CITY OF WOLVERHAMPTON COUNCIL

Audit and Risk Committee Meeting
Monday, 6 March 2023

Dear Councillor

AUDIT AND RISK COMMITTEE - MONDAY, 6TH MARCH, 2023

I am now able to enclose, for consideration at next Monday, 6th March, 2023 meeting of the Audit and Risk Committee, the following reports that were unavailable when the agenda was printed.

Agenda No   Item

10   **Update on External Audit Improvement Recommendations (Civic Halls Refurbishment) (Pages 3 - 16)**

[To receive the update on external audit improvement recommendations (civic halls refurbishment).]

If you have any queries about this meeting, please contact the democratic support team:

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CITY OF WOLVERHAMPTON COUNCIL	**Audit and Risk Committee**	Agenda Item No: 10
	6 March 2023	

Report title	Update on External Audit Improvement Recommendations (Civic Halls Refurbishment)
Accountable director	Claire Nye, Finance
Accountable employee	Peter Farrow Head of Audit Tel 01902 554460 Email peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. An update on the progress made on the two improvement recommendations made by the External Auditors in their 2021-2022 Annual Report relating to the Civic Hall's refurbishment programme.

1.0   Purpose

1.1   To provide the Audit and Risk Committee with an update on the progress made against the two improvement recommendations made by the External Auditors in their 2021-2022 Annual Report relating to the Civic Halls Refurbishment.

2.0   Background

2.1   Under the National Audit Office Code of Audit Practice, the External Auditors are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In 2021-2022, in order to enable them to form such an opinion, they performed additional focussed risk-based work on the Civic Halls Refurbishment Programme.

2.2   This additional work involved reviewing the programme through a number of lenses:

- Procurement of the principal contractor to replace Shaylor Group
- Contract in place between the Council and Willmott Dixon
- Contract management of the contract between the Council and Willmott Dixon
- Use of consultants and advisors
- Governance arrangements of the Civic Halls Refurbishment programme
- Process followed in the appointment of an operator for the Civic Halls
- Risk management of the Civic Halls Refurbishment programme
- Response of the Council to the 'Civic Halls Refurbishment – Lessons Learnt' report published by Internal Audit in 2018
- Civic Halls Refurbishment Budget

2.3   Upon completion of their review, they made two improvement recommendations which were reported back to the Audit and Risk Committee on 23 January 2023:

- We recommend that the Council ensures that all lessons learnt from the Civic Halls Refurbishment are applied and embedded to future capital programmes that the Council delivers.

- We recommend that the Council continues to monitor the position with Willmott Dixon and, at the earliest possible time, reports on the expected outcome of the reconciliation and the recovery of payments to Willmott Dixon.

2.4   At the meeting on 23 January 2023 the Audit and Risk Committee requested that an update on the progress made against both recommendations, be reported back to them at their next meeting.

3.0   Progress, options, discussion, etc.

3.1   Update on the first improvement recommendation:

"We recommend that the Council ensures that all lessons learnt from the Civic Halls Refurbishment are applied and embedded to future capital programmes that the Council delivers".

3.2   In January 2018 Audit Services were commissioned to undertake a lessons learnt review of the Civic Hall Refurbishment. This review was completed and presented to the Audit and Risk

Committee in June 2018 and made 32 recommendations, all of which, were accepted. Following the report there have been two updates to the Audit and Risk Committee on the progress made against the lessons learnt. The first in December 2018 and a further follow-up update issued in November 2022.

3.3   Following the lessons learnt report the Council has been committed to ensuring the recommendations were in embedded in project and programmes. A table including the lessons learned, together with the steps taken to implement these on this and other projects is included at appendix A. This is ensured through challenge from the Council's Programme Management Office, Corporate Landlord and a number of other teams – a "One Council" approach is taken to ensure that these lessons have been learned and are embedded into the process for the future. Critically, as is set out below, updates on future capital programmes are provided through to the Cabinet through the quarterly reporting that now takes place on risk, performance and budget and also, where appropriate, the Audit and Risk Committee, through the strategic risk register update and also through the lead officer groups including Strategic Executive Board.

