

Internal Audit Report: Civic Halls Refurbishment – Lessons Learnt (2017-2018)

This report is Public
[NOT PROTECTIVELY MARKED]



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

1 Executive Summary

1.1 Introduction

On 4 January 2018 the Council's Managing Director commissioned Audit Services to undertake a lessons learnt review of three high profile projects within the City. These three projects have been subject to adverse publicity in terms of implementation delays and overspends and therefore pose a reputational risk to the Council. This report specifically relates to the Civic Halls refurbishment.

The Civic Halls (consisting of the main Civic Hall and Wulfrun Hall) were constructed around 1938 and are Grade II listed. The building is predominantly used for concerts, exhibitions and in recent years has staged an annual major darts tournament. The Civic Halls is the largest business in the Black Country's creative and entertainment sector, generating £4.3 million of Gross Value Added (GVA) in the local Wolverhampton economy.

Based on a recent report by supplier A they stated that the Civic Halls have suffered from insufficient funding to maintain the building fabric and internals to modern day requirements with backlog maintenance estimated by the Council's Property Services Strategic Partner to be in the region of £7 million.

1.2 Scope of the review

A terms of reference was provided by the Managing Director outlining the scope of the review. This included the following:

- Production of a detailed timeline of events
- The process for determining an "early indication figure" for budgetary purposes and the impact this is having on the project
- Establish what caused the project to fail
- Identify the actual changes to the specification, and the resulting increase in costs
- Review the governance arrangements for the project
- Review the resourcing arrangements for the project in terms of effectiveness
- Ascertain whether the project would have benefited from early intervention from various sources i.e. political support or external specialists
- Ascertain whether there was any good practice or lessons already being learnt on the project
- Review the procurement arrangements to ensure best practice was followed in the procurement of contractors
- Review the project risk management arrangements for the establishment of contingency costs
- Review the surveying arrangements in place for the assessing the condition of the building
- Provide an opinion on how the Council can follow best practice in order to avoid the guesstimate of the programme being considerably different from the actual budget
- Review external funding arrangements to ensure the Council is maximising its funding opportunities
- Review the programme to ascertain whether subsequent issues could have been identified earlier
- Seek external advice in terms of how best practice could have been applied to this project
- Assess the progress made in implementing the recommendations of the audit report issued in June 2017

In order to assist Audit Services with this review specialist external support was obtained from an external consultant from supplier B. Who primarily specialise in project risk management. For the purpose of this review discussions were held with the following officers to help form the findings of this review:

- Construction Projects Officer
- Projects and Programmes Manager
- Current Project Manager
- Head of Corporate Landlord
- Strategic Director People (Director of Finance until 31 March 2017)
- Strategic Director Place
- Former Service Director for City Economy
- Service Director for Commercial Services

It should be noted that the Council's external auditors were invited to provide their opinion of the project and provide examples of good practice that could be applied, where appropriate. They concluded it would not be appropriate to provide an opinion on this project as to do so, would potentially fetter their discretion, as they anticipated reviewing it as part of their future work in relation to their value for money conclusion.

In addition to the above the following documents were used to support the findings of this review. These were as follows:

- Supplier C's report entitled 'options for the future of Wolverhampton's culture and entertainment offer' – June 2013
- The previous project manager's due diligence report of the Civic Halls Refurbishment Project – August 2016
- The current project manager's due diligence report of the Civic Halls Refurbishment Project – June 2017
- Supplier A's independent project health check of the Civic Halls – December 2017
- Supplier D's due diligence report of the project's mechanical, electrical, plumbing, and structural design – January 2018

1.3 Acknowledgement

A number of employees gave their time and co-operation during the course of this review. We would like to record our thanks to all of the individuals concerned.

2 Management Summary/Conclusion

- 2.1 Following a detailed review of the timeline of events and findings in this report, it is our opinion that the project principally failed due to an unrealistic capital budget and a robust risk-based contingency not being established from the outset of the project. This resulted in the contingency budget being reduced and surveys being compromised in order to keep the project within the initial budget envelope. The Council's Property Services Strategic Partner was being asked to design a scheme based on the structural condition of the building being unknown and an unrealistic budget being set. This was highlighted by the failure to appoint a construction contractor within budget, following the first round of tenders. The supply of all technical advice and costings was the responsibility of Corporate Landlord, as confirmed in Cabinet Resources Panel Report October 2014. It should be noted for the purpose of this report that initial decisions were made by officers from Property Services who left the Council prior to the implementation of the new Corporate Landlord delivery model at the end of 2015. Neither the Senior Responsible Officer (SRO) or Board were made aware that the budget was unrealistic, although, a year later, at the point that a construction contractor was being procured they were advised it would be challenging. The Board was also not made aware that surveys had, or were, been compromised at the start of the project and trusted the Corporate Landlord's technical judgement of what was required to meet their own responsibilities i.e. management and upkeep of the building.
- 2.2 The project faltered due to delays in the Council's Property Services Strategic Partner failing to deliver their designs. There is no evidence throughout the review that the Council's Property Services Strategic Partner owed a duty of care to the client (the Council) in failing to point out what they were being asked to design, within the budget envelope provided, was unrealistic.
- 2.3 Throughout the project officers from Corporate Landlord operated under the impression that there was no flexibility around the budget. However, when a strong business case was put forward for additional resources, the request was acted upon. For example, in 2016 Corporate Landlord advised the SRO, Strategic Project Board, and City Centre Programme Board there needed to be a substantial redesign of the project and an additional capital budget of £2.6 million would be required. Throughout the project Corporate Landlord failed to advise on adequate additional capital resources, or funding, and failed to advise on the future implications of not addressing substantial maintenance items outside of the original scope of the scheme. Another example of this was, English Heritage Funding could have potentially been secured for repairs to the leaking roof. Therefore, the scheme was continually compromised in order to drive down costs and deliver the project within its original budget.
- 2.4 The delays in the design process led to decisions being rushed as the project was being driven by the constraints of the Local Growth funding which required £1.5 million to be spent during the first year of the agreement and there was no flexibility or renegotiation around this requirement. However, this funding could be spent on design fees and enabling work, much of which was originally programmed for this period of the project. A key reason for the project being put under pressure was due to the Corporate Landlord's decision to procure their own surveys, which resulted in delays in design specifications by the Council's Property Services Strategic Partner. In order to reduce the risk of losing some funding, Corporate Landlord proposed that the site should be cleared of asbestos as part of the enabling works

under a separate contract. Based on a review of the Strategy Board minutes on 25 July 2015 the Board supported this decision. It should be noted that additional Local Growth Funding, of a further £0.4 million, was secured for the removal of asbestos. The building was certified as being fully clear of asbestos on completion of these works, and the Project Strategy Board were given assurances that the asbestos removal had been successfully completed and independently certified, although, subsequently, it has been identified that considerable levels of asbestos remained within the building. The issues identified in respect of asbestos have been a contributing factor in the delays to the project.

- 2.5 The former Service Director City Economy was made the Senior Responsible Officer (SRO) for the project following approval by Cabinet Resources Panel in 2014 that the project should go ahead. According to the roles and responsibilities outlined in the Project Execution Plan (PEP), produced by the former project managers, in 2016, the Senior Responsible Officer *provides sponsorship to, and takes overall responsibility for successful project delivery*. In the latest terms of reference approved by the Council's Strategic Executive Board (SEB), in June 2017, the roles of SRO was defined as *having responsibility for providing senior level leadership for the delivery and implementation of the project*. It should be recognised that SRO, is not a technical role, and the success of the project was heavily dependent on the supply of expert technical advice. The current Civic Halls Project terms of reference also states that the Members of the Board are collectively and individually accountable to the SRO for their areas of responsibility and delivery within the project. The report to Cabinet Resources Panel in October 2014 stated that the Corporate Landlord was responsible for leading the in-house technical team. The SRO believed the Corporate Landlord's responsibilities included the client and project management functions for the design and construction, in line with the established responsibilities that Corporate Landlord hold for the Council's property portfolio. In respect of the City's cultural venues, these responsibilities were reaffirmed in a schedule received by the Service Director in 2014, at the same time the business case for investment in the Civic Halls was being finalised. The Cabinet (Resources) Panel Report in July 2016 is more explicit, and included the following: *'Corporate Landlord are responsible for ensuring the main Construction work is designed, procured and delivered on site within the agreed budget and timescale. This includes enabling works, surveys and ensuring the design and construction work is carried out in compliance with statutory regulations. Corporate Landlord are also responsible for the construction contract management and site supervision of the construction work'*.
- 2.6 At critical times in the project, the SRO felt that she and the Project Strategy Board did not have full control of the project as they were not fully informed of decisions being made by Corporate Landlord. In addition, it is her view that other Project Board members failed to keep her, and the Project Board, fully informed of critical decisions that had serious implications for the project. For example, she was not made aware that £1.9 million of funding had been removed from the project by Strategic Finance to support the Local Enterprise Partnership (LEP) and replaced with additional borrowing.

2.7 Other key findings of the review were as follows:

- The importance of the project was underestimated from the outset, in terms of the risk it posed to the Wolverhampton economy and the reputational risk to the Council. This should have appeared as a standalone risk on the Council's Strategic Risk Register.
- Failure to have adequate and effective project management resources (project management and project support) in place. From the outset of the project it was identified that additional project management was needed, over and above that which was to be provided internally by the Corporate Landlord. Therefore, an additional eight days of project management, per month, was procured to support a team of three officers within the Corporate Landlord who had detailed knowledge of the building and would be supported by the Council's Property Services Strategic Partner. Subsequently, the Corporate Landlord was restructured in 2015, and two of the three officers left the organisation and were not directly replaced.
- Failure to follow the Council's approved project management approach. This was highlighted through the underutilisation and updating of the Verto system.
- The continual opening and closing of the building contributed to the non-delivery of the project. There was no evidence of any cost benefit analysis to make an informed decision on this.
- Failure to have effective, transparent, and accurate reporting arrangements in place to inform the Civic Halls Strategy Board, Strategic Executive Board (SEB), and City Portfolio Board of key blockages effecting the delivery of the project. This was evidenced in the fact that the majority of highlight reports produced from Verto were showing the overall status as green.

All the lessons learned from this review are summarised under section six of this report.

- ## 2.8
- On a positive note it is evident that lessons are already being learnt in respect of the project in that a suite of surveys have been completed to minimise risk to the client in preparation for the revised scheme. Also, a realistic budget and contingency have been set to mitigate risks associated with the project.

