

AUDIT COMMITTEE

DATE OF MEETING: 28 MARCH 2023

TITLE OF REPORT: SHAPLEY HEATH GARDEN COMMUNITY PROJECT: CABINET AND STAFFING COMMITTEE FEEDBACK

Report of Chief Executive

PURPOSE OF REPORT

1. The purpose of this report is not to rehearse the findings of the [ttaa Shapley Heath Audit Review](#) but to receive the following feedback reports:
 - a) The Officer response to the management recommendations contained within the ttaa report (attached as Appendix 1 to this report).
 - b) The response from Cabinet on lessons learnt; and
 - c) The Staffing Committee staffing review of the exercise of officer management oversight over the Shapley Heath Garden Community project for the period from March 2021 to the closure of the Shapley Heath Garden Community project (November 2021).

RECOMMENDATION

2. That Audit Committee recommends to Cabinet that it ensures the full implementation of all recommendations set out in this report and that Overview and Scrutiny Committee should in September 2023 review progress.
 - A. The Officer response to the management recommendations contained within the July 2022 ttaa Shapley Heath Audit Review report (attached as Appendix 1)
 - B. The response from Cabinet on lessons learnt; and
 - C. The Staffing Committee review of the exercise of officer management oversight over the Shapley Heath Garden Community project for the period from March 2021 to the closure of the Shapley Heath Garden Community project (November 2021).

BACKGROUND

3. In July 2022 the Council received the final independent ttaa review of the Shapley Heath Garden Community (SHGC) project. The review was considered by the Audit Committee on the 26th July 2022: The Decision of the Audit Committee was:
 - A. Cabinet be asked to provide a response to the management recommendations contained within the Shapley Heath Audit Review report, and to review the application of project governance, financial controls, and reporting for the Shapley Heath project and to provide a response to Audit Committee on lessons learnt.
 - B. Staffing Committee be asked, for the period from March 2021 to the closure of the Shapley Heath project, to review the exercise of officer management oversight over the Shapley Heath project, including a review of officers' application of financial controls, risk management, monitoring, and reporting.

CABINET AND STAFFING COMMITTEE FEEDBACK

Cabinet

4. At Audit Committee's request for a member reflection and review, Cabinet agreed to commission via the LGA an independent facilitator to host a 'round table' review. The 'round table' reviews took place on 12th of January and was facilitated by Emanuel (Manny) Gatt (a highly experienced LGA Associate). The purpose of the review was to enable members to identify both the positives and any shortcomings in the application of the governance arrangements associated with the SHGC project that can be applied to all future projects. The review and reflection exercise focused on what lessons might be learnt as to why the governance arrangements appeared not to have succeeded in this instance and to make sure that similar situations do not arise in the future.
5. The Key learning points and recommendations that emerge from the [review](#) were:
 - i. Cabinet roles and elected members responsibilities to protect and assure that the council operates effectively within its governance structures must not be altered by any future use of emergency powers.
 - ii. Informal and formal cabinet meetings should be structured so that portfolio holders keep cabinet members apprised of key projects, early alerts escalated and properly addressed through the council's governance procedures.
 - iii. Clear lines of accountability, separating the duties of cabinet/portfolio holder, accountable officer, and project manager for each significant project.
 - iv. Portfolio holder, accountable officer and project manager must meet regularly so that early alerts can be flagged. This is an essential element of the governance arrangements. Trust is important, with lead members having 'open book access' to all the information and be empowered to constructive challenge and ask 'awkward' questions of officers.
 - v. All projects to operate within the existing governance arrangements including a more positive and proactive role for overview and scrutiny, using it to review outcomes, policy, and compliance to governance arrangements.
 - vi. Expand the role of the Project Board so that cabinet members/portfolio members with major project responsibilities can be plugged in.
6. [Cabinet in March 2023 resolved](#).
 - A. To confirm to Audit Committee that all the key learning points and recommendations identified in the independent Shapley Heath Garden Community Project - Internal member review and reflection report prepared by Emanuel J Gatt will be followed and implemented with immediate effect.
 - B. Cabinet will ensure that all recommendations from Staffing Committee to Audit Committee are implemented with immediate effect.

Staffing Committee

7. In response to the request from Audit Committee, Staffing Committee in September 2022 set up a formal Investigation and Disciplinary Panel (IDP) to review the officer oversight of the SHGC project from March 2021 to the close of

the project in November 2021. The IDP concluded its work in February 2023 with the following conclusions and recommendations:

- a) There appeared to have been no concerted attempt by officers to comply with the project's governance arrangements and there had been little engagement with the Opportunity Board and no formal engagement with Cabinet.
 - b) It was the IDP's view that the impact of the COVID pandemic could not be used as a reason for extremely poor communication, decision making outside of the Council's conventional executive decision-making structures, and the failure to act upon Opportunity Board instructions.
 - c) The IDP's conclusion was that the project team's implementation of its tasks specifically from March 2021 to the close of the project in November 2021 were inadequate.
8. The following recommendations were agreed as comprising the formal recommendation from Staffing Committee to Audit Committee:
- A. The Council should review its Constitution and revisit the scheme of delegation to officers to ensure that in the event of a civil emergency, powers are used sparingly and only used to incur immediate expenditure, so as to provide support to the emergency services, and that there should be no prolonged or other use of emergency powers where the normal democratic structures of the Council are available and functioning.
 - B. The Council must never again create a scenario where a major project is set up with governance arrangements that move the project outside the Council's normal scrutiny process.
 - C. All governance arrangements should make clear who has delegated authority and for what purpose.
 - D. The Council's Whistleblowing Policy should be revised to ensure that there is confidentiality and the opportunity for independent assessment and review of any complaints made by a member of staff against any member of the Council's Strategic Leadership Team (SLT).
 - E. Human Resources (HR), in consultation with Senior Management, should ensure that
 - a) all roles within the Council have a current Job Description which is recorded on the relevant HR file
 - b) internal secondments should be for a maximum of two years only, with a clear return to original post and salary management plan effective at the time of appointment
 - c) no internal secondment opportunity should be agreed without a service and financial impact assessment being agreed with the 'donor' service.
 - d) all internal secondments should be advertised within the Council with a record kept as to why the post has not been advertised externally any appointment
 - e) any appointment (whether internal or external) should clearly state how the post holder meets the specifications of the job description.

Officer response to July 2022 tiaa Shapley Heath Audit Review recommendations

9. The officer response to the tiaa Audit is attached as Appendix 1. This has been prepared by the Executive Director – Corporate (Section 151 Officer).

CONSIDERATIONS

10. The common theme throughout is that whilst the SHGC project's strategic governance arrangements were appropriate, if somewhat over elaborate, the governance arrangements were not actioned throughout the lifetime of the project. This failure to adhere to the governance arrangements lies at the very heart of the tiaa audit review findings.
11. The Staffing Committee's findings are that the project team's implementation of its tasks specifically from March 2021 to the close of the project in November 2021 were inadequate. It went on to highlight that the impact of the COVID pandemic could not be used as a reason for extremely poor communication, decision making outside of the Council's conventional executive decision-making structures, and the failure to act upon Opportunity Board instructions.
12. The other common theme is that Council must never again create a scenario whereby a major project is set up with governance arrangements that move the project outside the Council's normal scrutiny process. At no time should a major project proceed without scrutiny being integral to its monitoring.
13. Finally, whilst there is no suggestion of financial misappropriation there is however, no good reason why proper and accurate accounts of income/expenditure could not have been produced in a timely manner or in accordance with the project's Opportunity Boards instructions. This heightens the need to ensure that all projects are properly managed in a transparent and accountable manner. This requires clear political and officer leadership and budgetary accountability.
14. The implementation of all the recommendations as recommended in this report will greatly enhance scrutiny and reduce the potential for major projects to go off track.

ACTION

15. The respective reviews have outlined a number of often overlapping recommendations. The officer management response to the original tiaa report is attached as Appendix A to this report. These recommendations are all in an advance stage of implementation. The same can be said for the recommendations from Staffing Committee and Cabinet although it should be noted that action (E) in paragraph 8 has commenced but will take time to fully implement. Indeed, Cabinet has specifically confirmed that it will ensure that all recommendations will be implemented.
16. The recommendation is that Audit Committee should therefore ask Cabinet to ensure the full implementation of all recommendation as set out in this report and Overview and Scrutiny to carry out a review in September 2023.

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Appendices

Officer response to the management recommendations contained within the tiaa report (attached as Appendix 1).

Audit Committee

Shapley Heath Management Action Plan

Area identified in tiaa report	Recommendation from tiaa report	Management comment and action
Assurance over the risk management framework including governance and transparency.	1. Governance arrangements to be reviewed and once established and approved to be followed at all times.	Agreed. The tiaa report found that the bespoke arrangements for this project were appropriate and adequate, however, they were not adhered to. In future, projects will follow a standard approach with oversight from the corporate Project Board and reporting through the normal governance routes i.e.. Cabinet and O&S.
	2. In line with good practice and the expectations set out in the Council's template PID document, action should be taken to ensure that a project risk register is produced and agreed for all projects, which is a live document and regularly reviewed and updated by the Project team. Significant risks and any mitigating actions should be appropriately reported and reviewed at the Project Panel.	Agreed. This is now in place for all projects meeting the criteria for Project Board, and for other minor projects where necessary.
	3. All projects to have a clearly defined project board/panel which should meet on a regular basis to review risks and mitigations with minutes and actions recorded and retained for a minimum of six years.	Being implemented for all projects meeting the criteria for Project Board, and for other minor projects where necessary. Document retention will be reviewed as part of wider policy.