3.4   It is worth focusing on a number of the steps taken to address the points raised in the 2018 report, as these capture a number of the changes and show the progress made – and give assurance that the lessons learned have been implemented and continue to be:

   i)   **Project Assurance -** As a result of the findings of the lessons learnt reports the Council established a Project Assurance Group (PAG) in 2018 to provide support and a critical friend role for all projects and programmes. PAG's membership is made up of core areas of the business and chaired by the Director of Finance. Based on the current terms of reference PAG:

   • Provides assurance that Council Projects are operating in line with expected corporate standards for project management.
   • Ensures that Corporate Project Management standards are robust.
   • Ensures that the information contained in the systems used to document project progress is accurate, timely, and of enough quality to provide adequate assurance.
   • Provides scrutiny, ensuring that projects are robust and demonstrate a clear understanding of time, cost, scope, risk, and benefit/disbenefit to the organisation.
   • Offers guidance to project teams in respect of the areas of expertise fulfilled by the various assurance leads that form part of the PAG membership.
   • Offers guidance and recommendations around the formation of new projects (detailed at PAG using a Strategic Outline Case). This also should apply to service areas that are considering applications for grants which may result in the need for a project to be established.
   • Agrees when a project can move between standardised project gateways based on the availability of information to evidence good governance and documentation of key project information.
   • Can guide in how to address resourcing issues in projects.

   ii)   **Increased use of internal audit -** Since the lessons learnt report there has been increased audit presence on the boards of major (high risk) project and programme to provide continuing assurance that there is an appropriate governance structure in place and the Council's approved project management approach is being implemented, effectively acting as an internal "early warning" system.

          As part of this role Audit Services provide assurance that the key recommendations arising from the Civic Halls lessons learnt report are followed, whilst maintaining their

independence. Officers from Audit Services can also escalate any early concerns with both the Director of Finance and Chief Operating Officer is the relevant Senior Responsible Officer (SRO) is not responding to the issues they have raised.

To give a concrete example a member of Audit Services regularly attends the City Learning Quarter Programme Board in order to provide ongoing support and assurance on the project management and governance arrangements, and in order to flag any specific audit issues that may arise.

In addition Audit Services have also been commissioned to undertake a review of the City Learning Quarter's programme governance arrangements. This will primarily be focussed upon ensuring that the lessons learnt questions and challenges, contained within appendix A of this report, have been considered and addressed. Once completed, the outcome of this review will be reported back to the Audit and Risk Committee.

iii) **Clearer audit trail -** In order formalise the process going forward, and ensure that these recommendations are being consistently applied and embedded across other capital programmes, the Council has now implemented a self-assessment tool for all major capital projects or programmes which addresses the key areas arising from the Civic Halls lesson learnt review. Details of the key questions and challenges are provided at Appendix B of this report.

It is proposed that responses to these questions and challenges will be embedded in the governance of each project and programme to ensure they are continually reviewed and signed-off. Also, in order to provide an additional level of assurance the Council's Audit Services team will, where appropriate, undertake an independent review of the responses.

The outcome of these will also form part of updates to the Council's Strategic Executive Board and Project Assurance Group any concerns will also be reported through the updates on the strategic risk register.

3.5   Update on the second improvement recommendation:

"We recommend that the Council continues to monitor the position with Willmott Dixon and, at the earliest possible time, reports on the expected outcome of the reconciliation and the recovery of payments to Willmott Dixon".

3.6   As the Committee is aware, and as set out in a number of previous reports, the Council entered into an NEC Option C Construction Contract with Willmott Dixon, through the SCAPE Framework , to carry out the refurbishment of the Civic Halls. The construction phase with Willmott Dixon is complete, with practical completion taking place on 6 December 2023.

3.7   Throughout the Construction Contract with Willmott Dixon there has been a high number of Compensation Events. Compensation Events may, under the detailed terms of the contract, entitle the Contractor, in accordance with the relevant contractual provisions, to additional time and additional costs, where the events occur which are not usually the fault of the Contractor.

3.8   The assessment of Compensation Events is undertaken by Faithful + Gould (F+G), independently, in their role as Project Manager, if F&G agree they have the impact of increasing the target cost in the contract and potentially extending the completion date.

3.9   The governance process for this project allows the Council to scrutinise at any time, their assessment of the Compensation Event and costs awarded by F+G to Willmott Dixon. F+G provide detailed updates to the Council through board meetings, finance meetings and meetings with Legal Services and specialist construction solicitors. In addition, the advice obtained from F+G ensures that the Council is notified in advance should any budgetary pressures arise. Ultimately, the Council can and should rely upon its professional advisers.

