

Audit and Standards Committee

Date- July 30, 2019

Report of: **Director for Growth &
Regeneration**

BECKMILL COURT AUDIT- UPDATE ON PROGRESS

1.0 Summary:

- 1.1 The purpose of this report is to provide the Audit and Standards Committee with an update on the progress made on recommendations from the internal audit report (August 2018) for Beckmill Court Regeneration project.

2.0 Recommendations

- 2.1 That the Committee notes the update and the progress made so far on the actions recommended in the audit report for Beckmill Court Regeneration Project.

3.0 Report Detail

- 3.1 Beckmill Court is a Melton Borough Council owned low-rise housing complex comprising fifty seven flats and maisonettes in a prominent location in the centre of Melton Mowbray. The Beckmill Court regeneration project was a major capital scheme that supports the Council's corporate objective of helping to provide homes and environments that meet local needs. In 2012 the buildings were given a negative value and consultants were engaged to undertake a condition survey. In 2013 a feasibility study was undertaken to consider options for the building. In 2014 a further feasibility study and cost estimation exercise was undertaken for the preferred option. In 2015 a development study was undertaken and a budget estimate of £3.1m advised by consultants. In 2016 design work and preparations for tender were carried out. In 2017 a contract was awarded to Fortem for £2.02m and works commenced in October 2017 with a planned completion date of June 2018. The building was formally opened by the Mayor in October 2018.

3.2 External Wall Insulation has been applied to all facades, with a combination of render and brick slips used to provide a visually attractive external finish. The windows have been replaced and upgraded and the original electric storage heaters, which were ageing and expensive to use, have been replaced by a new gas heating system in each flat. In addition to the energy improvement works, significant investment has been made in improving the resident experience. A new external lighting system has been installed to improve safety, the entire site has been re-landscaped, all communal areas have been refurbished and new balconies have been added to the existing drying areas.

3.3 Close engagement with the community was carried out at all stages of the project. Community events were organised prior to the start of works to inform residents of the impact the works could have on them and a dedicated Tenant Liaison Officer worked on site to ensure close communication throughout the works. Further community engagement, such as collecting contributions to a foodbank located within the development, hosting site visits for local residents and volunteering at a local construction college, all helped to foster a close, constructive relationship throughout the works. The project was shortlisted for the Sustainable Retrofit Project of the Year at the 2018 SHIFT awards which takes place on November 8th in London.

3.4 An audit was carried out in accordance with the agreed Audit Planning Record (APR), which outlined the scope, terms and limitations to the audit. The auditor's assurance opinion is summarised below:

Internal Audit Assurance Opinion					
Control environment	Satisfactory Assurance		●		
Compliance	Limited Assurance		●		
Organisational impact	Moderate		●		
Risk	Control environment	Compliance	Recommendations		
			H	M	L
01 - Weak or ineffective project governance arrangements.	Satisfactory Assurance	Limited Assurance	2	3	0
02 - Failure to comply with contract procedure rules and procurement regulations.	Satisfactory Assurance	Satisfactory Assurance			
03 - Poor cost, quality and progress management arrangements.	Satisfactory Assurance	Limited Assurance			
Total Number of Recommendations			2	3	0

3.5 The audit recommendations were accepted by the Director for Growth and Regeneration. This project is now complete, but the learnings from this audit apply to all new projects being undertaken by all teams within the Council. The summary of recommendations is as below:

- Develop robust document management and filing system
- Monitor proportion of emergency repairs
- Improve compliance with CPRs
- Project managers and sponsors to ensure that corporate project management requirements are applied to HRA capital projects

- Remind officers of need to retain evidence of compliance with CPR requirements
- Ensure formal contracts/agreements are in place for consultant appointments
- The project manager should ensure all contract instructions are checked and reconciled to the cost plan.

3.6 It is acknowledged that the above mentioned recommendations could and should apply to all projects within the Council and not limiting to the Assets or HRA projects. While implementing and applying these actions to new projects, it became apparent that the Council needed to review the current procedures in place for managing and monitoring projects and contracts. A more robust framework to manage projects and programmes needed to be put in place at Corporate level to provide guidance and advice to the staff managing projects in all teams. This led to a more fundamental changes and strategic initiatives across the organisation which are outlined below. While this has meant that the timescales originally agreed in the audit report on August 2018 have not been met, it is envisaged that the issues highlighted by the audit report has contributed positively to the overhaul of the corporate processes and improved the Council's compliance system at all levels. Please note that no new capital project has started since the completion of Beckmill Court project within the Housing and Commercial Assets team.

