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24 October 2022

AUDIT SCRUTINY COMMITTEE

A meeting of the **Audit Scrutiny Committee** will be held on **Thursday, 3rd November, 2022** in the **Buckland Athletic Football Club, Kingskerswell Rd, Newton Abbot, TQ12 5JU** at **10.00 am**

PHIL SHEARS
Managing Director

Membership:

Councillors Morgan (Chair), Rollason (Vice-Chair), Clarence, Colclough, H Cox, Goodman-Bradbury, Mullone and Thorne

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the meeting venue you are consenting to being filmed.

A G E N D A

Part I

1. **Apologies for Absence**
2. **Minutes of the previous meeting** (Pages 3 - 6)
To approve and sign the minutes of the meeting held on
3. **Declarations of Interest.**
4. **Future High Street Fund Report** (Pages 7 - 26)

If you would like this information in another format, please telephone 01626 361101 or e-mail info@teignbridge.gov.uk

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AUDIT SCRUTINY COMMITTEE**30 AUGUST 2022**Present:

Councillors Colclough, H Cox, Goodman-Bradbury, Morgan, Rollason and Thorne

Members in Attendance:

Councillors

Apologies:

Councillors Clarence and Mullone

Officers in Attendance:

Martin Flitcroft, Chief Finance Officer & Head of Corporate Services

Sue Heath, Audit Manager

Christopher Morgan, Trainee Democratic Services Officer

Peter Barber, External Auditor

8. ELECTION OF CHAIR

It was proposed by Councillor H Cox and seconded by Councillor Colclough that Cllr Morgan be elected Chair of Audit Scrutiny Committee 2022-23.

A vote was taken. The result was unanimously in favour.

9. ELECTION OF DEPUTY CHAIR

It was proposed by Councillor Morgan and seconded by Councillor Goodman-Bradbury that Councillor Rollason be elected Deputy Chair.

A vote was taken. The result was unanimously in favour.

10. DECLARATIONS OF INTEREST.

None.

11. MINUTES OF THE PREVIOUS MEETING

It was proposed by Councillor Morgan and seconded by Councillor Rollason that the minutes of the previous meeting be agreed as a correct record.

Resolved

That the minutes of the previous meeting be approved as a correct record.

12. INDICATIVE AUDIT PLAN

The External Auditor introduced the report. There were still ongoing discussions. The plan sets out the responsibilities for 2021-2022. More work is to be done in the areas of greater risk. There has been more work needed in this audit due to the increased time taken to ascertain asset figures. The pension fund was discussed including paying off the pension deficit. The committee were advised that the SANGs had been leased to the Land Trust for 999 years, so in effect they controlled it. The targeted sign off date was January 2023. The committee were advised that the external auditors are required to submit proof to explain their audit fee. The plan would include a detailed resilience report. The cost of infrastructure was increasing, and risk taking was discussed including the dangers. The committee also heard that a new financial system was being installed.

Resolved

That the report be noted

13. OMBUDSMAN ANNUAL REPORT

The Audit Manager introduced the report to the committee. There had been 2 complaints investigated by the ombudsman and one was upheld.

Resolved

That the report be noted

14. STRATEGIC AND CORPORATE RISK REPORT

The Audit Manager introduced the report to the committee. It was noted that some of the named responsible officers needed to be updated. The committee discussed the various 'red' risks including failure to abide by the code of conduct by Councillors. Election failure was in the red due to it not having been assessed with certain controls. It was suggested that a review into the cybersecurity risks be undertaken.

Resolved

That the report be noted.

15. ANNUAL INTERNAL AUDIT REPORT AND OPINION

The Audit Manager introduced the report to the committee. There were no instances of major fraud or weaknesses. The Devon Audit Partnership had been involved in auditing Strata and had aided the Audit Manager. It was discussed that there had been confusion from 2 departments regarding claiming money

from tariffs, but this had been sorted. It was also discussed that there were plans to create a 'members area' for uploading documents to such as audit reports.

