

Voreda House - Lessons Learned - Management Response

Westmorland and Furness Council took the decision to centralise capital delivery under a single Capital Programme model to harness skills, expertise and areas of good practice established having regard to Project / Programme Methodology and scheme development and delivery.

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Business Case		
<ul style="list-style-type: none"> • A business case should be produced prior to the start of a large capital project • ALL potential options are considered in the business case • The Full business case, or an appropriate summary of it, should be presented to Members for large capital projects so they fully understand all aspects including any potential risks • When consideration is being given to significant changes to a large capital project ensure that the business case is re-visited 	<p>All projects / programmes within the capital programme must be supported with a business case to enter the programme and access funding. This is developed through a gateway approach via the Capital Delivery Group, in consultation with DMT, CMT and Cabinet – reported quarterly to Full Council. Change control mechanisms are also included within the project delivery methodology with key input from the Director of Resources (Section 151 Officer) and the Chief Legal and Monitoring Officer to ensure financial and legal probity.</p> <p>In addition a Funding Delivery Assurance Group has been established , chaired by the Director of Resources, to review progress with all externally funded schemes and any high risk internally funded schemes and to approve any required amendments to either the overall business case or spend profiles ahead of reporting the changes to Government or to Council. This includes monitoring the outputs and impacts of the schemes.</p>	<p>Annual Review to confirm suitability of arrangements.</p>

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Governance Arrangements		
<ul style="list-style-type: none"> • Governance structure and arrangements should be put in place at the start of a large capital project • Specify the Senior Responsible Officer (SRO) for the project in the Terms of Reference • Detailed Terms of Reference should be in place for each group / sub-group in a project's Governance Structure. This should include details of membership and frequency of meetings • Meetings of ALL groups, in a project's governance arrangements, should be minuted, or as a minimum have a record of attendance, decision log and action log • Reporting requirements sets out in the Governance Arrangements should be met 	<p>Governance arrangements are robust and are under pinned by the Council's Governance Framework and constitution. This is supplemented by best practice having regard to industry standards for the development of effective project / programme governance. SROs are clearly identified, and clarity of roles defined with Terms of Reference. Project Management Groups are established with Legal and Financial representation with standard agenda's and minutes recorded of key / material decisions or actions to provide a clear audit of scheme development and decision making. BRAG reporting is captured on a project and portfolio basis and reported to DMTs and / or CMT by exception.</p> <p>The Funding Delivery Assurance Group ensures that any external reporting arrangements are met and that the relevant assurance is provided to enable the authorisers to approve the reporting.</p>	<p>Quarterly Review to confirm suitability of arrangements.</p>

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Risk Management Arrangements		
<ul style="list-style-type: none"> • Regular consideration of project risks should be undertaken, documented, evidenced and retained • Relevant significant risks associated with a large project should be on the Council’s Strategic Risk Register (can form part of an overall risk) • As part of a business case for large projects, funding sources should be risk assessed as to their certainty. For high-risk funding sources alternative funding should be identified in case original funding sources do not materialise • Changes to project funding sources need to be clearly identified with appropriate governance to ensure project is fully funded • Risk and uncertainty around funding sources for large projects should be fully explained in reports to Members and be on the project risk register, and depending on scale, the Council’s Strategic Risk register 	<p>Risk reporting is embedded within project and programme development with risk registers developed and appropriate RAG ratings applied. Risks are reported via Capital Delivery Group Gateways, BRAG Reporting to DMTs / CMT, Portfolio holder Meetings and Cabinet Briefings. Risks are also reported in formal reports with clear mitigations set out – co produced with the SRO, Finance and Legal in line with the Council’s approach to Good Governance.</p> <p>Funding sources are required to be agreed prior to Cabinet/ Council being requested to approve the scheme. Where capital receipts are identified as part of the funding source a reasonable estimate is required supported by professional advice and a risk assessment done on the likelihood of achieving the estimate and alternative funding sources identified if necessary. Not all capital receipts are ring fenced to specific schemes. In many cases they are held as an available funding source.</p>	<p>Quarterly Review to confirm suitability of arrangements.</p>