3.7 **Setting up of project management framework (Risk One)**

The Corporate Improvement team is currently undertaking a fundamental review of the Project Management Framework. The purpose of this review is to ensure that the proper processes, disciplines and an updated toolkit is in place to support Project Managers undertaking projects. This includes proper systems (including project templates) for PMs to ensure all relevant documentation is filed properly for audit purposes, succession planning and to be used for good practice. The review will be supported by training to ensure that the project methodology is understood and followed. This will enable the programme boards to function more effectively and have greater understanding and oversight of all projects. This review is due to go to SLT in July 2019 and to be rolled out by December 2019 when the new Corporate Strategy for 2020-2024 has been approved and the new projects identified through the revised Corporate Strategy will be managed using the project management framework. A Corporate Project Officer has been appointed in the Corporate Improvement team to implement the toolkit for all teams across the Council and provide with project management support.

3.8 **Establishment of HRA capital programme board (Risk One)**

The HRA Capital Programme Board is proposed to be set up to steer and monitor the delivery of all HRA funded projects. The Corporate Improvement Team is undertaking a fundamental review of the Project Management Toolkit. Once approved this will give Project Managers proper processes, disciplines, templates and an updated toolkit to better manage their projects. This will include better use of highlight reports to ensure that the HRA Programme Board has a clearer oversight of all the projects within the programme and can have surety that the projects are meeting their objectives and where this is not the case will have a much earlier and clearer understanding of any risks or issues (e.g. resources/cost etc) that affect the project. The board will ensure that the projects are managed and monitored in line with the corporate guidelines and CPR ensure that the appropriate documents are prepared and reported.

3.9 **Raised awareness of CPR and contracts register (Risk Two)**

The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Procedure rules. The Contract Procedure rules were revised to take account of the new governance structure and correlate to the Budget and Policy Framework. Council approved them earlier this year (2019) and they are contained within the Constitution.

The Contracts register is currently being overseen by the Legal team and a new process for logging contracts has been implemented to ensure the correct authorities are in place and contracts are signed by the appropriate senior officers.

All officers have been reminded about the contract procedure rules and a copy of the new rules have been made available to all. Legal Services have issued instructions about the need for compliance with both the CPR's and the need for ensuring the contract register is updated and maintained. Training sessions are being provided to officers by the Welland Procurement unit. A review of contracts within the Housing and Commercial Assets area has been undertaken. Consultants have been engaged to work alongside the legal team to draft contracts and get them signed and sealed in case of high risk projects. Additional capacity within the legal team has been sought using the HRA budgets to help the Assets team become compliant and have relevant contracts in place.

3.10 **Revision of performance indicators (Risk Three)**

The Corporate Projects and Performance officer is currently working with the Director for Growth and Regeneration to revise the performance indicators for repairs within the housing assets. The proportion of emergency repairs, and their completion within time, and customer satisfaction with the contractors are currently all reported at service level. It is proposed that these will all be reported at a corporate level to increase their visibility to elected Members.

3.11 **Appointment of Housing and Commercial Assets Manager (Risk Three)**

The long term vacant post of Housing and Commercial Assets Manager has been appointed in June 2019. It is proposed that the service manager will work closely with the Corporate Projects Officer to adopt the corporate approach to document management and filing system for all capital projects. The Assets service manager will work with the Corporate Improvement team to set up performance indicators to monitor the performance for various categories of repairs by April 2020. The Assets Service Manager will work closely with the legal and procurement teams to update the contracts register and ensure all procurements for capital projects are carried out in line with the Corporate Procurement Rules.

4.0 **Consultation and Feedback**

4.1 NA

5.0 **Next Steps**

5.1 An audit of a future project will be recommended at the appropriate time to review how the learnings from this audit are being applied to other projects.

6.0 Financial Implications

6.1 Whilst there are no direct financial implications associated with this report it is important that officers comply with the Contract Procedure Rules to ensure best value is achieved and also avoid incurring any additional costs for having to manage and re-run any no compliance procurement processes.

7.0 Legal and Governance Implications:

7.1 There are no legal implications arising from this report.

8.0 Equality and Safeguarding Implications:

8.1 NA

9.0 Community Safety Implications:

9.1 NA

10.0 Other Implications

10.1 NA

11.0 Risk & Mitigation:

11.1 Identify what the risk is and how you will mitigate this risk.]

11.2

L I K E L I H O O D	A	Very High				
	B	High				
	C	Significant				
	D	Low				
	E	Very Low			1	
	F	Almost Impossible				
			Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	<p>New projects are not monitored properly and the actions identified in the audit report are not implemented.</p> <p>Relevant governance systems will be put in place in accordance with the CPR and FPR and SLT will have an oversight of the</p>

	performance of Programme boards to ensure the projects are monitored and changes are implemented appropriately. An audit of a future project will be recommended at the appropriate time to review how these actions are implemented and what impact it has on the project governance.	
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Background Papers:

Appendices

1. Internal Audit Report- Beckmill Court Regeneration Project 2018/19
2. Key recommendations

Report Timeline:

Equalities Check & Challenge	N/A
SLT Sign off	N/A
Previously Considered by Cabinet	N/A
Director Approval	15/07/2019
Chief Finance Officer Sign Off	19/07/2019
Monitoring Officer Sign Off	22/07/2019

Report Author & Job Title

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