

Report of the Chief Audit and Control Officer

GOVERNANCE DASHBOARD – MAJOR PROJECTS

1. Purpose of Report

To provide the Committee with an update to the ‘Governance Dashboard’ relating to the Council’s major projects.

2. Recommendation

The Committee is asked to NOTE the report.

3. Detail

The Council currently has three major projects in progress: the redevelopment of Beeston Square, the Housing Delivery Plan and the Stapleford Towns Fund. As part of Internal Audit’s role in providing independent assurance over the governance arrangements in place at the Council, a ‘Governance Dashboard’ report relating to these three projects is periodically provided to this Committee.

The first part of this report (appendix one) provides an update on recent work performed by Internal Audit regarding the three projects. The second part of this report (appendix two) comprises the checklist, completed by managers involved in the projects, detailing the governance arrangements in place for each project.

Over the lifetime of these projects, Internal Audit also carries out scheduled audits of each project as part of the Annual Audit Plan. The findings, and any recommendations, arising from these scheduled audits, are reported to this Committee as part of the regular Internal Audit Progress Reports presented at each meeting.

Internal Audit is pleased to report that no issues have been noted with the governance arrangements for the three major projects currently in progress.

4. Financial Implications

The comments of the Head of Finance Services were as follows:

Under the Council’s Constitution, this Committee is responsible for overseeing the maintenance of the Council’s internal control environment and for monitoring and making recommendations regarding the Council’s corporate governance arrangements. The importance of good governance cannot be overstated in the successful management of these major projects which are key to the delivery and sustainability of the Council’s services to its communities. Whilst there are no direct financial implications resulting from this report, a strong governance, risk management and internal control

framework will support sound decision making and complement the financial and performance management arrangements in place.

5. Legal Implications

There are no direct legal implications that arise from this report.

6. Human Resources Implications

Not applicable.

7. Union Comments

Not applicable.

8. Data Protection Compliance Implications

There are no Data Protection issues in relation to this report.

9. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

10. Background Papers

Nil.

APPENDIX 1**GOVERNANCE DASHBOARD – INTERNAL AUDIT**Beeston Square Redevelopment

A detailed report on the governance arrangements for the Beeston Square Redevelopment project was presented to this Committee on 29 November 2021. This report included a summary of the governance arrangements in place for the project along with a review of the processes and approval procedures followed for key decisions and ‘milestones’ in the project’s history leading to the completion of Phase II (construction and inauguration of the ‘Arc’ Cinema and neighbouring Food and Beverage Retail Units).

Internal Audit was pleased to report that no cause for concern was noted as a result of the review reported in November 2021. Since then, Internal Audit has continued to monitor the progress of the project – in particular the redevelopment of the existing retail units to the west of Beeston Square (the ‘Argos Block’) including the construction of the ‘Changing Places’ toilet adjacent to the Beeston Tram and Bus Interchange.

No issues with the governance arrangements for the project have been noted during this time.

Housing Delivery Plan

A scheduled audit of the Housing Delivery Plan was completed as part of the Internal Audit Plan for 2021-22. The findings and recommendations arising from the audit were reported to this Committee as part of the regular Internal Audit Progress Report on 19 July 2021.

The audit opinion was that of a ‘substantial’ (the highest) level of assurance over the controls in place to ensure the effective delivery of the Housing Delivery Plan. Of the recommendations made in the audit report, two recommendations – relating to the update of the Housing Delivery Plan document and the production of a project-specific risk register – currently remain outstanding as noted in the Internal Audit Progress Report presented to this Committee alongside this present report. Completion of both these actions is expected by October 2022.

Since the completion of the above-detailed scheduled audit, Internal Audit has continued to monitor the progress of the project. No issues with the governance arrangements for the project have been noted during this time.

An audit of the arrangements in place for the repurchasing of former Council-owned properties (the ‘buy-back’ scheme – a core component of the Housing Delivery Plan) is scheduled for completion as part of the Internal Audit Plan for 2022-23. A further review of the Housing Delivery Plan is also under consideration for inclusion in the Internal Audit Plan for 2023-24.

Stapleford Towns Fund

An audit of the Stapleford Towns Fund is included within the Internal Audit Plan for 2022-23. This audit commenced in April 2022. However, shortly after the (then) manager primarily responsible for the day-to-day management of the project left the Council and the audit was paused to accommodate the consequent recruitment exercise.

