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Rutland County Council

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Minutes of the **SPECIAL MEETING of the AUDIT AND RISK COMMITTEE** held in the Council Chamber, Catmose, Oakham, Rutland, LE15 6HP on Wednesday, 30th August, 2017 at 7.00 pm

PRESENT:	Miss G Waller	Mr J Lammie
	Mr N Begy	Miss R Burkitt
	Mr G Conde	Mrs J Fox
	Mr M Oxley	Mr R Clifton
	Mr R Foster	Mr O Hemsley
	Mr T Mathias	Mr A Walters
	Mr D Wilby	
OFFICERS	Mrs Helen Briggs	Chief Executive
PRESENT:	Ms Debbie Mogg	Director for Resources
	Miss Rachel Ashley-Caunt	Head of Internal Audit
	Mrs Kim Cross	Corporate Support Officer
CABINET	Mr Tony Mathias	Leader and Portfolio Holder for Finance and Places (Highways, Transport and Market Towns)
MEMBERS		
PRESENT:	Mr Oliver Hemsley	Deputy Leader and Portfolio Holder for Growth, Trading Services and Resources (except Finance)
	Mr Richard Foster	Portfolio Holder for Safeguarding Children and Young People (Safeguarding)
	Mr David Wilby	Portfolio Holder for Lifelong Learning
	Mr Richard Clifton	Portfolio Holder for Adult Social Care and Health
	Mr Alan Walters	Portfolio Holder for Community Safety, Culture, Sport & Recreation and Environment

201 **DECLARATIONS OF INTEREST**

There were no declarations of interest in respect of items on the agenda.

202 **PETITIONS, DEPUTATIONS AND QUESTIONS**

No petitions, deputations or questions had been received from members of the public.

203 **QUESTIONS FROM MEMBERS OF THE COUNCIL**

No questions had been received from Members of the Council.

204 CHILDREN'S CENTRE & LIBRARY PROJECT

Report No 155/2017 was received from the Head of Internal Audit, Miss Rachel Ashley-Caunt. The purpose of the report was to provide the Committee with the findings of the Internal Audit consultancy review of the Children's Centre/Library project and the management response.

Miss Ashley-Caunt gave a brief overview of the report and the key elements of Appendix A. A full copy of the review was in Appendix A.

Section 4 provided the reasons for the extra budget requirement, looked at costs initially omitted, which would reasonably have been incurred, costs included and underestimated and unforeseen costs. Miss Ashley-Caunt explained that she would expect any capital project to incur some unforeseen costs, which is the reason for usually including a contingency amount in the budget allocations but there had been no contingency allocation for the library project.

Section 3 provided information on the weaknesses in the initiation stages of the project. It set out how the initial budget was developed and misinformed and the failure to allow for reasonable costs of the project.

The review also looked at savings that were being achieved and any areas removed from the initial budget. The report also covered the findings in relation to the project governance and management.

Miss Ashley-Caunt confirmed that since the original approval of the project budget, project governance arrangements had been established, the weaknesses and pressures had been highlighted and action was taken to manage the financial pressures. The findings of the review had been discussed with senior management and a number of lessons had been learnt.

The Chief Executive, Mrs Helen Briggs, gave a brief overview of the management response, Appendix B. Mrs Briggs confirmed the audit report was accepted in its entirety, lessons had been learnt and comments in relation to changes that had arisen had been followed through and change control procedures were in place.

Mrs Briggs circulated a document titled Project Management: An Example – Rutland One Public Estate: St George's Barracks. The document demonstrated the lessons learnt in practice and the framework for major projects. The St George's Barracks Programme Board has elected members on it– St George's Project Group had the Deputy Leader and Ward Member as members, and was created at the inception of the project with a report to Cabinet highlighting the background of the project to all Members. There was strong stakeholder and ward member participation for updates and key elements of the project – also finance functions were represented by the Director for Resources and appropriate officer experts were all represented.