3.10   It is important to note that if a CE is not agreed it can potentially go through an adjudication process as set out in the External Auditor's report in January 2023. This is on the basis that the Contract provides that it is mandatory for a dispute to first be referred to adjudication before either party accrues an entitlement to seek a determination of that dispute by the Courts. The status of an adjudicator's decision is that it is 'temporarily binding' (ie binding unless and until agreed by the parties or finally determined by the Courts).

3.11   Adjudication is designed to be a rapid process, and one which can take place while the works giving rise to a dispute are ongoing. The Council's legal advisors (internal and external) have been working hard to ensure that its position is protected.

3.12   WD have recently taken 2 large issues through the adjudication process:

i)   A request for delay of 73 weeks to the project – 45 weeks delay had already been granted by F+G due to factors such as Covid, unforeseeable events and design changes.

ii)   An uplift on certain costs, "working area overheads", of 100%

3.13   The Council is pleased to be able to confirm that the adjudicator has reached a decision on the above issues. The decision is a complex one of 100 pages. In summary the adjudicator concluded that:

i)   Delay of 45.5 weeks was awarded – ½ week more than the assessment by F+G of 45 weeks delay – the detailed implications of this are being worked through however initial advice is that any additional sums due to the amounts already accounted for will be well within existing budgets

ii)   No award was made for the uplift

3.14   As set out above the decision of the adjudicator is temporarily binding and as such it is the current legal position, namely that the assessment on the contract by the adjudicator means that the Council is well within the budget set in September 2022 (as detailed below in the financial implications section). The adjudicator's decision can be appealed by WD to the High Court and in that event the Council would continue to robustly defend its position and the public purse.

3.15   In the light of the above decision the Council's position at present is that it is in a good place to recover the additional pain and gain monies paid to WD. In line with the recommendation from auditors the Council will continue to ensure that it protects its position and does so in a timely manner. This will be regularly reported through to the Committee.

4.0   Financial implications

4.1   There are no direct financial implications arising from the recommendation in this report.

4.2   The capital programme budget for the Civic Halls Project is £48.1 million. This budget includes the increase of £5 million approved by Cabinet in September 2022 and a budget specifically for covid related costs of £2.3 million.

4.3   The current position indicates that the final costs of the project will be at least £1 million under the total budget allocation and therefore the additional £5 million will not be fully utilised.

4.4   In addition to the main budget, £10 million budget was approved to facilitate the temporary pressures due to the pain/gain mechanism. As discussed in 3.21 the council will seek to recover all payments made for pain share.

4.5   The financial position of the project will continue to be monitored carefully until conclusion of any future legal processes.

[CN/28022023/A]

5.0   Legal implications

5.1   There are a substantial number of legal issues in this matter and are covered in detail above, critically the Council has detailed legal agreements in place, which were produced with expert advice both legal and non-legal.

5.2   The Council will continue to ensure that the terms of the legal agreements are followed and detailed legal advice both internal and external will continue to be used to protect the Council's financial position.

[DP/28022023/A]

6.0   Equalities implications

6.1   There are no equalities implications directly arising from the recommendation in this report, equalities issues have already been built into the previous reports and the Council's approach to the Civic Halls.

7.0   All other implications

7.1   There are no other implications arising from the recommendation in this report.

8.0   Sustainability

8.1   There are no sustainability implications arising from the recommendation in this report .

9.0   Schedule of background papers

9.1   Audit and Risk Committee, 23 January 2023 – Final Auditor's Annual Report

9.2   Audit and Risk Committee, 28 November 2022 – Strategic Risk Register – Review of Civic Halls Risk

9.3   Cabinet, 7 September 2022 – Amendment to Capital Programme

Appendix A - Civic Halls Lessons Learnt (Issued June 2018) – Recommendation Progress