Resolved

That the report be noted

16. ANNUAL GOVERNANCE STATEMENT

The Audit Manager introduced the report. The governance statement had included 'comfort statements' from managers and a cyber governance review. There was a good cyber security training program in place, and Strata upholds security practices in order to ensure Teignbridge remains on central governments network. The Strata security team also has CISSP qualifications to ensure the security of the organisation. The IRB receives a monthly report from Strata regarding security as well. Business continuity planning was in place for external systems such as Civica to ensure the continued operations of the Council. There were also plans to review the recruitment process.

Resolved

That the report be noted

17. 2021/22 DRAFT FINAL ACCOUNTS AND TREASURY MANAGEMENT

The Audit Manager introduced the report to the committee. She informed them that the accounts had been published in July, and that Teignbridge had been part of 2/3rds of councils that has successfully stuck to this time frame. There were 2.106 million available in reserves, with the council looking to invest some of this. The treasury team would continue to provide day to day financing for the council and that the council had access to various sources of monies. The land trust and DCC had agreed on capital investments.

Resolved

That the report be noted.

18. INTERNAL AUDIT PLAN

The Audit Manger introduced the report to the committee. She informed them that some items from the plan had been carried over from the previous year, and that in the case of a failure to acknowledge issues when conducting an audit, the responsible manager may be called to speak to the Committee.

It was proposed by Councillor Morgan and seconded by Councillor Rollason that the Audit Plan be approved.

A vote was taken. The result was unanimously in favour.

Resolved

That the Internal Audit Plan be recommended to Full Council.

19. FINANCIAL INSTRUCTIONS AND CONTRACT RULES WAIVERS

The Audit Manager introduced the report to the Committee. She discussed various waivers including the purchase of chairs, and wavebuoy spares that would be needed for coastal monitoring.

Resolved

That the report be noted.

The meeting commenced at 10.00 am and finished at 12.25 pm.

Chair
Cllr Sally Morgan

**Teignbridge District Council
Audit Scrutiny
3 November 2022
Part 1**

Audit of Future High Street Fund Project

Purpose of Report

To present the outcome of an audit review of the Future High Street Fund project.

Recommendation

It is recommended that the Audit Scrutiny Committee supports the recommendations and actions included in the report.

Report Author

Sue Heath – Audit and Information Governance Manager
Tel: 01626 215258 Email: sue.heath@teignbridge.gov.uk

Executive Member

Councillor Nina Jefferies – Executive Member for Economy and Jobs

1. INTRODUCTION / BACKGROUND

- 1.1 At the Council meeting on 6 September 2022, Council resolved to commission a report on the governance of the Future High Street Fund project.
- 1.2 The review has been undertaken by the Devon Audit Partnership. The appended report presents the outcome of the review.

2. IMPLICATIONS, RISK MANAGEMENT & CLIMATE CHANGE IMPACT

- 2.1 **Financial** – see relevant section on page 8 of the report.
- 2.2 **Legal** - none

2.3 **Risks** – these are discussed throughout the report and specifically on page 5 of the report “Risk and Opportunity Management”.

2.4 **Environmental/Climate Change Impact** - not applicable.

3. **CONCLUSION**

Overall members can be assured that the project governance is good and risks are well managed. The report sets out a series of recommendations and management actions which will be implemented.

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Internal Audit Report

Future High Street Fund Project (FHSF)

October 2022

Introduction

A business case to rejuvenate Newton Abbot's town centre was submitted by the council in 2019 and approved by the Ministry of Housing, Communities and Local Government (MHCLG). This resulted in a High Street grant award of £9,025,771. Match funding was put forward by the council which includes Devon County Council (DCC) funding and some land value. Latest estimates show the total project cost to be £12,816,431. Recent cost pressures have resulted in the need for an additional £600,000 of council funds to proceed with the project. Overall, the net increase to the TDC budget is currently £258,343, assuming the other changes to the Market Hall scheme also go ahead. Without the changes to Market Hall, TDC would need to assume £900,000 additional to this. A spreadsheet created by Finance summarises these figures and is being used to update members at each Executive.

The project's objective is to ensure the regeneration builds on the 800-year history of Newton Abbot as a market town, creating a modern centre that embraced sustainable travel and encourages people to shop, buy, eat, and socialise locally. As a premier market destination, it will look to boost footfall and increase spending in the town and support local business.