An Interim Project Manager has now been recruited to the Council to ensure the continuance of the delivery of the Stapleford Towns Fund project. The scheduled audit has now been recommenced with revised and updated planning work for the audit currently in progress.

No issues with the governance arrangements for the Stapleford Towns Fund have been noted during either the initial audit work carried out in April 2022 nor during the recent update to the planning work for the recommencement of the audit. Completion of the audit is anticipated in October 2022 with the findings and any recommendations arising from the audit expected to be reported to this Committee as part of the regular Internal Audit Progress Report in November 2022.

APPENDIX 2

GOVERNANCE DASHBOARD – COMPLIANCE CHECKLIST

The following table comprises the responses of the Project Sponsors and other relevant senior managers to the Compliance Checklist devised to provide an overview of the governance arrangements in place for each of the Council's three major projects.

With regard to the responses for the Beeston Square Redevelopment, these relate to the various processes and procedures which have been in place for the whole life of the project. As the project has now passed its major milestones (construction and opening of the Arc Cinema, letting of the related units and opening of 'Ottimo' and 'The Beeston Social'), meetings of the Project Board have now become less frequent as decisions relating to the remainder of the project are now considered more operational than strategic.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Project Board:	Beeston Square Project Board	Cabinet	Stapleford Towns Fund Executive Board. A major project Delivery Board is going live this quarter.
Officer Working Group or other Stakeholder Group:	Beeston Square Project Board	Housing Delivery Group	The Board is supplemented by a wider stakeholder group as agreed by the Jobs and Economy Committee.
Project Sponsor and/or Senior Responsible Owner:	Deputy Chief Executive Head of Asset Management and Development	Deputy Chief Executive	Chief Executive
Project Manager:	Faithful and Gould (<i>external</i>) Capital Works Officer (<i>client</i>)	Interim Housing Delivery Manager	Interim Regeneration Manager

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Business Case/Project Plan: Has the business plan been approved by a Committee(s)?	Yes – approvals for the overall plan and strategy were approved by the Policy and Performance Committee in 2017-18.	The Housing Delivery Plan (including the business plan) was approved by Housing Committee in June 2019.	5 of 6 Stapleford Towns Fund final business cases have been fully approved by Government, with the sixth (the Street Improvement Scheme) currently being planned due to a decreased budget for this project.
Has the project vision, objectives, delivery strategy been defined?	Yes – Project Execution Plan in place.	Project vision, objectives and delivery/action plan identified in the Housing Delivery Plan.	5 of the 6 projects are now clearly defined. For each, a draft project vision was agreed by the Board, then business cases for each potential project were developed and went through external assurance with Thomas Lister. Then project summary reports were provided. The updated Local Assurance Framework provided detail on delivery, governance and performance monitoring.
Is there a delivery/action plan?	Yes – Project Execution Plan in place.	A delivery/action plan was identified in the Housing Delivery Plan.	A timeline for delivery of the bid has been agreed. Final business cases for each project outlines individual timelines. Detailed action plans are being developed.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Have outcome targets been set and is performance regularly monitored?	Yes – through the Project Board and reports to Cabinet	Targets are identified and monitored through the Housing Delivery Group meetings, the Housing Capital Programme and Cabinet reports.	Outputs and outcome targets have been set in each project's business case and performance monitoring is detailed in the M & E plan.
Is the Business Case subject to regularly review and updated?	Yes – at Project Board	Yes, through the Housing Delivery Group and Cabinet reports.	Business cases for projects are in the process of being developed. Final business cases for 5 of the 6 projects have been finalised and approved. The Street Improvement Scheme is still in development. A final plan will be in place by October.
Project Board: Has a project board been established?	Yes	Yes – the Housing Delivery Group	Yes Executive Board established, Delivery Board planned, with individuals, in addition to Project Managers, to be appointed this quarter.
What is its meeting frequency?	Monthly	The Housing Delivery Group meets monthly.	A programme of meetings has been set – at least monthly. The Executive Board has been meeting monthly, we are now transitioning into quarterly Executive Board meetings and six-weekly Delivery Board meetings.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Who attends the meetings?	Members; officers; external advisors (non-executive)	The Group is chaired by Deputy Chief Executive and comprises of officers from Housing, Finance Services, Planning, Legal Services and Estates.	Meetings are well attended by those who are on the Board and are always quorate. Meetings have become less well attended and delivery is due to begin with the awarding of monies, so, we are addressing this issue by introducing new Board members, obtaining agreement from Grant-awarded business owners being asked to support the Board, and reducing the frequency by moving to quarterly meetings with the Delivery Board feeding into the Executive Board. These meeting will become less onerous, more interesting and give acknowledged credit to those sitting on the Executive Board. The Economic Development and Regeneration Manager is responsible for good governance.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
How have Board Members been identified and appointed – is this based upon any particular skillset?	Cross-party political representation, officer responsibilities, external skills	Officers from Housing, Finance Services, Planning, Legal Services and Estates.	Approved by Jobs and Economy Committee in accordance with the requirements of the criteria set by the fund guidance. The Executive Board is made up of private, public and third sector members, with a majority from the private sector. The local MP, Darren Henry, is also on the Board. Representativeness of tiers of government and private sector leadership is crucial. The membership is from the local town business owners, this Council, Nottinghamshire County Council, Stapleford Town Council, Broxtowe MP, and the third sector.
Have roles been established and has authority and responsibilities been defined?	Yes – through the project execution plan.	Roles have been established and responsibilities identified.	A chair/vice-chair have been appointed. Their powers are as agreed by the Board and outlined in the Local Assurance Framework. Otherwise they have no individual decision making authority