3 Background Information

- 3.1 The need for expanding the capacity of the Civic Halls was initiated back in 2011 when the Strategic Director for Regeneration, who has subsequently left, asked the former Head of Visitor Economy to look at options for the Civic Halls in order to expand the current visitor economy offering. The need to generate savings was the main driver for this decision. The former Service Director for City Economy commissioned a review from supplier C. The review entailed undertaking a detailed economic assessment of the city's visitor attractions, which Civic Halls form part of, and an initial options appraisal. The findings of this review would form part of a business case for capital investment in the Civic Halls.
- 3.2 This report entitled 'options for the future of Wolverhampton's culture and entertainment offer' was presented to the Council's Executive Team on 11 November 2013. The meeting minutes indicated that it was agreed *'that a progress report be submitted to the Executive Team on 14 January 2014 to include an update on the appetite for the private sector to be involved in the opportunities to grow the culture and creative industries in the city'*. It was confirmed from minutes of this meeting that members from the Council's Strategic Executive Board were present and were therefore aware of the options being proposed. Based on a review of minutes around this period there was no evidence of further reports being presented to the Executive Team following this meeting, or the Council's Strategic Executive Board.
- 3.3 A report that went to Cabinet (Resources) Panel on 29 July 2014 providing details of supplier C's report and made reference to the inclusion of various options for the physical improvement of the Civic Halls. These options were as follows:

Option No.	Proposal
1	No investment
2	Consolidate options with catch up repairs and maintenance
3	Invest in the existing venue in order to improve facilities and expand its offer
4a	Build a new arena with significantly greater capacity
4b	Develop a site for temporary use for events that require much greater capacity, alongside investment in the existing facilities

Lesson learnt 1: Options appraisals should be challenged on all future refurbishment projects to ensure they address long term maintenance issues and future proof the building.

- 3.4 The report included the following statement ‘the findings were presented to the Council’s Executive Team meeting in September 2013 which concluded that option 3 was the preferred option, but substantial external funding would need to be secured in order to take the project forward’. However, it is important to note that there was no evidence of this decision in the Executive Team’s minutes. Under this option the planned work would fall under four categories:
- **increased seating capacity and improved catering and hospitality offer:** This included 390 additional seats for the Wulfrun Hall, 400 additional seats for the Civic Hall, plus additional accommodation for wheelchair users. Development of multipurpose spaces includes improved bar and hospitality spaces, conference break out spaces. There will be a complete refurbishment and modernisation of the kitchens and catering facilities.
 - **Improved customer facilities:** This included new and replacement toilet facilities for both Halls, at all floor levels.
 - **Improved customer experience and access:** This included the construction of new lifts, improved access to Wulfrun Hall entrance, improved staircases, new ventilation and redecoration.
 - **Modernisation of staging, supporting technologies and facilities for performers, conference organisers and training facilities:** This included private lifts, new dressing rooms, raised fly tower providing improved training facilities and wider range of backdrops.
- 3.5 The report estimated the programme would cost £10.4 million. However, the report produced by supplier C estimated the capital cost of this option would be £11.3 million. Both these figures were based on detailed costings provided from Property Services (now known as Corporate Landlord). It should be noted that a condition survey of the Civic Halls had been undertaken in April 2014, therefore the condition of the building was known prior to the Cabinet (Resources) Panel report being produced. Based on a review of the condition assessment survey it appears this was performed based on a visual check of the building and the total cost of work was estimated at £1.4 million. It should be noted that the survey did not make any reference to the risk of asbestos or made any assessment on the structural nature of the building. Based on discussions with the Head of Corporate Landlord it was established that there was no proactive programme of repairs and maintenance for the City’s assets. A more reactive approach was followed.

Lesson learnt 2: The repairs and maintenance programme should be reviewed so a proactive approach is taken to futureproof the City’s assets.

- 3.6 At the Cabinet (Resources) Panel meeting on 29 July 2014 the following recommendation was made ‘To agree that the project can proceed to a final detailed business case, which will be submitted for final consideration by the Black Country Joint Committee and Local Enterprise Partnership (LEP) Board in September 2014.’ This was subsequently approved.

3.7 A further report was presented to Cabinet on 1 October 2014 seeking approval for the following recommendations:

- *Agree that the project can proceed, and to delegate authority to the Cabinet Members for Communities and Leisure and Resources, the Strategic Director for Education and Enterprise, the Assistant Director for Finance and the Chief Legal Officer to finalise the grant funding agreement with the Black Country Local Enterprise Partnership (LEP) and Walsall Metropolitan Borough Council, who will be acting as the accountable body for the Black Country Growth Deal funding on behalf of the LEP.*
- *Approve a capital programme budget for the civic halls improvements of £10.4 million funded from an external grant of £6.2 million and £4.2 million as a virement from the capital allocation for regeneration priorities.*

Lesson learnt 3: 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.

3.8 These recommendations were subsequently approved by Cabinet on 1 October 2014 and the project initiation process began.

3.9 It should be noted that in both the Cabinet (Resources) Panel and Cabinet reports specific reference was made to Corporate Landlord leading on the construction element of the programme.

3.10 The report also included the following assertion:

In order to achieve sufficient control over the design, and also meet the spending profile required by the Black Country LEP and Growth Deal, a traditional procurement route will be used. In order to achieve the necessary levels of spends between April 2015 and March 2016, OJEU notices will need to be issued in January 2015, with the shortlisted tendering process commencing June 2015, and start on site January 2016.

4 Detailed Findings

4.1 Design Process

- 4.1.1 The following was contained in the Cabinet report on 1 October 2014: *A one stop technical design team is being appointed through the Property Services Strategic Partnership commissioning process, based on their local knowledge of the city and the Civic Halls buildings, as well as bringing significant experience in high profile commercial leisure and entertainment venues development and refurbishment.*
- 4.1.2 Based on discussions with several officers as part of this review it was established that the then Assistant Director for Central Services, who has now left the Council, recommended the use of the Council's Property Services Strategic Partner for this scheme. In November 2014 the Council's Property Services Strategic Partner were commissioned to undertake a feasibility study to determine the priorities and budgets associated with the Civic Halls project. During November 2014 a series of workshops were held with key stakeholders to understand their roles and responsibilities, challenges of the current facility, priority of work to be carried out if the budget were restricted, criteria of the funding award, activities to be planned, and the risk that may impact on the project. The outcomes of these workshops would help form a design brief from which the Council's Property Services Strategic Partner could base their design on. In December 2014 a design brief was agreed with members of the Council's delivery team.
- 4.1.3 A draft feasibility report was presented by the Council's Property Services Strategic Partner reflecting the key aspirations of the brief. However, the budget assessment for the works was in the order of £13.3 million, which was significantly over the approved capital budget of £10.4 million.

Lesson learnt 4: Where a scheme cannot be delivered within the initial budget 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.

- 4.1.4 A meeting was held in January 2015, between the Council's Property Services Strategic Partner and technical officers from the Council to discuss the electrical works, condition issues, level of fees, preliminaries and contingency included in the original budget estimate of £13.3 million. At this meeting it was agreed that £0.3 million of electrical and conditions work would be undertaken prior to the project from the maintenance budget. It was also agreed that preliminaries were reduced from 15% to 13.5% and the contingency would be reduced from 10% to 7.5% (2.5% design risk and 5% construction risk). This resulted in the budget reducing to £12.6 million. As this was still over budget the Council's Property Services Strategic Partner were asked to explore options to reduce the budget.
- 4.1.5 At the end of January 2015, a revised feasibility study was issued by the Council's Property Services Strategic Partner to members of the Council's technical team with three options of reducing costs in order to bring it closer to the budget of £10.4. Included in the executive summary of the feasibility study the Council's Property Services Strategic Partner recommended option three as being the best option for the Council, which would reduce the budget by a further £1.75 million, leaving a shortfall of £416,000. A summary of which is provided below:

OMIT	Reduce specification of seating to £150 per chair	£100,000
OMIT	Reduce scope of works to Civic Halls bar and toilet access	£870,000
OMIT	Reduce budget for Client Project Manager	£100,000
OMIT	Toilets to 2 nd floor of Civic Hall – reduce in size by 50%	£110,000
OMIT	Wulfrun bar and kitchen area (full refurbishment)	£438,000
OMIT	Toilets to Wulfrun bar and add lower spec office space	£232,000
ADD	Services and area made ready for catering kitchen	£100,000

- 4.1.6 Both the Council's Property Services Strategic Partner and officers from Corporate Landlord agreed that the budget envelope of £10.4 million could be achieved as a result of the tendering process.
- 4.1.7 At the Civic Halls Improvement weekly update meeting on 4 February 2015 option three was recommended by the Council's Property Services Strategic Partner subject to a discussion with English Heritage. It is important to note no structural or asbestos surveys had been carried out on the Civic Halls at this point and therefore the structural condition of the building was unknown.
- 4.1.8 From the point this decision was made it took until September 2015 for Stage E design (technical design that can be used to build off for technical purposes) to be completed. Based on information provided by officers from Projects & Works these delays were caused due to four main issues, which are as follows:

Design staff

the Council's Property Services Strategic Partner used several designers throughout the design stage, which led to continuity issues. It is the opinion of officers from Corporate Landlord that the designers used did not have the experience of designing a scheme in respect of a grade II listed concert venue.

3D survey

The 3D survey of the building was commissioned directly by the Council instead of using the Council's Property Services Strategic Partner. This was done with best intentions as the Council's Property Services Strategic Partner initially quoted £50,000 for this survey, whereas the Council could get a survey completed for £13,000 using the contractors who were surveying the Civic Centre. However, the completed survey could not be used as the software was not compatible with the Council's Property Services Strategic Partner's design software. It is important to note that this supplier was not paid for these surveys. In the end the Council's Property Services Strategic Partner procured a 3D survey from their preferred supplier for £18,000 (£32,000 less than originally quoted).

Structural surveys

The structural surveys were commissioned by the Council and were dependent on a structural investigation design specification being provided by the Council's Property Services Strategic Partner. Based on a detailed timeline of events there was evidence that the Council's Property Services Strategic Partner took two months to produce their specifications. Between both parties it took over seven months to procure surveys from

three different suppliers. Due to the time taken to procure the surveys, full and timely surveys could not be undertaken as the Civic Halls had to be reopened for a darts tournament, which the Council were contractually obliged to host. It should be noted that one of the suppliers were only paid £20,866 for this work compared to the original order value of £31,150.

Ventilation and heating system

The initial scheme was designed with new full length two storey vertical extensions to the two side wings of the Civic Hall. These vertical extensions located above the existing balcony corridors were required to form new corridors to serve the new horseshoe balcony on one level with a new ventilation plant housed on the second level. These extensions required substantial strengthening of the existing frame to provide support for the additional load. As this initial scheme came substantially above budget, major revisions to the design took place in order to bring it within budget. The main changes were a reduction in the size and shape of the new balcony, utilising the existing boilers and ventilation ductwork, and decreasing the size of the plant on the roof drastically. These changes consequently reduced the size of the extensions and strengthening of the existing frame. The reduction in the ventilation plant, and resulting ventilation rates, was a compromise agreed with Building Control in order to reduce costs.

Lesson learnt 5: 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.

- 4.1.9 As part of the tendering process supplier E undertook their own structural investigations and also received the results of the intrusive survey from one of the suppliers who undertook structural surveys. The results of these investigations meant that the existing frame had to be strengthened resulting in supplier E submitting a stage two tender of £16 million. In light of this tender being £7 million over the Council's Property Services Strategic Partner's estimate of £9 million for construction, advice was sought. It was recommended by the initial project managers, and Corporate Procurement to review the contract in terms of splitting it into fixed-price elements (known elements of the design that could be tendered against) and risk-based/target cost elements. However, it is understood that a decision was taken by the former Interim Head of Projects & Works to value engineer the scheme, which supplier E helped facilitate. Certain parts of the design could not be rescope as this would affect the outputs defined in the grant agreement and could, therefore, result in the loss of funding. The main scope of work that was compromised was reducing the new ventilation plant, reusing old boilers, only rewiring the areas affected, and omitting door entry systems. There was little evidence from Project & Works' officers conveying the future consequences and risks of omitting these areas from the scope of the design. While the term value engineering was used in reality this was an exercise of cost-cutting through removing areas from the original scope in order for it be delivered within the original budget envelope. Following this exercise, a stage three tender of £11.2 million was provided by supplier E, which was still £2 million over the Council's Property Services Strategic Partner's estimate for construction costs.