Rec. Ref.	Recommendation	Responsible Officer	Agreed Action	Update
CH1	Options appraisals should be challenged on all future refurbishment projects to ensure they address long term maintenance issues and future proof the building.	Head of Corporate Landlord	Lifecycle assessments of all proposed capital projects to be undertaken as an integral element of options appraisals/business cases.	The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work which includes consideration of the Maintenance and Operations strategies at the design stages.
CH2	For each future project the repairs and maintenance programme should be reviewed so a proactive approach is taken to futureproof the City's assets.	Head of Corporate Landlord	The repairs and maintenance programme is proactively managed and works prioritised accordingly to align and make best use of available resources. Periodic condition surveys are the basis of the repairs and maintenance programme of works. The condition surveys will be supplemented by lifecycle assessments for each project to provide informed capital investment and revenue budgets.	The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work which includes consideration of the Maintenance and Operations strategies at the design stages.
CH3	For future projects, where the structural condition of a site or building is unknown a realistic capital budget, which contains a robust risk managed contingency, should be established.	Head of Corporate Landlord	Risks associated with a lack of critical information will be managed through commissioning surveys and investigations during the project feasibility phase and an appropriate contingency will be identified. A standard operating procedure will be put in place that evidences and records the basis of assumptions used to identify contingencies. Reference will be made to industry benchmark data, relevant past projects, market conditions and external advisors.	The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work which includes consideration of surveys during the preparation and design stages.
CH4	Where a future scheme cannot be delivered within the initial budget this will be discussed with the Director of Finance immediately and where it is deemed necessary an options report should be submitted to the Council's Strategic Executive Board seeking a decision on whether to rescope the scheme within the approved budget envelope or seek an additional budget for an uncompromised scheme.	Senior Responsible Officer	Senior Responsible Office and Project Manager will complete an options report drawing on Subject Matter Experts (Finance and Commercial) to ensure the adequate detail is sought and decisions are made.	The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work. This includes a cost management and estimating approach that recognises the level of information and risks at each stage of the project and apply an appropriate contingency factor. This is also adjusted to offset any "optimism bias" by considering the outturn costs of similar projects.

In terms of this project there is a member from Strategic Finance on the Civic Halls Operational Group and Board. Where additional budget resources have been required an appraisal of options has been considered in order to not compromise the integrity of the refurbishment and also meet the requirements of our external operator. |
| CH5 | For future projects, the risk for design and structural surveys should be adequately assessed to ascertain the best delivery approach. This should then be supported by a robust contract with a realistic budget to deliver a full suite of surveys to mitigate unknown risks and cost increases. | Head of Corporate Landlord | Ownership of project risks will be assessed and allocated to the most appropriate party with an appropriate contingency identified. | The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work. This includes a cost management and estimating approach that recognises the level of information and risks at each stage of the project and apply an appropriate contingency factor. This is also adjusted to offset any "optimism bias" by considering the outturn costs of similar projects.

Specialist advise has been procured for this project following the lessons learned report, in order that risk are appropriately costed in order to determine the level of contingency required. |
| CH6 | A formal change management process should be in place for all projects which record the consequences, and risks, of omitting items from the original scheme design in order that informed decisions can be made by the Project Board, who are in a position to escalate issues upwards, if necessary. | Projects and Programmes Manager | The Projects and Programme Manager will ensure a change management log is established and that relevant request for change documentation is produced. All changes will be approved in line with each project's governance around change management. | The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work. This provides a framework to manage change. A standard change log is part of the Verto project management system.

In terms of this project an operational group and board were established to approve any decisions around changes to the original specification. |
| CH7 | The Council's strategic partnership should be reviewed to ensure it has delivered value for money on this scheme. | Head of Corporate Landlord | The framework contract under the strategic partnership expired at end of March 2018 and no new work is being awarded to them. | The strategic partnership contract ended on 31 March 2018. No further design work has been placed with them. As a result, future contracts were procured on a design and build basis. |
| CH7a | For all future projects alternative design approaches should be assessed which are supported by a robust contract. | Head of Corporate Landlord | A new operating model for project delivery will be implemented based on Royal Institute of British Architects plan of work which will consider the alternative design approaches during the concept and feasibility stages. | The strategic partnership contract ended on 31 March 2018. No further design work has been placed with them. As a result, future contracts were procured on a design and build basis. |