Space for community, artistic and cultural activities will be created under the innovative plans, alongside a revitalised market, food hall and Market Square. Significant improvements will be made to Queen Street and the National Cycle Network Route, and a new state-of-the-art cinema will be built. The conditionality (under memorandum of understanding) is for the grant money to be spent in full by the end of March 2024. The final tranche of grant payment is to be received in March 2023 and will be determined/assessed based on the project's progress, risk and spend return. This is to be submitted to Department for Levelling Up Homes and Communities (DLUHC) in December 2022. There are two current risks, the December return not satisfying DLUHC resulting in non-approval of the full payment in March and secondly the risk of not spending the full amount before end of March 2024 potentially resulting in TDC returning any unspent money.

Approval of an additional £600,000 from the council is needed for this project to move forward and obtain the final parts of funding. Delays in agreeing the additional £600,000 are likely to result in additional cost, time delays, or ultimately non-delivery of the project.

Audit Scope and Objectives

The audit is intended to provide management with independent assurance that the Future High Street Fund – Newton Abbot Town Centre project is being managed effectively:

The audit will cover the following risks:

- The project is not scoped in sufficient detail to enable reliable estimates of budget, timescale, and other resource requirements.
- Progress of the project is not monitored, appropriate reporting and updates are not provided to stakeholders.
- Risks are not managed.

To assess how well these risks are mitigated, the scope of testing will include a consideration of:

- Clear objectives being in place stating what the project is intended to achieve.
- Robust estimates of cost and schedule, including all project components.
- Resources being identified and provided to deliver the project.

- Sufficient stakeholder engagement being in place.
- Scope and business requirements being realistic, understood, clearly articulated and capable of being put into practice.
- Effective performance management.
- Key risks and opportunities being identified, understood, and addressed.

Our remit is limited to the above risk area. We have not looked in depth or assessed work over the last ten years to develop the project, or to obtain business case approval. We understand the council is commissioning other expert reports focusing on assessing areas such as commissioning, construction costs and contracting as part of their consideration on whether to proceed with the project.

Findings

To the credit of the Officers involved with the FHSF project, we believe there is generally a sound system of governance, risk management and control in place. We have identified some improvement areas to enhance controls for consideration. A summary of our key findings is outlined below against each risk area within the scope.

Project Scoped in Sufficient Detail

The project has a clear expression of purpose and mission on what it is aiming to achieve. This is published on the Teignbridge website and included in core documents we have received, including the main and supporting appendices to the business case. The original concept of this whole plan was put together around ten years ago and, thanks to a comprehensive audit trail, we can see that the project purpose has been extensively mapped out over the period.

The public meeting reports we obtained have a clear narrative referring to the Council's strategy and how the project meets requirements. Some Councils have adopted a 'Single Department Plan' which sets out objectives and how they will be achieved. We recommend a similar paper be created for Teignbridge to document how the project makes sense to the Council's strategic priorities as listed in the Teignbridge Ten / Council Strategy 2030.

The business case (and revised versions) provides a detailed case to assess the value for money being provided over the lifetime of the project. The project has robust estimates of cost and schedule, including all programme components. The costings included allowances for contingency, current inflation increases and recent price increases. The full cost-benefit analysis contained in the Full Economic Case of the business case highlights economic benefits of £50m in Newton Abbot. This generates a Benefit Cost Ratio (BCR) of 3.0, which represents good value for money for the council (most of which is government grant money). Some assurance can be taken on the quality of the business case as it was submitted to and approved by the DLUHC.

Officers have left the Project Team since submission of the original business case in 2018. Our discussions with the team indicate that the Project Managers appointed in the last four months appear very knowledgeable and excited about taking this work forward. The extensive audit trail of key documents and programme papers over the period has ensured the handover was as smooth as possible; this has also provided a sound foundation for review. We note the DLUHC has recently decided to undertake a Deep Dive in October 2022.

A Project Team bio was created in line with the 2018 business case explaining everyone's role of the project and their experience. We have suggested updating the bio to reflect the current team composition.

Project plans are maintained that detail out the different elements of the project and work required against timescales. This supports effective monitoring and action as necessary to get back on track. The finances required for each part of the project and year have also been identified to ensure the work can proceed as required.

