

DRAFT PROJECT INITIATION DOCUMENT

IMPLEMENTATION OF A CAPITAL STRATEGY AND GOVERNANCE ARRANGEMENTS

Project Sponsor: Brendon Hills Corporate Director on behalf of CSB.

Project Manger: David Lewis Interim Head of Property

CSB are asked to consider and agree the proposals set out in this report.

Background

The recent Capital Investigation highlighted serious shortcomings and a lack of robustness in the current arrangements for managing the capital programme with serious financial and reputational risks for the Council. At a meeting on 5th January CSB endorsed the recommendations in an initial report and agreed the overall strategy for responding to the findings involving the introduction of a corporate policy framework for capital investment and robust arrangements for delivery of the capital programme. This is an integral part of the wider review of governance across the Council being overseen by the Director of Legal & Governance Services.

Although the particular problems emerged in the delivery of projects in the Children's Service area there is a need to address the issues on a comprehensive basis across the Council. This Project Initiation Document therefore proposes a corporate solution involving all capital expenditure in both the General Fund and Housing Revenue Account. Rather than address the various findings on an individual basis a fundamental overhaul of existing arrangements is proposed in order to ensure that the serious risks identified are addressed comprehensively.

The strategy involves 2011/12 being a transitional year during which the new arrangements are devised and agreed by the Council. In essence this will provide: -

- a) The framework for agreement being reached on a 5 year capital programme as part of the budget preparation arrangements for 2012/13 and the MTFS.
- b) The introduction of robust corporate arrangements for the governance and regular monitoring and reporting of the capital programme.

Such action will put in place a clear and transparent framework for how the capital programme is compiled. Actions being taken now progressively mitigate the risks identified during 2010/11 (see attached high level project plan) so that there are robust processes in place which will prevent both lack of governance, i.e. proper approval processes, and financial mis-reporting. This means there will be a low level of risk in respect of the financial management of the capital programme and its delivery. An ongoing review of the arrangements by Internal Audit has been requested by GARM and there will be regular monitoring of the implementation of the plan and reports back to GARM during 2011/12 in order to verify that the risk mitigation measures have been successful it is proposed that a specific review of the arrangements is undertaken in the first quarter of 2012/13 and the outcome reported to GARM.

Project Definition

Objectives

The objective of this project is to devise and put into place for 2012/13 onwards a high quality capital strategy to provide an objective framework for decision making and robust arrangements for managing the overall delivery of the Council's capital programme. This will involve both development of new arrangements and their implementation in a timely manner during 2011/12 to facilitate budget preparation and monitoring and reporting of the capital programme.

Project Links

By introducing an overall policy framework for capital investment and robust arrangements for delivery of the capital programme the project will underpin delivery of all of the Council's corporate priorities

Scope

This is a corporate project encompassing all capital investment by the Council both General Fund and HRA. It includes funding from all sources including specific grant allocations and disposal receipts.

Outcomes

Removal of the current risks with improved value for money from capital investment in support of the Council's policy objectives.

Deliverables

A 5 year strategy to provide a corporate policy framework for decision making on capital investment to support the delivery of services.

Robust governance arrangements at programme and project level including appropriate levels of stakeholder engagement in relation to grant allocations.

A corporate allocation model for capital resources to ensure objective prioritisation of projects in line with corporate strategy.

A 5 year capital programme (possibly rising to 10 years) with the introduction of robust monthly monitoring and reporting arrangements to CSB, Capital Forum and DMT's etc with quarterly monitoring reported to Cabinet. It is also intended that monitoring will be regularly reported to appropriate forums within directorate areas e.g. the Schools Forum.

Regular reporting to GARM on progress of the project.

Key Milestones

Please see the attached high level project plan the headlines are: -

Introduction of robust quarterly programme monitoring reports to Cabinet by April 2011.

Cabinet agreement of a draft Capital Strategy by June 2011.

Cabinet agreement of a corporate allocation model for capital resources by June 2011

Cabinet agreement on a corporate capital programme by February 2012.

Review of arrangements and risk mitigation verification in 2011/12 and first quarter 2012/13 by Internal Audit.

Benefits

The project will mitigate the current high level of risk around the capital programme and secure improved value for money through more accurate capital investment to support the Council's policy objectives.

Roles and Responsibilities

Project Board CSB

Project Sponsor Brendon Hills, Corporate Director on behalf of CSB

Project Manager David Lewis, Interim Head of Property

Project Team Amanda Henton, Jennifer Hydari, Shirley Jenkins, A N Other covering the HRA, David Lewis with others co-opted as needed to ensure the right expertise e.g. project management advice.

Risk management

The project itself is a risk mitigation strategy designed to comprehensively address the findings of the recent Capital Investigation. It will have its own risk register which will be maintained and reviewed/updated on a regular basis by the Project Team. The Project Board will review the key risks every time they consider a progress report on the project. The Governance, Audit and Risk Committee will receive regular updates on progress including a review of key risks.

Equalities Impact

Assessment to be undertaken but project is expected to have a positive impact on equalities.

Dependencies/Interdependencies

This is a project of paramount importance which feeds into the overall governance review and needs to be undertaken as a matter of priority to comprehensively address the findings of the Capital Investigation thereby reducing the risks to the Council. Whilst there will be a range of interdependencies across the Council this project will provide the critical path for putting in place structured and robust arrangements for the management of capital investment in the delivery of services.

Stakeholder Engagement and Communications

Cabinet, Governance, Audit and Risk Management Committee, CSB and appropriate Directorate Forums through regular reporting – see key milestones above.