<p>Assurance over the project management framework used.</p>	<p>4. A lessons learned report should be produced, along with a separate action plan to improve project management processes at the Council, including (but not limited to) the following considerations:</p> <ul style="list-style-type: none"> • Training needs should be identified to ensure that standard project documentation is utilised effectively in all cases, with additional guidance notes created where appropriate, in particular around monitoring risks, issues and budgets. • Where the standard project structure is not utilised, the PID should clearly set out the roles and responsibilities of each individual/team. Similarly, reporting lines should be clearly set out to enable at least the same level of review and scrutiny as there would be under the standard project structure. • Minutes of relevant project meetings should be formally recorded, and all relevant emails and other data should be maintained in project folders so that a full audit trail is maintained for a minimum six year period from when the project ends. • The frequency, format and content of project reporting to the Corporate Project Board and to Members should be reviewed. Examples of good practice identified at other local authorities include: 	<p>Agreed. Lessons learned reporting is now in place for all projects meeting the criteria for Project Board, and for other minor projects where necessary.</p> <p>The new Terms of Reference for Project Board specifically refers to lesson learned and Project Board meetings consider reports from project leads during and at the close of projects.</p> <p>The detailed suggested improvements under recommendation 4 will be considered by the project team for future projects and applied where appropriate and proportionate to the project's size and complexity.</p>
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	<ul style="list-style-type: none"> • Standardised monthly progress reports, with the level of details dependent on the complexity of the project. • For more complex projects, this may include: Details of approved budget, committed budget and actual spend; RAG ratings for key elements of the project (Time, Quality, Budget, Risks & Issues, Resources), along with an overview of the RAG status update; Activities completed within the last month, planned activities due for completion but not delivered, and activities scheduled for next month; An overview of the risks and issues, with the impact and mitigation measures; An outline of project milestones with target dates and actual completion dates. • For less complex projects, this may include RAG ratings for Time, Quality, Budget, Risks & Issues, and Resources, along with a general project progress update. • Project portfolio reporting including an overview of the progress of all corporate projects provided monthly to the Chief Executive and quarterly to Committee. 	
Assurance over budgetary control and financial risks.	5. Budgets to be clearly defined to include all income and expenditure (including any recharges).	Agreed. The Finance Business Partner has implemented this to support the capital programme 2023/24 and the approach will be adopted for new approved schemes and future years' programmes.

<p>Assurance over budgetary control and financial risks.</p>	<p>6. Budgets to be regularly monitored clearly showing actuals as the project progresses.</p> <p>In addition: See recommendation 4 in relation to reviewing the format and content of project reporting, including in relation to financial information.</p>	<p>Agreed. This is now in place with a standard template being reported to project managers and Project Board. Capital spend by project also included in quarterly monitoring to O&S and Cabinet.</p>
<p>Assurance over the monitoring and reporting of financial information.</p>	<p>7. Standard template documentation be used for the management and monitoring of all projects. In addition: See recommendation 4 in relation to (i) identifying training needs for the effective use of standard project budget monitoring documentation and (ii) reviewing the format and content of project reporting, including in relation to financial information.</p>	<p>Agreed. The Finance Business Partner that supports Project Board has designed a standard template documentation and this was agreed for implementation by Project Board.</p>
<p>Assurance over compliance with contract procedure rules and contract management arrangements.</p>	<p>8. Procurement guidance and standard form evaluation documents should be reviewed to ensure that panel evaluation criteria are clearly set out and panel members are appropriately recorded.</p>	<p>Procurement guidance was reviewed in Dec 2022 and rolled out to Managers Group, this takes account of recommendation 8.</p> <p>New Contract Procedural Rules (CPR) were approved by Council in Feb 2023. Internal Audit on procurement completed in March 2023 identified some areas to further strengthen the guidance which are currently being considered.</p>
<p>Assurance over compliance with contract procedure rules and contract management arrangements.</p>	<p>9. Training needs for project managers/buying managers in relation to procurement processes should be identified, to ensure that standard procedures are followed in all cases and full audit trails are maintained.</p>	<p>Agreed. The new CPRs and accompanying guidance were presented to Managers Group in Jan 2023.</p> <p>Internal Audit on procurement completed in March 2023 undertook a sample check of</p>

		procurements and found no CPR compliance issues.
Assurance over information governance arrangements to include FOI, Transparency and GDPR.	10. As emails are only retained for one year, FOI processes should be reviewed to ensure that relevant data is moved from email folders to SharePoint folders so that a full audit trail of FOI requests and responses is maintained for a minimum six-year period from when the project ends.	The relevant information is currently transferred from the email folder to Idox and the Retention and Disposal Schedule says that information relating to FOI/EIR requests is kept on Idox for 3 years from when the case is closed. There is no need to duplicate this in SharePoint. No change is therefore necessary. The current retention policy accords with Information Commissioner Guidance. The Council has no lawful or operation reason to hold FOI data for longer – it would otherwise breach GDPR obligations. GDPR and operational necessity reasons would be required before any further document retention changes are considered.
Assurance over information governance arrangements to include FOI, Transparency and GDPR.	11. Training needs for project managers in relation to FOI responses should be identified, to ensure that full and accurate responses are provided in all cases.	Agreed, for project managers. Annual FOI, Data governance, including GDPR, training is already in place in this case, notwithstanding biennial refresher training, procedures were simply not followed.