Lesson learnt 6: 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.

4.1.10 The current Head of Corporate Landlord, who joined the Council at the end of March 2016, first became aware of the issues around the Civic Halls when the decision was taken not to proceed with supplier E's tender and the decision to re-tender the scheme. His opinion was that the Council's Property Services Strategic Partner had underperformed on this project and not placed their most experienced team on this design. Based on discussions with various officers throughout this review it was understood that meetings had been held with the Council's Property Services Strategic Partner to discuss their performance and they responded by placing stronger officers on this design. It is important to note that the Council's Property Services Strategic Partner were not helped by the need of the Council (the client) to deliver the project within a tight budget envelope which meant the continually questioning of surveys to support their design. However, at no point did the Council's Property Services Strategic Partner stop and clearly communicate they were unable to deliver their design without a full suite of surveys. Instead a number of assumptions were made about the structural condition of the building in the design thus transferring the risk to the contractor to establish the structural condition of the building.

4.1.11 This assertion was supported by a recent independent due diligence review of the structural, electrical, mechanical and plumbing elements of the design by supplier D. The report stated *'it is noted (drawing 2002) that surveys of the building are incomplete and that numerous assumptions have been made in respect of the existing structure. The additional 'notes for cost purposes' also identifies that there are several areas where the nature and condition of the existing structure is unknown and once surveys are undertaken the assumptions may be found to be inaccurate.'*

Lesson learnt 7: The Council's strategic partnership should be reviewed to ensure it has delivered value for money on this scheme. For all future projects alternative design approaches should be assessed which are supported by a robust contract.

4.2 Procurement of the construction contractor

This section of the report highlights the conflicting views between Corporate Landlord and Procurement. These views were not escalated to the Senior Responsible Officer and Project Board to collectively resolve. According to the Senior Responsible Officer she was not made aware of the level of dispute between Corporate Landlord and Corporate Procurement Team. She believed that this reinforced the Senior Responsible Officer's view at critical points in the project she, and the Project Board, were not fully in control.

4.2.1 Due to the delays in completing the design process, the initial projects managers for the scheme recommended procuring a construction contractor through the Constructing West Midlands framework contract in order to clawback time on the programme. The former Director of Finance, in his assurance role, chaired the Civic Halls Project Improvement Board on 25 July 2015, which the Head of Procurement attended. The minutes state that a detailed discussion took place over the proposed route to procurement. Following the presentation on CWM framework there was general agreement by the Board to progress with the CWM framework. This was on the basis of the following and was also subject to the following actions being put in place:

- It was considered vital that a contractor is engaged at the earliest opportunity to work alongside the team particularly when taking into consideration the complexity of the scheme and the logistics for delivery around opening dates for pre-booked events.

- The Project Manager to issue a report on the final recommendation for procurement via CWM
- Asbestos removal contract to be procured separately alongside main project to safeguard against any slippage
- The Council's Managing Director to be notified of proposed procurement route to ensure approval to potentially use supplier F
- Detailed programme of key dates/milestones going forward to be produced. The Council's Property Services Strategic Partner to produce a project plan showing how they can pull back slippage
- Planning submission is made in July 2015

4.2.2 A report was presented to Cabinet (Resources) Panel on 28 July 2015 recommending: 'Delegating authority to the Cabinet Member for City Economy, in consultation with the former Service Director for City Economy and former Director of Finance to appoint the main contractor following a mini competition under the Construction West Midlands (CWM) framework.' The explanation provided in the report for adopting this approach was the project's grant agreement, which required a spend of £1.5 million during the 2015-2016 financial year. Given the complexities of the project and the requirement to meet the 2015-2016 spend target, the Council's Corporate Procurement team and Corporate Landlord advised that this would be the most appropriate procurement route.

Lesson learnt 8: Sufficient time should be built into future project plans to allow for a thorough, and most appropriate, procurement process to take place.

4.2.3 Following this decision, the Stage E design and tender documentation was completed by the Council's Property Services Strategic Partner in August 2015 and issued by CWM in September 2015 under the framework. Based on the evaluated tenders supplier E was selected via the framework based on their overheads, preliminaries and design fees. Based on initial structural investigations it was established that the existing frame for the balcony had to be strengthened which led to supplier E submitting a stage two tender of £16 million in January 2016.

4.2.4 In February 2016 advice was provided by the initial project manager and Corporate Procurement to review the contract in terms of splitting it into fixed-price elements (known elements of the design that could be tendered against) and risk-based/target cost elements. This advice was based on the risk that retendering the scheme could have potentially added a further six months to the programme. However, it is understood the former Interim Head of Project & Works took the decision to value engineer the scheme. In reality reducing the cost of the scheme through the omission of items. Following this process, a stage three tender was provided by supplier E at the end of May 2016, amounting to £11.2 million. At this point supplier E expressed concerns that they did not have sufficient time to start on site before demobilising for the scheduled darts tournament. As supplier E were still £2 million over the construction budget, estimated by the Council's Property Services Strategic Partner, a decision was taken by the former Interim Head of Projects & Works not to proceed with supplier E and go back out to tender on the new value engineered scheme via an open OJEU restricted tender. This decision was formalised in a report to Cabinet (Resources) Panel on 19 July 2016. It should be noted that Corporate Procurement did not support this decision and believed the Council should have persisted with the supplier E tender.

- 4.2.5 A post tender review meeting was held on 6 July 2016 with supplier E as they were proposing to initiate legal proceedings to recover the costs of the tender submission and their work during value engineering process. Their claim amounted to £100,000. Following ongoing discussions and meetings a final settlement of £40,000 (exc. VAT) was reached based on advice provided by the Director of Governance.
- 4.2.6 Following the commencement of the OJEU restricted tendering process in August 2016, nine contractors returned the procurement pre-qualification questionnaires (PQQs). Following an assessment of the PQQs, four contractors were invited to tender for the contract. In December 2016 three tenders were returned and following an evaluation of the tenders, the contract was awarded to supplier G as it met the existing budget. In accordance with the delegated authority sought in the Cabinet (Resources) Panel report on 28 July 2015, both the Cabinet Member for City Economy and the Service Director for City Economy signed off the appointment of supplier G via an Individual Executive Decision Notice (IEDN) on 20 December 2016. The final contract with supplier G was signed off by the Strategic Director Place in early 2017.
- 4.2.7 Based on discussions with the Service Director Commercial Services it was established that throughout the project Corporate Procurement was not adequately engaged. This was evidenced by the fact they were not invited to the Strategy Board meetings until June 2017. However, it should be noted that the Procurement Team were members of both the main Project Board and supporting Operational Board, chaired by Corporate Landlord throughout 2015, a formative period for the design and procurement of the project. This is captured in monthly minutes of meetings. It appears that their membership ceased in 2016. This also coincided with a recommendation made in the internal audit report at that time. During the retendering stage, which supplier G were subsequently successful, Corporate Procurement met with supplier H (who are currently refurbishing the Civic Centre) to seek their advice on whether the design information they were provided contained sufficient information to tender against. It was their view that there were too many unknown risks around asbestos and the structural condition of the building.
- 4.2.8 It was the view of the Service Director Commercial Services that Corporate Procurement's advice was ignored throughout the project. This was evidenced in the signing off of the IEDN on 20 December 2016. The final financial implications within the notice contained the following wording: *'whilst the contract will be very closely monitored and managed, unknown factors may lead to additional costs as the scheme progresses'*. However, the following wording provided by Corporate Procurement was excluded: *'whilst the contract will be very closely monitored and managed, unknown factors may lead to additional costs as the scheme progresses. In the worst case scenario, the final cost of the project could significantly outstretch the available budget'*. The Director of Commercial Services believes this was taken out of the notice by the former Interim Head of Projects & Works as it was deemed too negative.
- 4.2.9 The Service Director Commercial Services stated that he was concerned about the competency of the Interim Head of Projects & Works based on some of the decisions being made. Particularly in respect of the appointment of supplier I as the scheme's project managers which did not follow the Council's Contract Procedure Rules. This was raised on several occasions with the Head of Corporate Landlord.

Lesson learnt 9: For future projects of this nature Corporate Procurement should be engaged earlier in the project and be represented on the Board.

Lesson learnt 10: Where the advice of Corporate Procurement is not followed there should be a clear audit trail to support this decision.

4.3 Identification and removal of asbestos

- 4.3.1 In the summer of 2015, the Council's term asbestos consultants were commissioned to undertake an asbestos survey of the Civic Halls prior to the commencement of refurbishment works. Initial survey results identified the plenums to the balcony ventilation ducts and other areas of the building which required immediate action. The council's term contractor was asked to remove the asbestos and encapsulate the affected areas deemed as high risk.
- 4.3.2 In light of the findings of the asbestos survey results, and the decision taken by the Civic Halls Project Improvement Board on 25 July 2015, a report was presented to Cabinet (Resources) Panel on 28 July 2015 recommending '*delegated authority to the Cabinet Member for City Economy, in consultation with the Service Director for City Economy and Director of Finance to appoint the asbestos contractor*' and '*approve a virement of £483,000 from the regeneration priorities budget to the Civic Hall Improvement budget to meet the cost of the asbestos removal*'. These recommendations were subsequently approved.
- 4.3.3 The decision to undertake this work and clear asbestos from the site in preparation for a contractor being appointed was driven by the grant agreement as there was a requirement to spend £1.5 million during 2015-16. Therefore, the commissioning of this work would help achieve that target. Based on the age of the building and the uncertainty around how the asbestos had been applied, the management of risk around asbestos removal should have been transferred to the contractor. Based on information provided by the Service Director City Economy there was no flexibility in the funding agreement around the first year spend. Therefore, it was not possible to renegotiate the terms of the grant agreement to prevent poor and risky decisions being made as a result of needing to spend the expenditure by a certain deadline.

Lesson learnt 11: 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.

- 4.3.4 In January 2016, following a procurement exercise, supplier J were appointed as the contractor to remove asbestos to the areas specified in the term asbestos consultant's survey. They were also asked to undertake additional removal work to the side walls which had an acoustic insulation coating. All of supplier J's work was monitored and cleared by the term asbestos consultant.