Rec. Ref.	Recommendation	Responsible Officer	Agreed Action	Update
CH8	Sufficient time should be built into future project plans to allow for a thorough, and most appropriate, procurement process to take place.	Senior Responsible Officer	The Senior Responsible Officer will ensure a detailed plan is developed at the feasibility stage in conjunction with the Head of Procurement. The plan should then be approved in accordance with the project's governance process.	Following the lessons learned exercise the Council's Corporate Procurement Team have advised on the appropriate procurement routes to be followed and legal advise has been sought to ensure the Council complies with procurement legislation.
CH9	For future projects of this nature Corporate Procurement should be engaged earlier in the project and be represented on the Board.	Senior Responsible Officer	Procurement representation will be a standard role on Terms of Reference (TOR) for projects. The Senior Responsible Officer will ensure the TOR are approved in accordance with the relevant governance and that a Procurement representative is a member of the Board.	Corporate Procurement have a member of staff who is embedded in the Projects & Works Team in order that ongoing procurement advice can be provided in respect of capital projects. For example, Corporate Procurement are sitting on the board for the City Learning Quarter.
CH10	Where the advice of Corporate Procurement is not followed there should be a clear audit trail to support this decision.	Head of Procurement	The Head of Procurement will ensure that all decisions and issues relating to procurement are raised and minuted at Board or working groups. This will also be noted in the decision log on Verto.	Procurement is now represented on future Boards, such as City Learning Quarter, as part of the standard project delivery approach. Therefore, assurance is provided that all procurement issues and concerns are formally minuted and included in decision logs as well as Verto.
CH11	For future projects of this nature, the risk for the removal of asbestos should be adequately assessed to ensure it resides with the appropriate party.	Head of Corporate Landlord	The risk of asbestos contamination and will be assessed during the feasibility phase of a project and relevant surveys undertaken. Where removal is the appropriate treatment measure then the contracting strategy for this will be produced and agreed by the Board in accordance with the relevant governance process.	The Head of Projects and Works has implemented a standard approach to the delivery of capital construction projects. This approach is based on the Royal Institute of British Architects (RIBA) Plan of Work. A new Senior Compliance Officer post has been established within the Asset Management team with specific responsibility for management of asbestos related work.
CH12	The Council's project management system should be kept up to date throughout the lifecycle of the project. An escalation process should be established where non-compliance has been identified i.e. reported to the Project Assurance Group.	Senior Responsible Officer Projects and Programmes Manager	The Senior Responsible Officer and Project Manager will ensure adequate project support to maintain Verto. A monthly "highlight report" is produced by the Projects and Programmes Team which sets out the status of each project or programme is presented to Directorate Leadership, Wider Leadership team meetings and provided to the Audit team. A performance dashboard has recently been developed that highlights non-compliance and areas of risk which in addition is present to the Project Assurance Group.	The project now has a designated Project Support Officer who is ensuring that the Verto Project Management System is being kept up to date. This is now being closely monitored by the Projects & Programmes Team and any issues reported to the Project Assurance Group. A member of the Audit Team sits on the Civic Halls Operational Group to ensure project governance is in place.
CH13	For future projects quorum requirements should be set for each meeting to ensure all decisions are agreed by key stakeholders.	Senior Responsible Officer	The initial Board meeting will approve the Terms of Reference which will include the required quorum for respective meetings and decision making.	A review of the terms of reference for new Board's confirmed that the quorate requirements were included.
CH14	At the beginning of each programme/project a document storage directory should be established where all documentation is filed in order to support a clear and transparent audit trail of decisions. This requirement should be communicated to all members of the programme and formalised in the terms of reference.	Senior Responsible Officer Projects and Programmes Manager	The Senior Responsible Officer and Project Manager will agree at the start of a project how document storage and management will be undertaken. This will be recorded in the minutes of the Board. The Projects and Programmes Team provides advice on document storage and management as part of its Project Management Training.	The Council's Projects and Programmes Team will support future projects and their SRO to ensure appropriate document storage and management arrangements are in place. This includes a protocol around the use of external project managers and contractors.
CH15	For future projects appropriate project support should be budgeted for in order that members of the project team can undertake their roles effectively.	Senior Responsible Officer	The Senior Responsible Officer and Project Manager will agree what project support resources will be required. This will be recorded in the minutes of the Board meeting. The Senior Responsible Officer and Programme Manager will seek advice and support to recruit the appropriate project support resources and to ensure that budget is available for external assurance if required.	As part of any future business cases there is challenge by both the Projects and Programmes Team, and the Council's Project Assurance Group that appropriate budget provisions are in place for project support and external assurance roles. The Civic Hall's Programme now has a designated resource for undertaking this role.