In respect of the Library and Children's Centre, Mrs Briggs reassured Members that since September 2016 governance arrangements had been in place and that the Project Board included Cabinet representation from December 2016. The governance structure demonstrated had been used for major projects in the past with examples being Liquidlogic and People First, it was fully accepted that more time should have

been taken in delivering cost estimates at the early part of the project and more challenges to the validity of those estimates. Lessons had been learnt and going forwards there would be robust management with detailed financial analysis.

The Leader of the Council, Mr Tony Mathias confirmed that Cabinet had recognised this was something extraordinary and should be looked at in an effort to be transparent, which is why the review was commissioned. He went on to thank Miss Ashley-Caunt for the report and agreed with the management response and lessons learnt.

During the discussion the following points were noted:

- i. Mr Begy was concerned that the budget was manipulated before going to Cabinet and items removed. Mr Mathias confirmed that the project sponsor no longer worked for RCC and therefore he was unable to answer his concern other than to assure the Members that going forward change requests and optional costs would be risk assessed and the financial implications logged and then presented to the Project Board for information and a decision on actions to be taken.
- ii. Mr Begy asked for clarification on how contingency and design fees could be removed from the budget without questioning. Mrs Briggs confirmed the reports were the responsibility of officers, and she accepted that although officers were trying to deliver the project on a constrained budget, they should have been firmer in indicating that the revised budgets put forward were not realistic. Officers should have given a far more robust response that it couldn't be delivered within that budget.
- iii. Mr Conde sought confirmation of the total estimated budget. Miss Ashley-Caunt explained the calculation of the total additional budget requirements and confirmed that the estimated budget remains at £989,000 and although challenging it is subject to ongoing close management.
- iv. Mr Lammie requested a paper to come to the January Audit & Risk Committee on the future framework for project management. The report would include the details of the project management process that was currently followed and the changes that have been made following this audit report.
- v. Mrs Fox was concerned at the lack of competition for quotations and the increase in the electricity fee. Miss Ashley-Caunt confirmed that a number of companies were contacted and several attended the site however only one company submitted a quotation. Mrs Briggs advised the initial estimate for electricity was for the power supply to the building and was underestimated based on the size of the original building and quite late on in the building process they were informed by Western Power that a greater supply was required due to the increase in buildings size.

Questions from Non Panel Members:

- vi. Mr Baines asked if it would be appropriate to look at the planning processes and if they were adequate and robust. Ms Mogg advised the planning procedures and referral processes had recently been considered by the Constitution Review Working Group and the Full Council decision was to keep

the procedures as they were. The Chair confirmed as a recent review was undertaken there was no need for the Audit & Risk committee to review the procedures again.

- vii. The Chair summarised that although this audit was about a particular project the issues that had come out of it, pressures on officers and estimates based on insufficient research had meant lessons had been learnt. It was incumbent on all Members of Cabinet to look rigorously at all papers that come before them in future using a common sense approach. It was clear that the Audit & Risk Committee were keen to look at the project procedures at their meeting in January.

AGREED:

1. The Committee **NOTED** the findings of the review by Internal Audit and the responses from management on the lessons learnt.
2. The Committee **AGREED** to receive a paper on the future framework for project management at the January Audit & Risk Meeting.

PROJECT MANAGEMENT: AN EXAMPLE

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The Chairman declared the meeting closed at 8.27 pm.