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Property Acquisitions		
<ul style="list-style-type: none"> • Members should be provided with ALL relevant information on which to make a decision, particularly important in respect of property purchases where: <ul style="list-style-type: none"> – the valuation is below that purchase price – the building survey recommends further specialist surveys • Obtain an updated property valuation where the elapsed time is significant (more than 6 months), or where market conditions are changing • Recommended specialist surveys should be undertaken prior to property purchase so any impact on purchase price or future costs can be considered as part of the decision-making process 	<p>Property Acquisitions are dealt with by appropriately qualified and experienced Chartered Surveyors (MRICS) and clearly stated requirements have been included with the Council's Constitution. Due Diligence in advance of concluding a negotiation is required taking into account any constraining factors that would impact the value or indeed the decision to proceed. Professional advice is sought to supplement any lack of specialist knowledge and decisions are recorded via the appropriate governance mechanism. Member consultation is undertaken in advance of purchasing property and any changes to the original factors influencing value or approach reported in line with good practice, openness, and transparency.</p>	<p>Annual Review to confirm suitability of arrangements.</p>

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Financial Information		
<ul style="list-style-type: none"> • Financial updates to the Project Board, and other groups in the governance structure, should usually be written reports and not just verbal updates • Sufficient narrative detail should be included in the quarterly capital monitoring reports considered by Members • Consideration should be given to full life reporting on large projects covering several years e.g. so budget changes and yearly spend can be easily tracked • The reported projected year end outturn should be robustly assessed, challenged and be a realistic assessment of the position when project progress / completion is considered • Costs to complete large projects should be regularly reviewed with up-to-date information 	<p>Active monitoring of capital spend within the capital programme is captured as a standing item on all Project / Programme specific agendas with larger projects having standing Finance items with attendance by a relevant member of the finance team to support monitoring and challenge variances.</p> <p>Quarterly monitoring to Cabinet and Full Council captures all financial variances, reports with supporting narrative, and allows openness and transparency regarding the capital spend within the MTFP (including accountable body funding).</p>	<p>Quarterly Review to confirm suitability of arrangements.</p>

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Construction Monitoring		
<ul style="list-style-type: none"> • A clear project plan should be in place for capital projects, which sets out a timetable and key milestones which can be monitored • Progress reports / updates should be documented • Decisions should be recorded / documented, with rationale where required • Reporting progress on large capital projects should be clearly linked to construction progress and costs incurred, with any significant discrepancies explained in the narrative • Timescales to complete large projects should be regularly reviewed with up-to-date information 	<p>Construction monitoring is embedded within the project delivery methodology overseen by the Capital Programme Team. Project Plans are monitored in line with contract management arrangements with regular contract meetings to monitor and assess an variances. Any changes to construction delivery are reported via the Capital Programme Management Team Meeting by exception (chaired by the AD Corporate Assets, Fleet and Capital Programme) with clear escalation routes to SROs, DMTs / CMT, Cabinet and Full Council. Change Control and Decision Recording is undertaken in line with the Council’s Good Governance Framework.</p>	<p>Annual Review to confirm suitability of arrangements.</p>

LESSON LEARNED	MANAGEMENT RESPONSE	FURTHER ACTION REQUIRED
Other		
<ul style="list-style-type: none"> Where responsibilities for large projects change ensure that there is a formal handover process in place Key scrutiny Committees should be held quarterly 	<p>Project handovers are conducted where appropriate and in line with best practice. SROs are also supported by Portfolio Managers / Business Partners to allow stewardship and challenge to ensure successful delivery of a project and its outcomes / outputs.</p> <p>In line with the established constitutional requirements regarding Scrutiny, Capital Projects and Programmes are subject to those requirements. The quarterly monitoring reports (revenue and capital) and the annual budget process are reviewed by the Corporate overview and scrutiny committee and additional reports provided by exception.</p>	<p>Quarterly Review to confirm suitability of arrangements.</p>