Rec. Ref.	Recommendation	Responsible Officer	Agreed Action	Update
CH16	The highlight reports produced from Verto should provide a true and honest assessment of the project. Where it is deemed that this is not the case there should be a robust process in place to challenge the status being reported.	Senior Responsible Officer	Senior Responsible Officers on all projects and programmes will encourage a culture of honest and open reporting. The Project Assurance Group, chaired by the Director of Finance or the Strategic Director for Place, will provide officer oversight and challenge for major capital projects and programmes. There is a standing item on Project Assurance Group meeting agenda to provide an update on all major capital programmes through Verto performance dashboard reporting.	The project now has a designated Project Support Officer. Following the lessons learned report the programme's status on Verto was changed to a RED risk. At each operational group and board meeting risks are reviewed and scrutinised which has resulted in the risk moving from red to amber.
CH17	Going forward the Civic Halls project should be subject to project gateway reviews which are reported to the Project Assurance Group and the Civic Halls Strategy Board.	Senior Responsible Officer	A new governance arrangement has been established for the Civic Halls project and a Programme Director appointed. External assurance consultants have been engaged to provide an independent review to the Board of progress at each stage of the project prior to authorisation to proceed to the next stage. Authorisation will be recorded in the minutes of the Board meetings.	The Council has procured independent project assurance from a specialist advisor. Throughout the project they have worked closely with the Programme Director to establish suitable gateways and decision points for the project.
CH18	An escalation process should be developed whereby Senior Responsible Officers can raise concerns regarding their ability to govern the project/programme effectively.	Senior Responsible Officer	The Chair of the Project Assurance Group has been designated as the point of contact for Senior Responsible Officers to raise these concerns. The Chair of the Project Assurance Group will discuss these concerns to the relevant Director, Strategic Director or Strategic Executive Board as appropriate.	An escalation process is now in place whereby the SRO can raise concerns and issues. In addition to the escalation process an Accountability Letter has been developed which outlines the expectations of the SRO.
CH19	For major programmes of this nature a full-time Programme Director should be appointed to support the SRO in the management and delivery of the programme.	Projects and Programmes Manager	During the concept and feasibility phases of a project the scope, complexity and risks will be assessed and identified. These will be presented to the Project Assurance Group where, as part of the approval to progress, the requirement as to whether to appoint a Programme Director should be decided.	A Programme Director has been procured from Faithful+Gould. This provides the project with resilience as if the Programme Director is unavailable a substitute resource will be provided by F+G.
CH20	Where matters arise that result in the delay of the completion of audit reviews, Audit Services should issue an interim/holding report in order to provide a position statement at a point in time. Such a report can then be updated and reissued once outstanding matters have been resolved. Audit Services should also make every attempt to ensure that reviews are completed within their original agreed timescales.	Head of Audit Services	The Audit Services Team has been instructed to comply with this requirement. Throughout the review any issues or findings that may result in a red or amber recommendation will be communicated with the audit.	All Auditors have been reminded of the need to keep the auditee well informed throughout the audit review, especially when significant issues come to light.

A member of the audit team sits on the Civic Halls Operational Group, therefore any issues or concerns arising from these meetings are reported to the Director of Finance who can then raise these at Board level. |
CH21	All limited assurance audit reports along with a schedule of any outstanding recommendations not implemented by their agreed dates should be presented to SEB on a regular basis.	Head of Audit Services	All limited reports are now presented to the next available SEB meeting.	This procedure is now in place and all limited assurance reviews are reported to SEB. All limited assurance reviews are also reported to the Council's Audit and Risk Committee.
CH22	Where a project role cannot be fully fulfilled due to other conflicting commitments the role should be formally delegated to an alternative officer.	Senior Responsible Officer	The Senior Responsible Officer will regularly review project resources and project roles and propose any changes to the Board for approval. The adequacy of project resources will be assessed as part of the review at prior to the authorisation to proceed to the next stage of the project.	The membership of the Board has now been reviewed and there is a requirement that all roles have a designated officer assigned to them. In addition under the terms of reference there is a requirement to have a designated substitute in the event that meetings cannot be attended.
CH23	The role of project assurance should either be undertaken by an external consultant or someone who has no direct involvement with the project/programme, to ensure complete independence is achieved.	Senior Responsible Officer	The Senior Responsible Officer will be responsible for ensuring that appropriate and independent project assurance arrangements are in place. External specialist project and risk assurance consultancy has been procured to support the delivery of projects and programmes. In addition, a Commercial Business Partner and Audit Business Partner have been provided training to be able to undertake peer reviews of major projects.	An external provider have been appointed to undertake this role. This does not compromise the independence of the Audit Business Partner who can provide supplementary audit reviews to provide assurance to the SRO.