- 4.3.5 Supplier G were appointed as the construction contractors in January 2017. In February 2017 the current construction contractors found traces of asbestos on the rear wall which had been signed off as clear by the term asbestos consultant. Following an inspection from the term asbestos consultant and the identification of asbestos traces the current construction contractors were unwilling to allow supplier J on site to rectify the issue. In the meantime, the current construction contractors commissioned their own asbestos consultants to inspect the area and take samples which proved to contain traces of asbestos fibres. Concerns were expressed by the Council and the term asbestos consultant as to the validity of the current construction contractor's surveys as no plan was provided of where samples were taken from. The current construction contractor concluded the whole wall must be contaminated. However, the Council's term asbestos consultants argued that traces of asbestos fibres would always be found but it was well under legal limits. Based on these findings the current construction contractor closed the site in March 2017 due to health and safety grounds, which was within their legal rights to do so.
- 4.3.6 Based on concerns raised by the current construction contractor over the work undertaken by both supplier J and the Council's term asbestos consultant, the current construction contractor were unwilling to allow both contractors on site to rectify these issues. Therefore, it is unlikely the Council will be able to fully or part recover the cost of this work. To date we have paid the Council's term asbestos consultant £78,030 and supplier J £732,258.
- 4.3.7 Due to the level on downtime arising from this issue it was agreed that the current construction contractor should undertake the removal of asbestos going forward. On 12 December 2017 an Individual Executive Decision Notice was signed approving a contract variation with the current construction contractor for £700,000 for the removal of asbestos throughout the Civic Halls. This decision was in accordance with the delegated authority already provided.

4.4 Project Management

- 4.4.1 It is important to note that this project had commenced prior to the Council implementing the approved project management approach for the Council's projects and programmes. Therefore, retrospective project management information had to be entered on to the Council's project management information system (Verto).
- 4.4.2 A report went to the Cabinet (Resources) Panel on 20 January 2015 recommending: 'Delegating authority to the Cabinet Member of Economic Regeneration and Prosperity, in consultation with the Strategic Director Place to use the Eastern Shires Purchasing Organisation (ESPO) Framework for selecting a Project Manager for the Civic Hall refurbishment scheme'. A total of £200,000 was allocated to project management, which was reported under the financial implications section of the report.

- 4.4.3 Following a procurement exercise supplier K were appointed as the project managers in July 2015 eight months after the Council's Property Services Strategic Partner were commissioned to produce their design. It was evident from an audit review of the scheme's project management arrangements that supplier K were not providing effective project management and were not using the Council's Project Management system (Verto). However, it is important to note that on average the Council were only paying for eight days of project management per month. The calculation was based on the fact that three officers within the Corporate Landlord were also allocated to the project, and had detailed knowledge of the building. Subsequently, the Corporate Landlord was restructured in 2015, and two of the three officers left the organisation and were not directly replaced.
- 4.4.4 The Interim Head of Projects & Works, who has subsequently left the Council, who was commissioned to oversee the scheme in January 2016, raised concerns about the performance of supplier K due to the fact they were missing from a number of meetings and their record keeping was poor. This was supported in the findings of an Internal Audit report, which had reviewed the programme's project management arrangements. In June 2016, the former Interim Head of Projects & Works decided to terminate the contract with supplier K, by mutual consent, and appoint supplier I as the scheme's project managers. The scheme had expended a total of £89,280 in respect of supplier K's services.
- 4.4.5 Both Audit Services and Corporate Procurement expressed concerns that the appointment of supplier I by the Interim Head of Projects & Works was not undertaken in accordance with the Council's contract procedure rules. This was reported as a red recommendation in the Internal Audit report. However, due to the urgent need for effective project management, no further action was taken as it was believed that this could derail the project.
- 4.4.6 As part of the handover process, supplier I produced a due diligence report of the project, which made the following recommendations:
- The creation of a formal project execution plan (PEP);
 - Maintaining a master schedule in Microsoft Project with continued ownership by the Project Manager;
 - A formal risk management plan is introduced with a dedicated risk management owner for the process; and
 - A clear communication plan is developed and embedded in the PEP.
- 4.4.7 Based on information provided by Projects & Works there was evidence that these documents were produced by supplier I. However, due to the lack of detail contained within the purchase order to supplier I, and their subsequent invoices, it was not possible to ascertain the number of project management days that were provided to the project.

4.4.8 Following the on-going issues in respect of the asbestos removal concerns were expressed by the Strategic Director Place and the Service Director Commercial Services on how the project was being managed. This was evidenced in the minutes of the Strategy Board meeting on 6 June 2017 where a flash report was produced showing the overall progress of the project as amber. This assertion was challenged by the Finance Business Partner stating that due to the issues surrounding the identification of asbestos, and the fact there was no work progressing on site, the project should be categorised as a red risk. In June 2017 the decision was taken to terminate the contract with supplier I and appoint supplier L as the new Project Manager. The Project Manager was known to the Service Director Commercial Services and was known to have previous experience of working on a grade II listed building, which was converted into an entertainments venue. At the time of handover, the scheme had expended £118,470 in respect of supplier I.

4.4.9 In June 2017 Audit Services issued a limited assurance audit report in respect of the scheme's project management arrangements. The report identified the following issues:

- Non-compliance with the Council's Contract Procedure Rules regarding engagement of externally provided project management services (red).
- Lack of clarification and documentation of project governance and management arrangements and associated roles and responsibilities.
- Lack of demonstration of governance/project management activities, business undertaken, decisions made and compliance through document retention, the definition of meeting frequency and establishment of meeting quorums.
- The limited engagement of key stakeholders and client-side technical expertise.
- Insufficient client side project management arrangements and resources.
- Underutilisation of the Council's project management system, Verto.
- Inadequate identification and allocation of dedicated project support resource.
- The absence of embedded risk management processes and consistently recorded risks.
- Lack of formal change control procedures covering both strategic and operational changes.
- Insufficient use of project tracking logs to record and manage assumptions, decisions, dependencies, issues and lessons learnt.
- Limited reporting arrangements for both management and financial information.
- Insufficient identification of support resource and development of monitoring mechanisms to support the Project Assurance role.
- Lack of regular review and update of the project Communications Plan.
- Non-completion of an Equality and Diversity impact assessment for the project.
- Absence of procedures for benefits realisation management.

It should be noted that the report only covered the project management arrangements up until June 2016. On the receipt of the report the Service Director City Economy and the former Director of Finance (in his project assurance role), conducted a health check with all officers responsible for the different aspects of the project to identify whether there were remaining issues an agreed plan of action was put in place to address them.

4.4.10 The findings of this review have been used to form our opinion of the programme's project management arrangements. Since this report has been issued there was evidence to support the continual monitoring of the report's recommendations. A review of the report's findings (see Appendix B of this report) identified the following recommendations remained outstanding:

- The Council's project management system (Verto) is not being regularly updated;
- No quorum requirements for decision making have been set for each meeting;
- There was no central repository for all programme documentation. During the course of our review information had to be obtained from several different sources, therefore making it difficult to evidence decisions;
- At the time of this review, the programme was using a risk register established by supplier I. However, it should be noted that the current Project Manager was in the process of organising a risk workshop to revise the register; and
- There is currently no designated project support. The Construction Project Officer is having to undertake some of these duties in addition to her current role.

Lesson learnt 12: 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.

Lesson learnt 13: For future projects quorum requirements should be set for each meeting to ensure all decisions are agreed by key stakeholders.

Lesson learnt 14: 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.

Lesson learnt 15: For future projects appropriate project support should be budgeted for so that members of the project team can undertake their roles effectively.

4.4.11 In addition to the above findings an analysis of the monthly highlight reports, produced from Verto, was undertaken from October 2016. This analysis identified that up to May 2017 the project was being reported as green and then changed to amber up to July 2017. From July 2017 onwards the overall status of the project has been reported as red, which coincides with the introduction of the new Project Manager.

Lesson learnt 16: 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.

4.4.12 Based on the fact the project was initiated prior to the Council adopting its approved approach to project/programme management the project has not been subject to the same level of scrutiny as newly initiated projects. Therefore, to date, no update reports have been presented to the Project Assurance Group, which is chaired by the Strategic Director for Place.

Lesson learnt 17: 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.

4.5 Project Governance

- 4.5.1 During the course of the project the governance structure changed. A revised structure was approved by SEB in June 2017.
- 4.5.2 Each element of the governance structure above was supported by clear terms of reference. As illustrated above, the Civic Halls Project Strategy Board is required to give updates to both the City Centre Portfolio Board and the Council's Strategic Executive Board (SEB).
- 4.5.3 A review of the meeting minutes for SEB identified the only updates provided to the Board before 20 June 2017, were about the presentation of Cabinet reports. From 20 June 2017 there was evidence of regular updates being presented to SEB in respect of the Civic Halls, which coincided with the new Project Manager's recommendation for a series of detailed surveys to be undertaken to determine the full condition of the building, as reported to Cabinet (Resources) Panel on 25 July 2017, and a series of options going forward were still being considered.
- 4.5.4 A review of the meeting minutes for the City Centre Portfolio Board, which is chaired by the Strategic Director Place, confirmed that regular updates in respect of the Civic Halls were presented. It was noted that the former Service Director City Economy (the Senior Responsible Officer for the project) is a member of the City Centre Portfolio Board.
- 4.5.5 The Civic Halls Development Manager, who replaced the Head of Major Projects, was responsible for supporting the Senior Responsible Officer in maintaining effective governance. In addition, the Civic Halls Development Manager was responsible for reporting arrangements at the Strategic Board level from the beginning of 2016 until 2017. This included ensuring effective reporting to City Centre Performance Board and externally to the Black Country LEP. Given unforeseen changes to the Visitor Economy services, she was unable to fully undertake this function, and considerable support in this role has continued to be provided by an officer from Corporate Landlord.
- 4.5.6 In terms of project governance there were four key roles in the programme which were as follows:

Senior Responsible Officer (SRO)

According to the former Service Director City Economy she assumed the role of the programme's SRO in 2015. However, no evidence was available to confirm this. In the latest terms of reference approved by the Council's Strategic Executive Board (SEB), in June 2017, the role of SRO was defined as having responsibility for providing senior level leadership for the delivery and implementation of the project. The SRO's role was defined as ensuring that the project is focused throughout its lifecycle on achieving its objectives and delivering products that will achieve the projected benefits. The SRO was required to ensure that the project provided value for money, ensured a cost-conscious approach to the project, balanced the demands of business, user and supplier. Throughout the programme, the SRO 'owns' the planned benefits to be realised.

From the outset of the project the former Director of Finance, in his assurance role, was responsible for chairing the Project Strategy Board, and the former Civic Halls Project Improvement Board), as requested by the Managing Director. However, the SRO increasingly assumed this role, because of the former Finance Director's other corporate priorities. This was evidenced in a review of the Strategy Board's meeting minutes.

The former Service Director for City Economy stated that although she had oversight of the programme she was clear that Corporate Landlord took on the client role around the construction element of the programme. While she was ultimately accountable for the programme she was not always kept apprised of some of the decisions made by Corporate Landlord, for example, the decision to value engineer the scheme with supplier E following their stage two tender submission. The former Service Director for City Economy stated that, at critical points, she did not feel in control of the project as there were decisions being made in respect of the programme which she had no knowledge of. An example being the removal of £1.9 million of the programme's funding to the LEP.

The former Service Director for City Economy also added that when she took on the role of SRO, the organisation was then subject to a series of Senior Officer restructures which resulted in her taking on additional areas of responsibility and therefore had to place reliance on various members of the Civic Halls Strategy Board keeping her apprised on the project's progress.

