

# **Voreda House – Lessons Learned**

**As reported to the Audit Committee of Westmorland and Furness Council at its meeting of 10 June, 2024.**

## Appendix 1 – Summary of Outcomes of Final Audit Reports Issued to 28 May 2024

Audit Review	Assurance Level	Recommendation Priority			Summary of key outcomes and recommendations
		High	Medium	Advisory	
<b>Voreda House – Lessons Learned</b>	N/A	N/A	N/A	N/A	
<p>This was an advisory review to identify any ‘Lessons Learned’ from the Voreda House project, and not an investigation. Findings were based on our review of available evidence post 1 January 2018, and limited discussions undertaken, but did not consider planning applications and potential future use of Eden Town Hall. Findings and conclusions were not exhaustive as based on available information and review limited by several factors such as most officers involved in the project are no longer employed at the Council, availability of public and non-public documents and lack of available documentation of discussions / decisions made in respect of the project. Key focus of the review was pre-1 April 2023 and the lessons learned are not a reflection of any arrangements currently in place at Westmorland and Furness Council.</p> <p>Our review identified a number of positive aspects / arrangements in place including:</p> <ul style="list-style-type: none"> <li>• Moving staff onto a ‘Single Site’ was an ambition of Eden District Council’s for over 10 years with general support amongst Members that this was the correct way forward to improve efficiency, productivity and service delivery</li> <li>• Original budget for single site was £2.3 million for an extension to the Town Hall and re-development of Mansion House (economic opportunities and some affordable housing) agreed by Member in April 2018 and to be subject to a full business case demonstrating that the scheme is affordable over its life (cost neutral basis)</li> <li>• In March 2022, a Single Site Governance structure put in place with a Steering Group being the ‘Project Board’, a Project Delivery Group (PDG) with 6 Sub-groups reporting to it, with the PDG reporting to the Steering Group. PDG meetings minuted, and well attended</li> <li>• Council recognised it did not have all the skills internally required to deliver the project, so it sought and appointed external support</li> <li>• Council approved funds to purchase Voreda House subject to necessary searches, surveys and due diligence. Valuation Report and General and Structural Survey obtained in October 2019 prior to purchase of Voreda House in Summer 2020</li> <li>• Cabinet involved in agreeing the procurement process for the main contractor, various options considered when 5 out of 6 potential contractors dropped out, agreed Deputy Chief Executive, in consultation with Leader and Portfolio Holder for Resources, would appoint the contractor</li> </ul>					

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<b>Voreda House – Lessons Learned (Cont'd)</b>	N/A	N/A	N/A	N/A	
<p>Positive aspects / arrangements in place (Cont'd):</p> <ul style="list-style-type: none"> <li>• Interim Director of Resources responsible for producing financial reports on 'Voreda House'. Financial information / updates provided to the Steering Group, PDG and to Members in the quarterly capital monitoring reports. Some additional reports and briefings to Members on specific aspects such as progress and budget increases</li> <li>• Clear evidence of challenge from Members at Council, Cabinet, Overview and Scrutiny Committee and Finance Scrutiny Committee</li> <li>• Increases in the budget were agreed through Cabinet / Council</li> </ul> <p>The 'Lessons Learned' covered:</p> <ul style="list-style-type: none"> <li>• <b>Business Case</b> – a Full business case should be produced prior to the start of a large capital project and include consideration of all the options, The Full business case, or an appropriate summary of it, should be presented to Members so they fully understand all aspects including any potential risks and the business case should be revisited when consideration being given to significant changes to the project</li> <li>• <b>Governance arrangements</b> – governance structure and arrangements should be put in place at the start of a large capital project. The Senior Responsible Officer (SRO) for the project should be specified in the Terms of Reference. Detailed Terms of Reference should be in place for each group / sub-group in a project's Governance Structure and include details of membership and frequency of meetings. Minutes, or as a minimum a record of attendance, decision log and action log should be maintained for each group / sub-group in the project governance structure and any reporting requirements sets out in the governance arrangements should be met</li> </ul>					

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<p>The 'Lessons Learned' (Cont'd):</p> <ul style="list-style-type: none"> <li> <b>Risk Management arrangements</b> – 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). Funding sources should be risk assessed as to their certainty with alternative funding 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         </li> <li> <b>Property acquisition</b> – Members should be provided with ALL relevant information on which to make a decision, particularly important in respect of property purchases where the valuation is below that purchase price or the building survey recommends further specialist surveys. 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         </li> <li> <b>Financial information</b> – 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 with consideration given to full life reporting on large projects covering several years e.g. so budget changes and yearly spend can be easily tracked. 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         </li> </ul>					

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<p>The 'Lessons Learned' (Cont'd):</p> <ul style="list-style-type: none"> <li>• <b>Construction monitoring</b> - 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, and 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</li> <li>• <b>Other</b> - Where responsibilities for large projects change ensure that there is a formal handover process in place. Key scrutiny Committees should be held quarterly</li> </ul> <p>Our findings and lessons learned were reported to the Corporate Management Team (CMT) on 15 May 2024 and it was agreed that a management response would be produced which considered each of the 'Lessons Learned' and assess what arrangements Westmorland and Furness has in place. If gaps in current arrangements are identified, then a plan would be developed to strengthen arrangements. The lessons learned and management responses will be reported to the Council's Good Governance Group to inform any improvements required. CMT would consider the management response to assure itself that appropriate arrangements are in place at Westmorland and Furness arrangements against each lesson learned.</p>					