Rec. Ref.	Recommendation	Responsible Officer	Agreed Action	Update
CH24	A change control procedure should be implemented whereby all proposed design changes are signed off and approved by the Service/Senior User for the project.	Senior Responsible Officer	The Senior Responsible Officer shall ensure that the Programme Director / Project Manager will establish appropriate change management processes which record and provide an audit trail of changes and reasons. The Terms of Reference will include which changes are delegated to the programme team and which are reserved to be decided by the Board.	The Director of Finance, who is a member of the programme Board, confirmed there has been a change control process in place throughout the project and any changes have been approved by the Civic Halls Board.
CH25	High risk projects and programmes should be periodically called in by Project Assurance Group and should also be subject to gateway reviews.	Chair of Project Assurance Group	The Project Assurance Group, chaired by the Director of Finance or the Strategic Director for Place, will provide officer oversight and challenge for major capital projects and programmes. There is a standing item on Project Assurance Group meeting agenda to provide an update on all major capital programmes through Verto performance dashboard reporting. The Programme Director or Project Manager will provide an update to Project Assurance Group when required and include regular updates as part of project planning.	The role of the Project Assurance Group was changed to review projects that are in delivery stage rather than just approve project concepts. An external provider has worked with the Programme Director to establish gateways and decision points throughout the project.
CH26	For all future projects the initial capital budget should be subject to an independent risk assessment process in order to determine the level of contingency required to manage the future risks of the project.	Chief Accountant	External specialist project and risk assurance consultancy has been procured to support the delivery of projects and programmes. In addition, a Commercial Business Partner and Audit Business Partner have been provided training to be able to undertake peer reviews of major projects. This will provide an additional opportunity to challenge proposed contingencies and robustness of plans Finance are represented on all major capital programmes and are members of the Board and working groups. This provides assurance and challenge around contingencies and programme budgets. All formal reports to require sign-off from Finance and therefore Finance comments and approval must be sought before submission.	This is an area where the organisation has learned from this review. A recent example is that external assurance was sought on the level of contingency required for the i54 expansion project and will provide advise for the City Learning Quarter programme.
CH27	Financing and funding requirements should be a standard agenda item for all Strategy Board meetings to ensure all funding opportunities are explored throughout the lifecycle of the project.	Senior Responsible Officer	The Senior Responsible Officer will ensure that a standing agenda item for finance and funding in included for all Board meetings.	A review of Board agendas confirmed that finance is included as a standard agenda item. Throughout the project finance officers and members of the board have reviewed potential external funding opportunities.
CH28	The Civic Halls refurbishment project should stand as its own specific risk on the Council's Strategic Risk Register.	Head of Audit Services	Civic Halls is now shown as its own risk on the Council's Strategic Risk Register (risk 30/01/18)	Following the lessons learned report Civic Halls was recorded as a standalone risk on the Council's Strategic Risk Register. This risk is continually reviewed by members of SEB and the Council's Audit and Risk Committee.
CH29	The Council should adopt a standard for project risk management to clarify requirements and lead the management of risk on its projects.	Projects and Programmes Manager	The project risk management process is already established, and risks are managed and monitored using Verto. Projects and Programmes team report monthly and share all significant project "red" risks i.e. with a score of 15 and above, to the Directorate Leadership Teams, Project Assurance Group and Corporate Risk team.	If projects comply with the Council's approved approach for the management of projects and programmes risks should be captured and monitored in Verto. Non-completion of risks in Verto is now reported to the Project. New risk workshops have been held in respect of this programme and risks have been captured in Verto.
CH30	Change must be managed in the context of a clearer understanding of the impact of change on the risk profile of the project. Contingency management should be carried out in the context of a clear understanding of the current risk exposure, and the change process should facilitate the reassessment and communication of contingency requirements through the project lifecycle.	Senior Responsible Officer	The Senior Responsible Officer shall ensure that the Programme Director / Project Manager will establish appropriate change management processes which record and provide an audit trail of changes and reasons. The Terms of Reference will include which changes are delegated to the programme team and which are reserved to be decided by the Board.	This assurance is now being provided by an external consultant. A construction risk workshop was held to identify the associated risks which is then used to quantify the level of contingency required to manage the risk exposure.