Lesson learnt 18: An escalation process should be developed whereby Senior Responsible Officers can raise concerns regarding their ability to govern the project/programme effectively.

Lesson learnt 19: 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.

The former Service Director for City Economy stated she and the Strategic Director for Place were keen to obtain some independent assurance on how the project was progressing and an audit of the project was therefore included in the 2015-16 audit plan. However, the audit was not started until July 2016. Once underway additional time was spent on dealing with procurement related non-compliance issues and in pursuing a number of external reports and information sources in order to complete the draft report. While earlier feedback was provided, these matters delayed the issue of the draft report until March 2017. The report was given a limited assurance rating and was subsequently agreed and finalised in June 2017. The former Director of City Economy indicated that whilst the report presented some useful findings, its impact had been diluted due to the length of time taken before its issue.

Also, there was no process in place for limited assurance reports and any outstanding recommendations to be presented to SEB.

Lesson learnt 20: 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.

Lesson learnt 21: 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.

Project Assurance

The then Director of Finance was appointed to a project assurance role by the Council's Managing Director in 2015. This role was defined as providing an independent view of how the project was progressing. The assurance role was about checking that the project remains viable in terms of costs and benefits (business assurance), checking that the users' requirements were being met (user assurance) and that the project is delivering a suitable solution (specialist or technical assurance).

At the time that the former Director of Finance was appointed to undertake this role, the Council was also playing a key role in the formation of the West Midlands Combined Authority, including the Director taking on an interim role as their Director of Finance with effect from 1 April 2017. This impacted upon the time they were able to commit to the Strategy Board and an ongoing conflict of meetings meant that they were unable to attend most of the Strategy Board meetings. However, they were represented at the Strategy Board by a former Finance Business Partner who they believed kept them up to date on the outcome of each meeting as well as challenging, where appropriate, any decisions made.

Throughout the programme the former Director of Finance stated that they were in regular dialogue with the former Finance Business Partner, the Director for Commercial Services, and the former Interim Head of Project and Works who often used them as a sounding board for decisions being made.

In April 2017, following a Senior Management Restructure, the former Director of Finance ceased this role and commenced his Director of Finance role on a part time and interim basis at the Combined Authority and therefore ended his Project Assurance role. He then became the Strategic Director for People on 1 September 2017. It was assumed that the project assurance role on the Strategy Board would be the responsibility of the new Director of Finance with effect from 1 April 2017. However, there was no formal hand over process.

Lesson learnt 22: Where a project role cannot be fully fulfilled due to other conflicting commitments, the role should be formally delegated to an alternative officer.

Lesson learnt 23: 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.

Service User (previously referred to as Senior User)

The role of Service User was jointly undertaken by the then Head of Visitor Economy and the Civic Halls Development Manager. The service user role is defined as being responsible for the specification of the business needs of all those who will use the final product(s). They are also responsible for liaison with users and communicating their requirements through the Project Board. They work with the project team and direct monitoring to ensure that the solution meets user requirements within the constraints of the benefits, in terms of quality, functionality and ease of use.

The role represents the interests of all those who use the final product(s) of the project. Those for whom the product will achieve an objective or those who will use the product to deliver benefits. The Senior User role commits user resources and monitors products against requirements.

Based on a review of the Strategy Board meeting minutes there was evidence that there was adequate representation from a service user perspective. There was also service user representation on the Project Delivery Board which oversees the operational delivery of the programme. However, there was evidence of concerns being expressed from the Civic Halls Development Manager that she was not being kept informed of design changes. An example of this was the design of the new heating and ventilation system for the Civic Halls which required a considerable number of new columns throughout all levels of the building, which would have affected audience views.

Lesson learnt 24: 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.

Corporate Landlord (previously referred to as Senior Supplier)

In terms of the programme officers from Corporate Landlord represent the interests of those designing, developing, facilitating, procuring, implementing and possibly operating and maintaining the project products. The Senior Supplier is accountable for the quality of products delivered by the supplier(s). The Senior Supplier role has the authority to commit or acquire required supplier resources.

Corporate Landlord, have overall responsibility for the condition and upkeep of the building, and therefore identify additional works that could be included in the scheme to ensure the building remains in good condition. This includes the statutory responsibility for the upkeep of a grade II listed building in a conservation area.

In terms of the governance of the project officers from Corporate Landlord were actively involved in the Project Delivery Board which oversaw the operational delivery of the project. The Head of Corporate Landlord chaired the Delivery Board but was also a member of the Strategy Board.

Based on discussions with the Head of Corporate Landlord he stated that there was no cohesion between strategy board and the delivery board as key information regarding the delivery of the project was reported at the strategy board level. This was evidenced in the meetings as there was no evidence of the minutes of the Delivery Board being presented at the Strategy Board.

Lesson learnt 25: High-risk projects and programmes should be periodically called in by PAG and should also be subject to gateway reviews.

4.6 Reporting to Elected Members

4.6.1 This review and a timeline of events has confirmed that elected members of the Council were kept apprised of the Civic Halls project. This is highlighted in the table below:

Date of Report	Meeting	Nature of Report
11/11/2013	Executive Team	Options report presented by supplier C
29/07/2014	Cabinet (Resources) Panel	Presentation of supplier C's report and approval to proceed with finalising the detailed business case based on option three.
01/10/2014	Cabinet	Approval sought for project to proceed and a capital budget of £10.4 million.
20/01/2015	Cabinet (Resources) Panel	Delegated authority sought to use the Eastern Shire Purchasing Organisation (ESPO) Framework to procure a project manager.
23/06/2015	Cabinet	Approval sought to vire £436k from Corporate Asset Management for reinstatement works.
28/07/2015	Cabinet (Resources) Panel	Delegated authority sought to appoint an asbestos removal contractor and appoint a construction contractor from the Construction West Midlands (CWM) Framework. Approval was also sought for an additional £483k of capital resources for the removal of asbestos.
19/07/2016	Cabinet (Resources) Panel	Approval sought for an additional £2.6 million of capital resources to reflect re-engineered scheme and the costs associated with procuring via the OJEU tendering process.
20/12/2016	Individual Executive Decision Notice	Signed by Cabinet Member for City Economy for the appointment of supplier G as the construction contractors. It should be noted this was reported to Cabinet (Resources) Panel under the schedule of executive decisions.
03/07/2017	Audit and Risk Committee	A limited assurance review of the "Civic Halls Refurbishment - Project Management" was included in the Annual Internal Audit Report presented to the Council's Audit and Risk Committee along with an update position statement on what action was being taken as a result of the report. The committee indicated the importance of ensuring the recommendations were implemented and the minutes indicate that no further queries or concerns were raised.

Date of Report	Meeting	Nature of Report
25/07/2017	Cabinet (Resources) Panel	Approval sought for an additional £150k sought for essential maintenance and repairs following anti-terrorism recommendations.
12/12/2017	Individual Executive Decision Notice	Signed jointly by the Cabinet Member for City Economy and the Cabinet Member for City Assets & Housing approving a contract variation with supplier G to the value of £700,000 in respect of the removal asbestos within the Civic Halls.
16/01/2018	Cabinet (Resources) Panel	Approval sought to rescope the programme to a full refurbishment scheme. Approval also sought for an additional £23.7 million.

4.6.2 The former Service Director City Economy stated the Cabinet Member for City Economy was regularly briefed on the status of the project. In addition, the Director of Finance briefed the Cabinet Member for Resources in respect of any budget implications affecting the project.

4.7 Project Financing

4.7.1 In July 2013 an independent report was produced by supplier C entitled 'Options for the future of Wolverhampton's culture and entertainment offer'. This report was commissioned by Services Director City Economy. In the report were a number of options for the future of the Civic Halls. The conclusion of the report was to upgrade the Civic Halls and expand its offering (increased capacity). The report contained a capital cost estimate of £11.3 million based on information provided by two officers from Property Services (now known as Corporate Landlord), who have subsequently left the Council. However, it is important to stress there was a caveat in the report which stated *'As highlighted earlier in this report, these figures are initial working estimates at this stage. The capital costs will need to be revisited in significantly greater detail and confirmed in due course - based on the evolving specification and associated designs – by a QS. It has not been within our scope of works nor have we at this stage sought to challenge the capital cost information that has been prepared by third parties and is summarised in this Annex'*.

4.7.2 Following the presentation of this report to the Council's Executive Team a Cabinet Report on 29 July 2014 was produced which gave an initial budget estimate of £10.4 million for this option. This included £0.1 million for enabling works (surveys etc.).

4.7.3 A further report was presented to Cabinet on 1 October 2014 seeking approval for the following:

Approve a capital programme budget for the civic halls improvements of £10.4 million funded from an external grant of £6.2 million and £4.2 million as a virement from the capital allocation for regeneration priorities.

- 4.7.4 All cost estimates were provided by Corporate Landlord, which at the time included an experienced qualified Architect and a Quantity Surveyor.
- 4.7.5 On 23 June 2015, a report was presented to Cabinet approving a virement of £436,000 which increased the budget to £10.836 million.
- 4.7.6 On 28 July 2015, a report was presented to Cabinet (Resources) Panel seeking approval of an additional budget of £483,000 for the removal of asbestos following the survey carried out by the Council's approved asbestos term contractor. This then resulted in the budget increasing to £11.319 million. It should be noted that an additional £400,000 of external funding from the Black Country LEP was secured by the supplier K's Project Manager towards these costs.
- 4.7.7 On 19 July 2016, a report was presented to Cabinet (Resources) Panel seeking an additional £2.6 million of capital resources to fund the project following a decision to go back out to an OJEU procurement process following the tender submission from supplier E being declined. Review of the commercial income projections by the Head of Visitor Economy and Strategic Finance Manager confirmed that this could be covered by the additional income that would be generated by the scheme. It should be noted that the most recent independent commercial assessment by supplier C was that this uplift was very modest.
- 4.7.8 It is evident from the above that the true condition of the building was not known at the point the initial £10.4 million budget was set, as no detailed surveys had been carried out. Based on the independent advice provided by supplier B, who have supported us with this review, they would have expected a 60% optimism bias for the setting of the contingency. This contingency could have then been managed down once the structural suite of building surveys had been completed and the condition of the building known. Based on the initial budget set this would have resulted in an overall capital budget of £16 million which coincides the stage two tender submitted by supplier E.
- 4.7.9 Based on the advice of supplier B, even if the structural nature of the building had been known they would have expected a contingency of 25% based on the Civic Hall's being a grade II listed building.

Lesson learnt 26: 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.

4.7.10 It is the assertion of the project's SRO that other than the reports to Cabinet she was never requested to secure additional funding for the project. This was highlighted by the fact that English Heritage Funding could have been secured in respect of repairs to a leaking roof. The SRO was pro-active in seeking to secure additional resources for the current scheme, and instructed the Strategic Project Funding Manager to explore all potential external funding for the scheme, as it had been scoped. As a result, a bid was submitted for the removal and safe storage of the Civic Halls organ to the Heritage Lottery Fund, which proved unsuccessful. The Strategic Project Funding Manager was also a member of the Project Board between 2014 and 2015 providing ample opportunity for the Corporate Landlord to put forward other requests, particularly for items beyond the scope of the original scheme such as roof repairs and repairs to the fabric of the building, which were required. It is the view of the SRO that there was greater likelihood of securing Heritage Lottery Funding in respect of these repairs if she had been made aware of them at the start of the project and during the design stage. As part of the business case for the fundamentally widened and extended scope of the new scheme, approved in January 2018, around £5 million costs have been identified as potentially eligible from external funding sources. However, it should be noted that at this late stage it will be much harder to meet grant conditions, given the procurement process that has been followed.