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Has decision making authority been defined to comply with Standing Orders/Scheme of Delegation (committee approval or delegated powers)?	Yes – due regard is given in the production of suitable Cabinet reports.	All proposals are agreed by the Group and then taken to GMT and Cabinet as required or dealt with under Delegated Powers and Standing Orders.	Yes. Any expenditure complies with Standing Orders and work is subject to tendering as required by Standing Orders. The Section 151 Officer attends and has oversight of these meetings.
Have any potential conflicts of interest been identified and duly declared?	Yes – these are reviewed at each Project Board	Yes	Declarations of interest is a regular item on the agenda. Board membership includes developers and an estate agent. If there be a failure to declare any conflict, the Standards regime would be unable to hold private sector Board members to account. However, criminal law would apply if a fraud had occurred.
Is an agenda prepared and are meeting minutes taken?	Yes	Agendas and minutes are prepared for each monthly meeting. A report is presented to Members on a quarterly basis via 'Members Matters' which includes a programme update, finance update and covers items for Committee approval.	Yes. Every meeting has an agenda and is minuted. These are publicly available.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Project/Delivery Plan: Has a project/delivery plan been prepared?	Yes – the Project Execution Plan	The project has an approved Housing Delivery Plan which will be updated at key trigger dates.	Yes. There is a project plan up to the date of submission which has been replaced by a programme of work now that projects have been approved for funding. Project funding has now been approved, so we are transitioning into the work programme and assigning project managers to each of the 6 projects.
Are these plans regularly reviewed and updated?	Yes – at Project Board and at Cabinet where required	The plans are reviewed by the Housing Delivery Group and Cabinet.	Moving forward, the current plan will be reviewed on a quarterly basis in line with Executive Board meetings.
Reporting to Key Stakeholders and Members: Is there any scrutiny of strategic decision making by Members?	Yes – at Project Board and at Cabinet where required	Yes – at Cabinet	Members are included on the Board (including opposition group members). Progress is reported to Cabinet where scrutiny occurs.
What is the lead Committee?	Cabinet (on to Full Council where appropriate)	Cabinet is the lead committee.	Cabinet (Jobs and Economy committee now dissolved)