Grant funding has been provided by the DLUHC. The grant conditions state that the funding should all be used by March 2024. DLUHC have stated within Section 12 of the memorandum of understanding (MOU) it is not legally enforceable and there are no repayment conditions on the grant determination. The only condition is that it must be spent on Capital Expenditure. The following section extracted from the MOU is also relevant:

“3.2. The funding is provided to form part of the necessary capital investment required for delivery of the FHSF proposal at Newton Abbot. MHCLG expects the Council to use the funding provided for the purposes outlined in the business case approved by MHCLG, and that evidence will be provided to demonstrate this. Should delivery not progress as agreed, MHCLG will review whether it is appropriate to grant the next tranche of funding and whether greater monitoring and oversight may be needed. Assurance on project progress shall be borne out through the formal monitoring process set out in Clause 7 of this MOU.”

Monitoring, Reporting and Updating Stakeholders

Stakeholder engagement is being undertaken with central government, officers, and members.

- The Project Manager's role involves liaising with the DLUHC by providing updates on project progress against the approved business plan and regular liaison meetings. As noted above, the Department has chosen this project for a deep dive review. TDC are part of a random 5% annual sample selected for this review after receiving the final contact letter. We understand the next update is in December; this will be a crucial update to Central Government to ensure the final section of grant payment is received. If TDC can't show enough progress in this update, there is a significant risk of not receiving the remainder of the grant.
- Bi-annual updates to Members are provided by the Executive Member via the O&S 2 committee. Senior Council Officers / liaison with members is held during Exec/Full Council meetings with various examples received showing good attendance. Regular meetings between the Project Team and the Executive Member are held to ensure she is provided with up-to-date information to take to her Member update meetings.
- Covid-19 reduced opportunities to engage with the public on this project, but they did provide public updates on both the progress of the FHSF bid as well as that of the specific schemes. This flow of information was relayed to both the public and key stakeholders via both newspaper coverage and social media. Specifically, the Cinema development was also published by way of press release, which was also distributed to all Councillors. In addition to this there is a proposed plan to carry out a public display of the new cinema development once some final changes have been agreed with Development Management. With regards to the Market Hall, Quarterbridge (external organisation used to help with the Market regeneration) carried out limited (due to Covid19) virtual Teams meetings with the traders and local community groups to better understand the challenges the market current

experiences and ask key questions relating to the vision for the new multi-use Market Hall. This helped shape the initial design brief, with a separate steering party appointed to review the options for performance in the space. These results were used to help build the business case. Information regarding the project can be obtained via the Teignbridge website and their social media channels. Quarterbridge performed these qualitative surveys alongside the external multi discipline team and Teignbridge District Council project team members. This was critical to ensure that the brief was fully understood and that any challenges / opportunities explored.

An extensive range of engagement activities has been undertaken with consultation carried out at the beginning of the project and at relevant times thereafter. A stakeholder management plan could be considered to document the approach going forward, to capture future actions to increase support from stakeholders throughout the life of the project.

Expert external consultants have been brought in to help with the project. AECOM are the project managers across the Cinema and Market Hall elements and Quarterbridge input on the specific design for the Market Hall element. Quarterbridge has recently been disbanded and TDC now work with Market Curators on this aspect. They constantly review all information and provide external advice and recommendations throughout each project stage. We have reviewed the individual reports constructed by the external consultants and can confirm they contain detailed information including explaining each stage of the project to align where the project is financially. The relationship between Officers and external consultants appears to be good with regular meetings taking place. The Public Realm/Highways element of the project is run in close collaboration with DCC and their design/engineering team.

We consider it reasonable to expect that the Programme Board have terms of reference detailing its role and responsibilities were. We have been advised this is not something that the Council has in place at present.

The project does not currently have a Disaster Recovery Plan. This will be useful when the build commences to provide some form of backup in the event of disruption or interruption to progress arising from things such as power supply shortages, materials, contractor failure etc.

We highlight some suggestions related to Performance Management. Risk, Actions, Issues and Decisions (RAID) logs were provided for Market Hall and the Cinema works. These are good documents to have in place to ensure issues are effectively managed and something we will recommend other Authorities to adopt. Actions have an 'in progress' status that will need review to bring them in line with the present date.