Lesson learnt 27: 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.

4.7.11 In July 2017 a request was made for resources to fund a series of in-depth and intrusive surveys. As a result of the findings, a new business case was approved by Cabinet (Resources) Panel and endorsed by full Council in January 2018. It should be noted that the scope of this scheme is substantially wider than the original scheme. It is driven by the Corporate Landlord requirement to achieve a full 25 year lifecycle on all aspects of the building, as well as fulfil new statutory requirements that were not communicated to the Project Board or SRO during the development and delivery of the new project.

4.8 Supplier B's Assessment of Risk Management

4.8.1 At the time of this review the Civic Halls refurbishment project was not contained as a specific risk on the Council's risk register. Civic Halls were covered under risk nine which related to City Centre regeneration. In light of the fact that the Civic Halls generates £4.3 million of Gross Value Added (GVA) to the local Wolverhampton economy and the recent press reports this should stand as its own risk in order to for SEB to monitor its progress.

Lesson learnt 28: The Civic Halls refurbishment project should stand as its own specific risk on the Council's Strategic Risk Register.

4.8.2 *Risk Management, expectations of the review*

The current widely adopted standards are clear about the process required for effective risk management and the steps to the achievement. In ISO 31000 Risk Management, risk is defined as the effect of uncertainty on objectives, it goes on to say..."Risk Management should, if implemented and supported by the organisation:

- increase the likelihood of achieving objectives;

- encourage proactive management;
- increase awareness of the need to identify and treat risk throughout the organization;
- improve the identification of opportunities and threats;
- comply with relevant legal and regulatory requirements and international norms;
- improve mandatory and voluntary reporting;
- improve governance;
- improve stakeholder confidence and trust;
- establish a reliable basis for decision making and planning;
- improve controls;
- effectively allocate and use resources for risk treatment;
- improve operational effectiveness and efficiency;
- enhance health and safety performance, as well as environmental protection;
- improve loss prevention and incident management;
- minimise losses;
- improve organisational learning”

The Management of Risk: Guidance for Practitioners (MoR) sets out four simple principles for the development and maintenance of good risk management practice, these are informed by corporate governance principles and ISO31000 (2009). MoR states that these principles are at a high level and universally applicable to provide guidance for organisations in the development of an appropriate risk management process as a part of their internal controls:

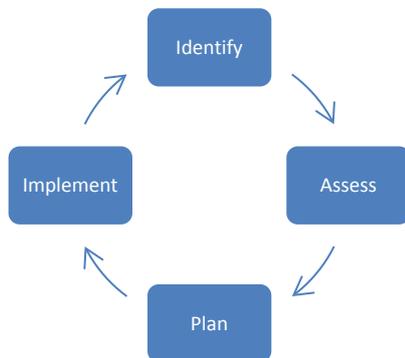


Figure 1: MoR Principles

MoR provides simple and useful definitions to introduce the purpose and characteristics of risk management. The MoR defines the term “Risk Management” as the systematic application of the principles, an approach and a process to the tasks of identifying and assessing risks and then planning and implementing risk responses. This provides a disciplined environment for proactive decision-making.

For risk management to be effective and what we should be able to evidence in this review is the following:

- That risks have been **identified** and the uncertainties that would affect the achievement of objectives within the context of the project considered.
- That the risks have been **assessed** to define their probability, impact and proximity and the overall exposure that they represent.
- That the risks have been **controlled** and that appropriate mitigation strategies have been identified and action planning carried out and is sufficiently evidenced.

In support of the above simple principles the following documentation/ evidence should be in place and reviewed regularly:

- Risk Management Plan
- Risk register
- Risk reporting at a periodicity appropriate for the project
- SMART mitigation action planning and action progress monitoring
- Records of the risk reviews carried out

The process and context of risk management should be clearly defined in the Project Execution Plan.

Lesson learnt 29: The Council should adopt a standard for project risk management to clarify requirements and lead the management of risk on its projects.

4.8.3 *Optimism bias and budget setting*

The documentation and timeline show that the budget that was set for the project was set on very limited information about the condition of the building and the potential construction risks associated with a project involving significant changes to a listed building with a clear backlog of maintenance.

The Green Book indicates that the level of optimism bias appropriate at the initiation of the project should have been between 24% and 51% based on the range suggested as a high-level assessment for buildings (standard and non-standard), and in the absence of a well-defined scope and the lack of information on the condition and construction history of the building this is arguably too low at the point that the initial budget was set.

Benchmarking and the use of reference data from other projects should be used to validate the budget and contingency derived either using an optimism bias approach or a detailed quantitative risk analysis.

There is no evidence that a robust assessment of the risk was carried out in support of the budget. In the final scheme, the contingency setting methodology is unclear in the documentation and appears to have been based on a rule-of-thumb application of contingencies to elements of the works. There is no risk register or assumptions assessment to inform the contingency setting.

There is, therefore, no evidence that the approach to the budget setting has improved based on the early experience in the project. The contingency should be backed by a detailed and quantified risk register and the full disclosure of the assumptions base for the re-pricing, to allow estimating uncertainty to be fully understood. It is important to understand whether the rates used in the re-pricing are risk inclusive or exclusive (e.g. based on previous actual costs or supply-chain quoted rates). The absence of a detailed plan for the works also meant that the schedule-related risk was not well defined and optimism bias in the project duration was not taken into account in the budget-setting.

4.8.4 *Contingency management, exposure assessment and change control*

The management of change and its relationship to the management of contingency is unclear. There is no evidence of assessment of risk against change, for example, the changes in scope and budget and the assessment of the risk imported by the value engineering proposals. The implementation of value engineering necessarily carries with it risk, assumptions have been made as to the efficacy of the VE proposals in reducing overall cost, and these are inherently uncertain. There is a danger in presenting value engineering as providing simple, deterministic outcomes.

There is no evidence that the exposure of the project to overspend (and over-run) has been systematically re-assessed through the progress of the project and the initial or tender/post tender stages. It is clear from supplier E's Stage 3 tender return that the exposure (risk) profile was different from that at earlier project stages. Despite this and a detailed set of tender exclusions and assumptions provided by supplier E, there is no evidence of any attempt to robustly assess the implications on the key cost and time objectives of the project.

There is a close link between risk, change control and contingency management, and each is integral to the successful delivery of the project. In this case, there is little evidence that the risk has been identified and assessed robustly, change control has been managed or that there is a contingency setting or management process in place.

Lesson learnt 30: 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.

4.8.5 *Verto Highlights Report and risk management evidence*

The Verto Highlights Reports have been reviewed in detail as discussed above; they appear to be the only tangible evidence of risk reporting and mitigation capture on the project.

- The Verto reporting appears to be the main CoWC risk reporting (communication) and escalation mechanism for the project.
- There do not appear to be robust action plans to deliver the mitigations as described in the reports.
- The risks do not appear to have been reviewed (given the lack of any evidence for changes in scoring or descriptions month-on-month). Verto reporting does not report the last review date against the risks reported.
- The general status section of the Verto Highlights is not reflective of the project status-most of the key criteria are "green".
- There are gaps in the Verto Highlights reporting evidence (e.g. Jan 2016 to November 2016).

There is a note in the Highlights Report that on the 8th November 2016 a risk workshop was held, with all stakeholders and that the output was awaiting quantification to provide an assessment of the contingency requirements. (Verto Highlights Report Nov 2016); the evidence for the output of the workshop and the subsequent analysis for contingency setting has not been seen as a part of this review.

The audit report (2016/17) states that the supplier K's risk register from 2016 was used as the main risk management tool and that supplier K **did not utilise** the Verto system. It is unclear what was happening in the Verto system during this period given that there were reports produced including risk information with some evidence that updates to the data were occurring.

It should be noted that the scoring of the risks also does not appear to give the true risk profile for the project with low probabilities assigned to risks that were fairly clearly crystallising.

Lesson learnt 31: 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.

4.8.6 Risk Registers

As a part of the review, three risk registers have been looked at. In all cases, there is an absence of clear evidence (which should be present, e.g. last review date, action updates etc.) of systematic ongoing review and update. The risk descriptions are poorly expressed, and the scoring and assessment of the risk are not explained on the registers. The scoring scheme adopted has changed through the job with the supplier I's register a development on supplier K's approach in which the probability assessment was very poor.

Supplier I's register has been costed and assessed poorly, and the approach does not align with best (or any) accepted practice. Additionally, there are a number of risks that have probabilities of 100% (a risk may or may not happen so 100% is incorrect as the assessment of a risk probability). Supplier I's risk register is not logically laid out to lead the user in the development of robust understanding and description of the risk. Terms like "resolution" to implies that a risk can be, in all cases, mitigated. This is not the case.

The Audit report (2016/17) also states that in future that supplier I's developed risk register should be used as the template. This register is not a well-developed risk register format, particularly for action tracking and assessment of the effects of mitigation.

Lesson learnt 32: 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.

4.8.7 General- Risk and the Project Execution Plan(s)

There are two versions of the PEP that have been reviewed, one produced by supplier I and a second produced by the current project manager that builds on supplier I's document. There is an update due imminently from the current project manager on the areas that have been duplicated from supplier I's PEP. The project execution plans are light on detail on the implementation of risk management on the project despite the statement "the project shall be subject to a formal risk management which will be implemented and managed by the project manager on behalf of the project leader". There needs to be a clear and unambiguous risk management process, backed up with a RACI and with the right level of support from senior management.

4.8.8 *Current Position*

At the time of this review it was understood that the current project manager was proposing to undertake a risk management process alongside the current construction contractors in an attempt to better define the project status and potential outturn/completion date. It was agreed that this risk analysis work would be independently reviewed by supplier B in order to provide some assurance around its robustness.

To date Audit Services have not seen any evidence of this analysis and a copy was never provided to supplier B to independently review.

5 Where we are now

5.1 A new Project Manager was appointed to the project in June 2017. As part of the handover process, the Project Manager undertook a review of the current project. The report identified the following issues:

- Funding timelines were likely to be compromised.
- Contractor scope and omitted works to reduce costs.
- High level of unmitigated risks remains with the client.
- Full risk pot (contingency) not included in the current cost plan/budget.
- Risk allocation to the contractor is unclear
- Lack of understanding of building from a structural perspective. There is no complete structural survey, hence the design is incomplete.
- Significant backlog of maintenance works not being addressed.
- The electrical system requires full replacement. Under the scope of the contract there is partial replacement.
- Retained services at 'end of life' on contract completion.
- Clarity on stakeholder requirements sought.
- The heating, ventilation, and air-conditioning system is not aligned to the thermal model.
- The facilities management provision within current contract appears inadequate.
- Technical fees to up to the point of completion need to be addressed.
- Revenue budget to be assessed to confirm appropriate.
- The current budget is insufficient to deliver the current scheme.
- Programme closures require assessment.