Rec. Ref.	Recommendation	Responsible Officer	Agreed Action	Update
CH31	The use of Verto for project management, risk management and reporting, should be mandatory for all Council projects and managed to assure the Council and supply chain engagement.	Senior Responsible Officer Projects and Programmes Manager	The Senior Responsible Officer will ensure that Verto is utilised and updated throughout the life of a project. A monthly "highlight report" is produced by the Projects and Programmes Team which sets out the status of each project or programme is presented to Directorate Leadership, Wider Leadership team meetings and provided to the Audit team. A performance dashboard has recently been developed that highlights non-compliance and areas of risk which in addition is present to the Project Assurance Group.	Safeguards are now in place whereby funding will not be released unless a business case has been established through Verto and presented to the Project Assurance Group. Once the project has been initiated in Verto the Project and Programmes Team will provide updates to PAG to inform them of concerns around non-compliance. Risks in respect of the Civic Halls Programme have been updated and captured in Verto.
CH32	The Council should have standard process documentation, requirements, and templates that are used across all capital projects. This will provide a consistent approach and drive the adoption of best practice and allow a simple upload to the Verto system.	Senior Responsible Officer Head of Corporate Landlord	The Verto system includes standard templates which will be utilised for projects. Any deviation from these will be agreed in advance with the Project and Programmes team and recorded in the minutes of Board meetings. Standard operating procedures, documentation and templates are being reviewed, as part of the implementation of a new operating model for project delivery.	Standard templates are contained within Verto to ensure consistency across all programmes and projects and in turn should drive the adoption of best practice. Project management support and training has been provided on the use of Verto and any non-compliance issues are now reported to PAG.

Appendix B

Self-assessment questions for Council capital projects or programmes to ensure to the Civic Halls Lessons Learnt Recommendations are adopted:

Questions for all major capital projects or programmes:

- Has the contingency for the project or programme been established using a risk based methodology to ensure risk have been appropriately costed? If so, has this been independently reviewed and signed off?

- Has a cost options appraisal been developed where the project or programme where in cannot be delivered with the original budget? If so, does it include the risks associated with each option?

- Is there a programme of site surveys which form part of the initial design process to ensure risks are managed, costed and mitigated?

- Is there a change management process in place to approve the rescoping of the project or programme as a result of increasing budget pressures? If so, has consideration been given to the implications and risks associated of omitting items from the original design/business case?

- Are there robust and realistic project plans should be in place to allow for the procurement of contractors and specialist project/programme support?

- Have officers from the Council's Corporate Procurement Team been engaged to ensure appropriate advice is sought and assurance that procurement legislation is complied with?

- Is the project or programme being run in accordance with the Council's approved project management methodology? Does this include the use of the project management system (Verto)?

- Does the project or programme's governance meetings have clear terms of reference in place, which sets out the quorate requirements?

- Has a centralised document storage solution been established for the project or programme, where all documentation is saved? If so, is there a secure area for external partners to save documents?

- Is there a designated budget for project or programme support, which includes specialist advice?

- Are project highlight reports subject to external challenge and scrutiny to ensure they accurately reflect the true position of the project and programme?

- Have project review gateways been incorporated into the project plan?

- Is there a clear escalation/governance process whereby Senior Responsible Officers can promptly raise issues and concerns?

- For major project or programmes has consideration been given to appointing a programme director to support to the SRO?

- Can all officers fulfil their role on project or programme due to conflicting demands?

- Is there an independent project assurance role in place for the project or programme?
- For high risk/profile projects or programmes are there scheduled updates built in the project plan for updates to the Project Assurance Group (PAG)?

- Are financing and external funding requirements considered/reviewed as part of the project or programme board agendas?

- Is the project or programme significantly high risk in terms of reputation? If so, has consideration been given to including this on the Council's strategic risk register?

- Has an appropriate risk management approach will be adopted for the project or programme.

Specific questions for all capital projects or programmes involving the refurbishment of existing assets:

- Is there an options appraisal in place regarding the maintenance and future proofing the building?

- Is there a repairs and maintenance programme in place for the future proofing of the building?

- Is there an appropriate asbestos management plan in place for the refurbishment of an old building?

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