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Rutland
County Council

Audit and Risk Committee
30 August 2017

Project Management: An Example

5 Rutland One Public Estate: St George's Barracks

Minute Annex



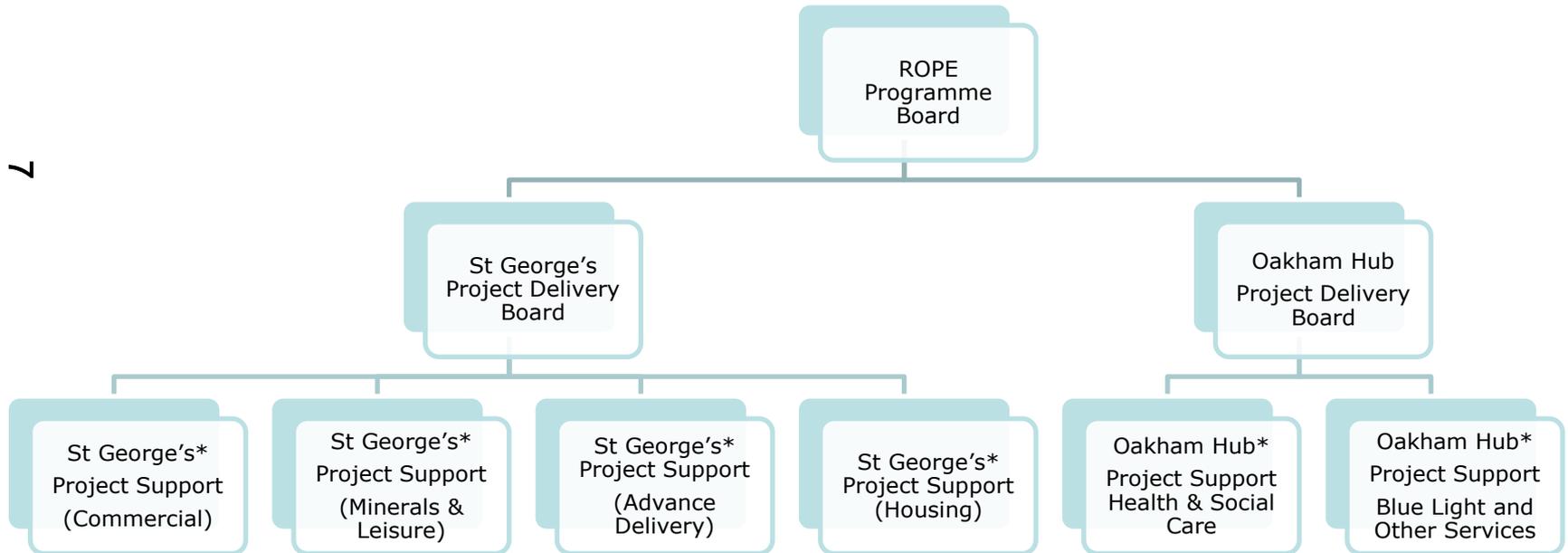


The approach so far...

- Programme Board established for Rutland One Public Estate (ROPE) to support the early stages of the project:
 - Chaired by the Leader
 - -Representation from Cabinet from the Deputy Leader and Portfolio Holder for Health and Social Care
- Informal Briefing for all Council Members
- Report to Cabinet seeking approval for feasibility funding and an early opportunity to highlight the potential project to all Members and the public
- Further development of the Governance Arrangements



Governance Arrangements





Project Delivery Board Membership

- RCC Chief Executive (Chair)
- RCC Deputy Leader (Vice Chair)
- RCC – Director Resources
- Ward Member (Cllr Waller)
- ROPE Representative
- GCGP LEP Representative
- MOD / DIO Representative for St George's Barracks
- Project Manager

In attendance:

- Chairs of the St George's Barracks Project Support Teams (4)

Project Delivery Terms of Reference

- To agree the vision, objectives, programme and resourcing for the St George's project for recommendation to the Programme Board
- To agree the overall master plan for the site for recommendation to the Programme Board
- On-going strategic Oversight of the St George's Project
- Responsibility for the St George's budget and investment plan
- Approval and review of the TOR for the St George's Project Support Teams
- To monitor progress and programme delivery across the St George's project
- Approve recommendations to be made relating to the project to the ROPE Programme Board, Cabinet / Council
- To sign off any expressions of interest, funding applications or submissions relating to the project for final agreement by the Programme Board



Delivery Board

- Meets on a monthly basis
- Includes Portfolio Holder & Ward member representation
- Standing agenda items:
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 - Updates from the sub groups
 - Project Budget
 - Risk Register

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