5.2 Following this report, it is understood a decision was taken by the Strategic Director Place that the project should be revisited to ensure it captured all essential works and ensured that the building was future-proofed for the next 25 years. From this point forward regular updates were provided to the Council's Strategic Executive Board.

5.3 On 25 July 2017 a report was presented to the Cabinet (Resources) Panel seeking the following approval:

- £150,000 expenditure towards the estimated cost of additional technical surveys to identify if future maintenance and repairs can be minimised for the longer term and following recent national incidents, towards a review of the need for any additional public safety requirements that should be included in the improvement scheme.
- a draw down for the required funding from the Budget Contingency reserve, as additional unbudgeted expenditure is required.

5.4 Following the subsequent approval of this report, a suite of surveys has been commissioned to minimise future risks to the project. Also, an independent Project Health Check was commissioned from supplier A in December 2017 to assess the scope, cost and delivery of the proposed restoration scheme. An independent due diligence review of the structural, electrical, mechanical and plumbing elements of the design has also been commissioned from supplier B.

5.5 Following this work a report was presented to Cabinet (Resources) Panel on 16 January 2018 seeking the following approval:

- Approve the scope of construction and associated works for the comprehensive restoration of both Wulfrun and Civic Halls;
- Approve the additional capital resources of £23.7 million required to deliver the Civic Halls project;
- Approve the development of a ticket levy to support the proposed scheme
- Delegate authority to the Cabinet Member for City Economy, in consultation with the Strategic Director for Place, to agree the contract variation with the current construction contractor when the negotiation process is complete.

The report was also asked to note:

- The revised business case for the Civic Halls;
- The approach to seeking additional grant funding from external sources, to reduce the cost to the Council.

5.6 These recommendations were approved by Cabinet (Resources) Panel and then full Council on 31 January 2018. It was noted from the report that the total budget for the project has now increased from £14.4 million to £38.1 million, with the contingency increasing from £1.05 million to £6.4 million.

5.7 The new Project Manager's remit is limited to the design and construction workstream, under the direction of the Head of Corporate Landlord. Therefore, the Project Manager is not responsible for the delivery of the other programme workstreams, which are also substantial, and on which the final successful outcomes of the project depends. This includes: substantial new visitors to the city, safeguarding and creating new jobs, additional training and apprenticeship opportunities, increased GVA and substantial new levels commercial income to enable the savings proposals in the MTFS to be achieved.

5.8 Following the approval of the substantially new Civic Halls Restoration scheme, the new SRO and Programme Board have instigated a new project governance structure. This elevates the Civic Halls Restoration from a project to a full programme. There has been a new Programme Director appointed with a dedicated Programme support officer. This means that the design and construction element of the programme is one of a number of projects within a large programme. The other projects are – business continuity, business development, economic (including local business support, skills and employment) and Finance.

5.9 The contract with the current construction contractor will require renegotiation to correspond with the relevant revised scope of works and contracting approach. Re-procuring the contract would result in an estimated one year delay to the programme and therefore, would not meet the revised programme deadlines. This exposes the Council to non-compliance with OJEU procurement procedures as the new value of the contract is more than the permitted 50% contract variation threshold.

This report is Public
[NOT PROTECTIVELY MARKED]

6 Lessons Learnt – Action Plan

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
1	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.	With immediate effect
2	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.	With immediate effect
3	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.	With immediate effect

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
4	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.	With immediate effect
5	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.	With immediate effect

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
6	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.	With immediate effect
7	<p>The Council's strategic partnership should be reviewed to ensure it has delivered value for money on this scheme.</p> <p>For all future projects alternative design approaches should be assessed which are supported by a robust contract.</p>	<p>Head of Corporate Landlord</p> <p>Head of Corporate Landlord</p>	<p>The framework contract under the strategic partnership expired at end of March 2018 and no new work is being awarded to them.</p> <p>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.</p>	<p>Implemented</p> <p>1 December 2018</p>
8	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.	With immediate effect

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
9	For future projects of this nature Corporate Procurement should be engaged earlier in the project and be represented on the Board.	Senior Responsible Officer	<p>Procurement representation will be a standard role on Terms of Reference (TOR) for projects.</p> <p>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.</p>	Implemented
10	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.	Implemented
11	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	<p>The risk of asbestos contamination and will be assessed during the feasibility phase of a project and relevant surveys undertaken.</p> <p>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.</p>	With immediate effect

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
12	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 Project 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.	With immediate effect Implemented
13	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.	Implemented
14	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.	With immediate effect

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
15	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	<p>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.</p> <p>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.</p>	With immediate effect
16	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	<p>Senior Responsible Officers on all projects and programmes will encourage a culture of honest and open reporting.</p> <p>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.</p> <p>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.</p>	Implemented

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
17	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	<p>A new governance arrangement has been established for the Civic Halls project and a Programme Director appointed.</p> <p>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.</p> <p>Authorisation will be recorded in the minutes of the Board meetings.</p>	Implemented
18	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	<p>The Chair of the Project Assurance Group has been designated as the point of contact for Senior Responsible Officers to raise these concerns.</p> <p>The Chair of the Project Assurance Group will discuss these concerns to the relevant Director, Strategic Director or Strategic Executive Board as appropriate.</p>	With immediate effect
19	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.	With immediate effect

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
20	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	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.	Implemented
21	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	All limited reports are now presented to the next available SEB meeting.	Implemented
22	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	<p>The Senior Responsible Officer will regularly review project resources and project roles and propose any changes to the Board for approval.</p> <p>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.</p>	Implemented

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
23	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	<p>The Senior Responsible Officer will be responsible for ensuring that appropriate and independent project assurance arrangements are in place.</p> <p>External specialist project and risk assurance consultancy has been procured to support the delivery of projects and programmes.</p> <p>In addition, a Commercial Business Partner and Audit Business Partner have been provided training to be able to undertake peer reviews of major projects.</p>	With immediate effect
24	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	<p>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.</p> <p>The Terms of Reference will include which changes are delegated to the programme team and which are reserved to be decided by the Board.</p>	3 September 2018

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
25	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	<p>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.</p> <p>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.</p> <p>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.</p>	With immediate effect
26	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	<p>External specialist project and risk assurance consultancy has been procured to support the delivery of projects and programmes.</p> <p>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</p> <p>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.</p>	1 August 2018

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
27	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 is included for all Board meetings.	Implemented
28	The Civic Halls refurbishment project should stand as its own specific risk on the Council's Strategic Risk Register.	Head of Audit	Civic Halls is now shown as its own risk on the Council's Strategic Risk Register (risk 30/01/18)	Implemented
29	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	<p>The project risk management process is already established, and risks are managed and monitored using Verto.</p> <p>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.</p>	Implemented

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
30	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	<p>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.</p> <p>The Terms of Reference will include which changes are delegated to the programme team and which are reserved to be decided by the Board.</p>	3 September 2018
31	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.	<p>Senior Responsible Officer</p> <p>Projects and Programmes Manager</p>	<p>The Senior Responsible Officer will ensure that Verto is utilised and updated throughout the life of a project.</p> <p>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.</p> <p>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.</p>	With immediate effect

This report is Public
[NOT PROTECTIVELY MARKED]

No	Lessons Learnt	Responsibility	Proposed action to be taken	Target date
32	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.	Implemented 1 December 2018

APPENDIX A - Civic Halls Refurbishment - timeline of key events

Date	Timeline Event
June 2013	Following a commission from the former Service Director for City Economy supplier C produce a report entitled 'options for the future of Wolverhampton's culture and entertainment offer'
November 2013	Supplier C's report is presented to the Council's Executive Team outlining the options for the improvement of the Civic Halls
April 2014	A condition survey of the building was undertaken by the Council's Property Services Team (now known as Corporate Landlord).
July 2014	A report is presented to Cabinet (Resources) Panel seeking approval for the project to progress to a final detailed business case Black Country LEP.
October 2014	A report is presented to Cabinet seeking approval to proceed with the project and approval of a capital programme budget of £10.4 million.
November 2014	The Council's Property Services Strategic Partner are engaged as the projects architects and commissioned to prepare a feasibility report.
January 2015	A draft feasibility report is presented by the Council's Property Services Strategic Partner indicating a budget estimate of £13.3 million. Following a number of meetings this was reduced to £10.9 million through the omission of items from the scope.
January 2015	A report was presented to Cabinet (Resources) Panel where approval was sought to select a Project Manager through the ESPO framework.
February 2015	A condition survey undertaken by the Council's asbestos term contractor, identified asbestos in the Civic Halls.
April 2015	The detailed stage D design for the Civic Halls Improvement was issued by the Council's Property Services Strategic Partner.
June 2015	The grant agreement between the Council and Walsall Council (Accountable Body) is signed securing £6.6 million funding from the Black Country Growth Fund.
July 2015	Supplier K were appointed to oversee project management
July 2015	A report was presented to Cabinet (Resources) Panel seeking approval to appoint an asbestos contractor, appoint a main contractor following a mini competition exercise under the CWM framework contract, and vire £483,000 to meet the cost of the asbestos removal work.
September 2015	Stage one tender design is completed and uploaded onto the Council's E-Tendering System (Due North).
September 2015	A decision was made to procure asbestos works separately and tenders for this work are returned for evaluation.
November 2015	Following the evaluation of returned tenders supplier E were selected via the CWM Framework.
January 2016	Supplier J are selected for the removal of asbestos and commence work on stripping out asbestos from the Civic Halls.

Date	Timeline Event
January 2016	Supplier E stage two tender returned at £16 million following the findings of structural surveys.
February 2016	The Council's Property Services Strategic Partner recommend supplier E's price does not deliver value for money and recommends value engineering the scheme in order to get it within the initial budget envelope.
March 2016	Supplier J complete their asbestos stripping
March 2016	The current Head of Corporate Landlord is appointed.
June 2016	A decision is taken by the former Interim Head of Project & Works to terminate the contract with supplier K and appoint supplier I as the new project managers.
June 2016	A decision is taken not to accept supplier E's stage three tender and go back out to tender via an OJEU restricted tender.
July 2016	A report is presented to Cabinet (Resources) Panel seeking approval for additional capital resources of £2.6 million for the Civic Halls Improvement Scheme.
August 2016	Supplier I produce a due diligence report of Civic Halls refurbishment project
September 2016	Pre-Qualification Questionnaire tenders returned from nine interested contractors. Based on an assessment of the PQQs four contractors were invited to tender via the OJEU restricted tender route.
December 2016	An Individual Executive Decision Notice is signed awarding the contract to supplier G.
January 2017	Supplier G take possession of the Civic Halls site.
February 2017	Supplier G report the identification of asbestos fibres whilst undertaking their work.
March 2017	Supplier G close the site on health and safety grounds due to concerns around asbestos contamination.
June 2017	Audit Services issue a limited assurance report in respect of the project management arrangements for the Civic Halls
June 2017	Supplier I contract for project management is terminated and the current project manager is appointed to oversee the project management of the Civic Halls.
June 2017	The current project manager produce a report on the assessment of the project to date and makes a series of recommendations.
August 2017	Following the current project manager's report a decision is taken to utilise the project's contingency fund and redesign the scheme.
December 2017	Supplier A produce a project health check of the Civic Halls
December 2017	An Individual Executive Decision Notice is signed approving a £700,000 contract variation for the current construction contractor in respect of the removal of asbestos from the Civic Halls.

