendix 1. Terms of Reference

This review is being undertaken as part of the 2018/19 internal audit plan approved by the Audit Committee.

Background

Aylesbury Vale District Council approved 'Connected Knowledge – Technology Strategy 2017-22' (hereafter 'Connected Knowledge') at Full Council on the 10th January 2017. Connected Knowledge sets out the Council's vision for its future use of technology and data, based on delivering the following outcomes:

- A leaner, better, and more unified customer experience;
- Improved access to information, enabling better and faster decision-making for all;
- Commercial opportunities from both our innovation and the recognition it receives (from partners, industry and our peers).

Connected Knowledge also sets out other anticipated benefits. For example:

- Key practical outcomes (e.g. "being 100% software as a service consumers");
- Strategic technology objectives (e.g. "making technology a profit centre, not a cost centre");
- Measures of success (e.g. "all staff having ease of access to management information and data they can use to improve our services").

The wide ranging scope of the Connected Knowledge strategy has means that individual projects may have very different objectives, broadly this can be categorised into:

- Transformation – projects may be part of wider programmes spanning all aspects of working practices to deliver better, more efficient customer services
- Innovation – projects designed to "test" or pioneer new ways of working, the impact of which may not be apparent for some time to come
- Legacy – the move to Software as a Service require old server based systems to be replaced with hosted cloud solutions

Objectives and scope

This is an advisory review. We will not be providing assurance over controls and processes but will provide recommendations on each point as appropriate.

The review will focus on three projects undertaken as part of Connected Knowledge. We will consider the impact of these projects both on the service area most directly affected by that project concerned, and any foreseen or unforeseen impacts on specified other service areas across the Council.

For each project in our sample, we will assess how successfully the Council has:

- Stated the benefits the Council will get from Connected Knowledge (Focus Area 1);
- Realised stated benefits from Connected Knowledge (Focus Area 2);
- Identified and applied 'lessons learned' from projects during the earlier part of Connected Knowledge to projects undertaken during later parts of the programme (Focus Area 3).

Following consultation with stakeholders, it is proposed that one project be selected from each of the three categories; Transformation, Innovation, and Legacy, to ensure that our audit work and recommendations reflect the breadth of scope of the Connected Knowledge programme. The following projects are selected for review:

- 'Alexa' and/or the new Waste App (Innovation);
- Built Environment – focusing on building control (Transformation)
- Move from Northgate as as server to a hosted solution(Saas) (Legacy)

Approach

We will use a combination of interviews, document review and desktop research to form conclusions and make recommendations for each of our Focus Areas. We have summarised below the key tasks we will undertake for each Focus Area.

Focus Area 1 – Stating the benefits of Connected Knowledge

- Review business cases and other relevant documentation associated with sampled projects;
- Meet with Project Managers of sampled projects to confirm understanding of business cases;
- Gap analysis of financial and non-financial benefits set out in business cases to determine whether they are Specific, Measurable, Assignable, Realistic and Timebound (SMART);
- Mapping benefits set out in business cases to wider goals of Connected Knowledge to check alignment.

Focus Area 2 - Realising stated benefits from Connected Knowledge

- Review reporting on delivery of SMART benefits identified as part of Focus Area 1;
- Assess quality of data used to inform judgements on SMART benefits identified as part of Focus Area 1;
- Review unreported (i.e. where data is available and accessible but not structured in the form of a formal report) delivery of SMART benefits identified as part of Focus Area 1;
- Agree with Project Managers a small number of high-level 'proxy' benefits for projects where benefits are not sufficiently SMART to assess whether or not they have been realised.

Focus Area 3 – Learning from lessons identified throughout the project

- Analysis of project plans for Connected Knowledge projects to identify where projects have been formally completed;
- Review formal recording of 'lessons learned' from Connected Knowledge projects which have been completed;
- Review process for closedown of a Connected Knowledge project;
- Identify where and how these 'lessons learned' have been communicated to relevant staff;
- Interview staff working on ongoing Connected Knowledge projects to identify whether identified learning has been implemented.

Reporting

The output of this review will be a short advisory report to Management and the Audit Committee. This report will set out our key findings and recommendations.

Exclusions

The scope of this project excludes:

- Detailed work to identify SMART benefits from the Connected Knowledge programme, where these benefits have not already been identified – for example, baselining historic processes to identify whether processes have been made more efficient as a result of the Connected Knowledge programme;
- Holistic assessment of the impact of sampled projects on the Council, beyond the specific service areas identified by the Council which were expected to be impacted by that project;
- Connected Knowledge projects other than those included in the sample agreed for this review.