Construction is in the pipeline to begin once approval has been granted for the Market Hall. Procurement is needed for the Cinema contractors. We have advised Management to consider of what KPIs could be generated during the construction phase working with external consultant AECOM. Key issues/decisions are tracked and reported monthly to the Executive Member in preparation for her update meetings. Risks should also be reported and with risk registers being in place there should be no issue including these.

Risk and Opportunity Management

The project has maintained a risk register through the life of the project. We reviewed the risk register of September 2022 which listed the risks for each part of the project. We consider it reasonably detailed and included most of the risks which are appropriate at this time. It includes risks related to council approval of the project which may result in project cancellation or delay

increasing cost. We consider there could be more emphasis on the financial impact / estimate costs if some of the risks were to materialise.

Good practice is to also identify, manage and record opportunities that are taken (or not) as the project progresses. This allows the project to better exploit opportunities and for future reporting and lesson learning. The Public Realm risk register does include a drop-down for risk and opportunity, however, only one opportunity is recorded. We therefore suggest including opportunities identified to date and future in the risk registers for all aspects of the project.

Risks to delivery of the programme should also be considered along with the amber/green ratings currently populated.

We also note that the risk register does not provide a visual picture facing the council with the risk that it does not generate review and debate internally and with stakeholders. We have suggested the team consider how to present their risks to members and senior officers in a more visual format. As an example, we provide a basic example of how South Hams/West Devon have presented their corporate risks in the "Detailed Audit Observations and Action Plan" later in the report.

Audit Assurance Opinion

A 'four star rating' is used to indicate the level of assurance for the systems and areas audited. Details are as follows:

Excellent	☆☆☆☆	The areas reviewed were found to be well controlled, internal controls are in place and operating effectively. Risks against the achievement of objectives are well managed.
Good	☆☆☆	Most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some areas for improvement have been identified.
Fair	☆☆	There is a basic control framework in place, but most of the areas reviewed were not found to be adequately controlled. Generally risks are not well managed and require control to be strengthened to ensure the achievement of objectives.
Poor	☆	Controls are seriously lacking or ineffective in their operation. No assurance can be given that the system's objectives will be achieved.

The overall assurance level is considered to be:

Good ☆☆☆

The following table summarises our assurance opinions on each of the risk areas covered during the audit. These combine to provide the overall assurance opinion given above.

Risk Areas Covered		Level of Assurance
1	Projects are not scoped in sufficient detail to enable reliable estimates of budget, timescale, and other resource requirements.	Good ☆☆☆
2	Progress of individual projects is not monitored, appropriate reporting and updates are not provided to stakeholders.	Good ☆☆☆
3	Risks (and Opportunities) are not managed.	Good ☆☆☆

The findings and recommendations in relation to each of these areas, and management's comments, are recorded in the "Detailed Audit Observations and Action Plan" below.

Acknowledgement

We would like to express our thanks and appreciation to all who provided support and assistance during the course of this audit.