Date	Timeline Event
January 2018	<p>A report is presented to Cabinet (Resources) Panel Report seeking approval for the following:</p> <ol style="list-style-type: none">1. Approve the scope of construction and associated works for the comprehensive restoration of both Wulfrun and Civic Halls.2. Approve the additional capital resources of £23.7 million required to deliver the Civic Halls project.3. Approve the development of a ticket levy to support the proposed scheme.4. Delegate authority to agree the contract variation with the current construction contractor when the negotiation process is complete.
January 2018	<p>Supplier D issue a due diligence report on the mechanical, electrical, plumbing and structural design produced by the Council's Property Services Strategic Partner.</p>

APPENDIX B – Current assessment of the implementation status of recommendations made in Audit Services Report – issued June 2017

Rep. Ref.	Recommendation	Risk Rating	Has the recommendation been implemented?
2.1	All procurement exercises undertaken directly by the Council or by a third party must be undertaken in accordance with the Council's Contract Procedure Rules and ensures compliance with Public Contracts Regulations / OJEU requirements as applicable.	Red	N/A – this issue related to the appointment of supplier I as project managers. However, it is noted that Corporate Procurement are now represented on the Strategy Board to advise on procurement matters.
2.1	In accordance with the Council' Contract Procedure Rules, commencement of services must only be permitted once an official purchase order and / or signed contract is issued.	Red	
2.1	The contract value and spend against the contract should be closely monitored in liaison with Procurement to ensure that appropriate remedial action is taken regarding potential variations / exceeding Contract Procedure Rules / OJEU thresholds.	Red	
2.2	Appropriate governance arrangements should be clearly defined for the project covering both strategic and operational levels, supported by a client led project team with clearly defined roles and responsibilities, and clear reporting and escalation procedures up to Strategy Board and City Centre Programme Board level.	Amber	Yes – a new governance structure has been established with roles and responsibilities clearly defined in the PEP. This governance structure was presented to SEB in June 2017
2.2	An appropriately detailed Terms of Reference should be established for the Project and reviewed on a regular and sufficiently frequent basis to ensure that it remains up to date and accurately reflects the governance arrangements for the Project.	Amber	
2.2	The City Centre Programme Board Terms of Reference should be revised to accurately reflect the organisational and governance structure for the Project.	Amber	
2.2	The Terms of Reference should be formally presented to the appropriate Board for review and evidenced as approved by the Board within minutes and on the version control section of the terms of reference itself.	Amber	
2.2	Where significant changes are made to the governance and project management arrangements for the Project or	Amber	

Rep. Ref.	Recommendation	Risk Rating	Has the recommendation been implemented?
	there are changes in roles / responsibilities, the Terms of Reference should be amended and presented to the Board for review / approval when they occur.		
2.3	Frequency, quorums and membership of each meetings to be held in accordance with governance and project management arrangements should be clearly defined, documented and assurance sort that these are adhered to.	Amber	Partly – whilst the frequency and membership of meetings has been established. Quorums have not be set for decision making purposes.
2.3	All meeting related documentation i.e. minutes, agendas and presented reports should be stored within the Council’s records in a central and consistent manner as a true record of the business and decisions undertaken as part of project governance and management.	Amber	No – this review identified there is no central repository for the project. Therefore, a complete of meetings could not be located.
2.3	Appropriate standing items should be identified and included on agendas for both strategic and project level meetings including but not limited to risk management, communications, equality / diversity and health and safety.	Amber	Yes – set agenda items were evidenced for each meeting.
2.4	All key stakeholders and / or technical experts / advisors, and specifically Corporate Procurement should be appropriately engaged as part of the governance and project management arrangements (e.g. within the project team).	Amber	Yes - Representation from procurement was included in the Terms of Reference approved by SEB in July 2017. There was evidence in meeting minutes to support their attendance.
2.4	The Civic Halls Strategic Project Board and City Centre Performance Board action log / notes should be enhanced to ensure attendance is suitably recorded to demonstrate whether quorate.	Amber	Yes – this was evidenced in meeting minutes.
2.5	Project management arrangements should be clearly defined, documented and embedded at both board and project level.	Amber	Yes – these are now included in new PEP.

Rep. Ref.	Recommendation	Risk Rating	Has the recommendation been implemented?
2.5	Gap analysis should be undertaken of the governance and project management arrangements in operation to ensure that any potential gaps between project management undertaken by Project and Works (as commissioned by the Board) and fulfilled by supplier I, and that undertaken by the client side.	Amber	No - A gap analysis of the longer-term project management arrangements required for delivering the Full Improvement and Restoration scheme is being undertaken by the new Interim Project Board, chaired by the Strategic Director Place.
2.5	Appropriate measures should be taken to ensure that client side and construction side governance and project management arrangements are appropriately integrated and any dependencies effectively managed.	Amber	
2.6	The Council's Project Management system Verto should be utilised to support project management arrangements at Board and project level. Where third party arrangements are used to deliver project management services, related documentation and reports should be incorporated within the Verto system and / or retained within Council records for consistency and to ensure that the Council holds all pertinent information and documents relating to the delivery of the project.	Amber	No – since the audit was issued in June 2017 the updating of Verto has been sporadic. As there is no designated project support in place.
2.7	Project planning at the business case and / or project initiation stage should include timely identification of project support resource commensurate with the potential complexity, duration and financial magnitude of the project.	Amber	No – at the time of this review no designation project support resource was in place. This was illustrated by the fact there was no maintained central repository for project documentation and the sporadic updating of Verto.
2.7	Specifically, the specialist project support role should be clearly established and sufficiently resourced for the project to ensure project management processes and personnel are effectively supported.	Amber	
2.7	Assistant project management resource should be clearly identified and the role explicitly assigned to ensure that the appropriate level and quality of support is provided to supplier I, to avoid any additional costs due to poor performance.	Amber	
2.8	Risk management arrangements should be established to ensure that risks and mitigating actions are fully identified, clearly assigned to risk owners and regularly reviewed so that appropriate and timely mitigating action can be taken to treat those risks.	Amber	Yes - Risks are now being updated regularly in on the Verto Project Information System.

Rep. Ref.	Recommendation	Risk Rating	Has the recommendation been implemented?
2.8	A risk register should be established and periodically presented for review at the Board and project teams respectively and evidenced within minutes.	Amber	Yes - the Project Delivery Board and Project Strategy Board receive a updated dashboard summarising key risks and mitigation measures, at each meeting.
2.8	The three existing risk registers should be reviewed and a decision taken regarding development of an appropriately detailed risk register that meets the different needs of the project i.e. strategic and operational.	Amber	Yes – there is one risk register for the whole project that captures all risks.
2.8	Key risks should be regularly reported on in accordance with the levels of governance and project management established with the register periodically reviewed in its entirety i.e. quarterly as a minimum.	Amber	Yes - the Project Delivery Board and Project Strategy Board receive a updated dashboard summarising key risks and mitigation measures, at each meeting.
2.8	Risk management should be a standing item on agendas for the Board and key operational project level meetings established within the governance and project management arrangements.	Amber	Yes - the Project Delivery Board and Project Strategy Board receive a updated dashboard summarising key risks and mitigation measures, at each meeting.
2.9	<p>A formal change control process should be established covering both strategic, operational and contractual changes to identify, record, appraise and approved any changes proposed. Specifically, the change control process should:</p> <ul style="list-style-type: none"> • Clearly define approval levels through a compliant scheme of delegation, escalation routes and definition / criteria regarding changes that should be reviewed and approved through the Council’s process. • Define instances where there is a need to seek approval of contract changes over and above approval specified by any contracts in place for delivery of the project. • Address wider project changes. 	Amber	Yes - Change control documents were set up by supplier I in July 2016. Changes to the capital scheme that either require a decision, or are for noting, are reported formally through the project dashboard.
2.10	Logs should be maintained on an on-going basis through the life of the project as well as at closure to provide a clear and effective audit trail, and a suitable mechanism for tracking project progress / delivery, by ensuring that:	Amber	Partly – an officer has been assigned for updating Verto. However, due to there being insufficient project

Rep. Ref.	Recommendation	Risk Rating	Has the recommendation been implemented?
	<ul style="list-style-type: none"> • Actions are clearly recorded, assigned to responsible individuals and progress monitored. • Assumptions, issues, decisions and dependencies are clearly recorded so that their impact can be effectively managed within governance and project management arrangements and through appropriate mitigating action. • Lessons learnt are logged on an on-going basis so that areas for improvement are addressed and past successes applied to future delivery. 		support resources in place detailed action logs have not been maintained. This will be addressed once the new project resources are in place.
2.11	<p>Governance and project management arrangements should include robust but proportionate reporting and performance monitoring / management. Consequently, suitably detailed project activity / progress and financial reports should be established and presented at each level of governance / project management. Responsibilities for producing reports, frequency and intended recipients should be clearly defined and documented.</p>	Amber	Yes – it was noted that supplier I produced project manager flash reports for each meeting. It is proposed this will be continued by the current project manager.
2.12	<p>As part of effective governance and project management arrangements, the project assurance role should be clearly defined and proportionate resource identified and allocated to effectively support this role.</p>	Amber	
2.12	<p>Suitable mechanisms to help facilitate the project assurance role and ensure progress is reviewed / monitored should be established as part of the governance and project management arrangements including (but not limited to) the following:</p> <ul style="list-style-type: none"> • Continuous assurance reporting to the Board. Strategic / operational point reviews at key stages in the project's lifecycle. • Presentation of accurate and reliable management information to the Board on a regular basis. • Effective communication regarding project progress and activity. • Accurate and sufficiently detailed documentation of project activity to demonstrate a clear audit trail. 	Amber	Yes - The project assurance role is now clearly defined in the terms of reference presented to SEB in June 2017. The current Director of Finance is now undertaking this role.
2.13	<p>The project communication plans should be regularly reviewed (i.e. quarterly as a minimum) and approved by the Board to ensure compliance, progress is made with</p>	Amber	Yes - the communications plan was updated in August 2017 and

Rep. Ref.	Recommendation	Risk Rating	Has the recommendation been implemented?
	any required actions and the plan remains pertinent during the lifecycle of the project.		subsequently presented to and approved by Project Strategy Board.
2.14	An equality and diversity impact assessment should be completed for the project and submitted to the Equality and Diversity Team.	Amber	Yes – an initial equality impact assessment was undertaken following the audit but needs updating to reflect the new scheme.
2.14	Subsequently, equality analysis procedures should be embedded within governance / project management arrangements and analysis undertaken at appropriate key stages / achievement of milestones.	Amber	Yes - This is now in place for the current scheme, and a table capturing performance in achieving the planned benefits is now reported to the Project Strategy Board.
2.15	Benefits mapping and tracking procedures should be developed and embedded to support benefits realisation management for the project throughout it' lifecycle.	Amber	Yes - This is now in place for the current scheme, and a table capturing performance in achieving the planned benefits is now reported to the Project Strategy Board.