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Are the outcomes of the Project Board meeting (i.e. minutes, action plans, risk registers) reported to GMT, political leaders and/or the appropriate Committee(s)?	Yes, primarily through the Cabinet reporting system which incorporates reporting to GMT as part of the process.	An update report on the Housing Delivery Plan has been prepared for every Housing Committee since October 2019. Since the cabinet system has been introduced a report is now taken to Members through 'Members Matters' on a quarterly basis - starting September 2022. Main outcomes from the Housing Delivery Group are reported to GMT, Committee Chairs and/or Cabinet. Senior officers have most of the authority required to approve the mechanics of delivering the programme within the agreed budget.	Yes. The Cabinet receive reports on progress. GMT see all papers on their way to Cabinet.
What is the frequency of these update reports?	As per the appropriate Committee cycles	As per the appropriate Cabinet and 'Members Matters' cycles	Every meeting.
Budget/Financial Management: Do operations take due regard of the Council Financial Regulations?	Yes	All operations take regard of the Council's Financial Regulations	Yes. Expenditure is in accordance with the Council's Standing Orders. This is overseen by the Section 151 Officer who attends Executive Board meetings and works with the Economic Development team.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Has the budget been approved? By whom and when?	Yes. Policy and Performance Committee on 3 July 2019 (and Full Council on 17 July 2019).	Budget approved by Finance and Resources Committee on 19 October 2019 and revised in subsequent years' budget process.	Yes, Government awarded £21.1M. The budget for the project is reported regularly to the Towns Fund Board. Any additional expenditure outside the budget is requested from Finance and Resources Committee.
What are the arrangements for monitoring and reporting financial performance?	By the Project Manager to the Project Board and then onto Cabinet.	Monitoring and report of Financial performance is undertaken by the Head of Finance Services and the Project Manager on bi-monthly basis for Cabinet.	Reported to every meeting of the Board and progress reported to the Cabinet.
Is financial performance considered by Project Board, GMT and/or Committee(s)?	Yes – at Project Board and at Cabinet where required	Yes, by Cabinet.	Financial performance is a matter covered in progress reports to the Cabinet.
Procurement/Contracts/Legal How do you ensure compliance with procurement regulations and internal process (Contract Standing Orders)?	Procurement decisions taken in consultation with the Procurement and Contracts Officer.	The procurement of contracts is carried out in line with procurement regulations and the Council's Standing Orders.	Tendering in accordance with Standing Orders. The Local Assurance Framework has further details on procurement. The Deputy Chief Executive has final oversight.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
How do you ensure compliance with contractual terms and other legal matters?	External Project Managers monitor and advise the Project Board. Legal advice taken as required.	All contracts are signed by the appropriate officer under delegated powers. The Legal department are consulted on significant contracts. Cabinet approval is also sought if required for the contracts.	Written agreement as to the work that is required is agreed prior to the commencement of work. Should anything deviate from this, the agreed reporting procedures are used. For major works, a contract will be put in place.
Risk Management: Has the project 'risk appetite' been defined considering the acceptable levels of risk in strategic, financial, operational, regulatory and reputational terms, and is this used to inform risk management?	Yes as part of the planning process in 2017-18.	Risk is discussed at length at the Housing Delivery Group and considered in Cabinet reports on a scheme by scheme basis.	Yes, this is in line with the Council's 'risk appetite'.
How are risks managed at project level? Do these feed into the Council's strategic risks?	Risks managed by the Project Board, with external advice (legal, project management) as required.	Risk is discussed at length by the Group. Schemes have to work within the constraints of the HRA Business Plan and the Housing Capital Programme. Work is being undertaken to agree a financial appraisal for housing delivery programme. Risk for new opportunities is carefully considered by the Project Manager on a scheme by scheme basis.	Risk management will be in line with the PRINCE2 risk management technique. We have a risk register for each project which is reviewed and re-scanned regularly.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Is a risk register prepared and is this regularly maintained and reviewed by the Project Board?	Yes. This is a standing agenda item for the project board	The project would benefit from a formal risk register.	Each business case has a risk register. This will continue to be updated and reported throughout delivery. This risk register will be maintained by the Project Manager and reported to the Delivery Board and by exception to the Executive Board. It will then go through the normal internal reporting channels as outlined previously.
Is the risk register more widely reported and reviewed?	Yes. Top-level risks shared with Cabinet as required.	Not currently	Each business case has a risk register. This will be updated and reported once each of the projects moves towards and then into delivery. This risk register will be maintained by the Project Manager and reported to the Delivery Board and by exception to the Executive Board. It will then go through the normal internal reporting channels as outlined previously.

Major Project:	Beeston Square Redevelopment	Housing Delivery Plan	Stapleford Towns Fund
Have risk tolerances been agreed in terms of cost, time and quality and are there clear escalation levels should the level of risk be outside these limits.	Yes, as defined in the Project Execution Plan.	Schemes are not progressed where the likelihood of securing planning permission is not viable. The nature of residential development is that abortive costs will be accrued for development opportunities that are initially worked up but which are not ultimately developed. The level of acceptable abortive costs for sites (both Council owned and privately owned) needs to be agreed.	Project risks for the five final Business Cases have been outlined with corresponding risk management plans have been created in line with government requirements. Generous overheads have been included to account for current market instability.
Other Considerations Any other considerations for inclusion in the dashboard report.	None	None	None