Detailed Observations and Action Plan

Risk Area Covered: Projects are not scoped in sufficient detail to enable reliable estimates of budget, timescale, and other resource requirements.	Level of Assurance
<p>Opinion Statement:</p> <p>A clear objective is in place stating what the programme is intended to achieve and we have extracted the following text from the successful business case. <i>‘The vision for Newton Abbot is for the town centre to develop into the premier South Devon market town, providing facilities for an increasing local and wider population. The town centre will become a pedestrian friendly place with good transport connections, increased leisure and entertainment opportunities, a high-quality market and retail offer and an enhanced night-time economy. The activities proposed by the masterplan and outlined above, focus on reviving the core area of the town centre to strengthen the retail/night-time economy and position the town to support a growing population and improve “the offer” in the face of growing regional competition. The Newton Abbot FHSF programme will deliver essential adaptations and enhancements to the existing fabric of the town centre. By developing a greater diversity of uses alongside more attractive and accessible public realm, it is hoped this will attract higher value cultural, leisure and retail uses, thereby attracting more people into the town centre and encouraging longer dwell times. This approach will improve the resilience of the town centre in the face of growing pressure.’</i></p> <p>The programme makes sense in relation to the Council’s strategic priorities. This is in line with part 13 of the 2020-2030 Teignbridge Strategy ‘Going to town’ which is also referenced within the Teignbridge 10 Programme. Public reports we retrieved set out and explain how the project counts towards the strategy, however, a ‘Single Department Plan’ which sets out objectives and how they will be achieved could be created.</p> <p>→ The business case demonstrates value for money over the lifetime of the programme. We were provided with many documents and papers in relation to the work. This includes defining the achievable benefits and outcomes, considering all elements that will contribute to successful delivery of the project, a credible estimation of all costs and durations including a Value for Money Assessment.</p> <p>The programme has built up robust estimates of cost and schedule, including all programme components. The current year finance folder has been reviewed and it contains expenditure monitoring plus latest saved cost plans. Previous years also have earlier iterations of the monitoring/appraisals. Where contingency is considered, allowances have been made for design risk, construction risk and employer risk. Where inflation is concerned there is an allowance to tender return and an allowance to mid-point of construction within costings. To tackle recent price increases, there have been value/cost engineering exercises as they go. If tenders come in above approved budget, they can finance this to a limit and still achieve their return, however, it would be up to Members whether to proceed at this point.</p> <p>We retrieved an organisation chart to ensure that resource has been identified and provided to deliver the programme. Although sufficient, there would be merit in updating the Project Team Bio to reflect the changes since the original business case was submitted.</p>	<p>Good ☆☆☆</p>

No.	Observation and implications		
1.1	Public reports to Exec/Full Council clearly contain reference to how the FHSF project meets the strategic aims of the Council. A separate paper could be created to document how the project makes sense in relation to the Council's strategic priorities and perform easier reading to the public/members. Some Councils have created a 'Single Department Plan' which sets out objectives and how they will be achieved.		
	Recommendation	Priority	Management response and action plan including responsible officer
1.1.1	Perhaps creation of a Single Departmental Plan could be implemented to clearly identify how the FHSF project links to the Council's Strategy and Teignbridge 10 programme.	Low	Agreed.
No.	Observation and implications		
1.2	As part of the July 2020 business case a Project Team Bio was created explaining individual roles in the project and what experience they bring. The project team has changed since the original business case was created so perhaps similar documents for current officers could be created for members to refer to.		
	Recommendation	Priority	Management response and action plan including responsible officer
1.2.1	Updated Project Team Bios could be created to refer to the current Officers working on the FHSF project.	Low	Agreed.

Risk Area Covered: Progress of individual projects is not monitored, appropriate reporting and updates are not provided to stakeholders	Level of Assurance
<p>Opinion Statement:</p> <p>We looked to see if sufficient stakeholder engagement is in place. Findings are positive with some suggestions provided. Reporting to Central Government is provided by the Project Manager with Bi-annual updates to members conducted by the Executive Member via the O&S 2 committee. Internal updates to Councillors seem sufficient from obtaining papers of Executive and Full Council meetings. Executive decisions have been made including approval of the new Cinema in November 2018, the funding bid approval in July 2020 and the funding being accepted in April 2021 by Full Council. We have been provided with an extensive record of Executive Member meetings throughout the life of the project. These include meetings with Officers who provide updates to her along with meetings with SLT. We do note that creation of a Stakeholder Management Plan would be beneficial to identify the key stakeholders along with the level of power and influence they have on the project along with a Programme Board terms of reference on what its responsibilities are.</p>	Good ★★★

	<p>Evidence of a programme initiation document for each section of the project has been seen with the scope and business requirements being realistic, understood, clearly articulated and capable of being put into practice. A useful contingency plan such as a 'Disaster Recovery Plan' could be considered before the works do commence. We understand that in many organisations it is mandatory that a recovery plan is in place.</p> <p>The significant procurement has yet to be undertaken. This is mainly due to the works not starting on this project with proposals needing approval before commencement. From discussion with the Procurement Officer, we are content that procurement activity is in line with the Financial Instructions. The external consultants we have been made aware of that have been procured at present are Quarterbridge and AECOM to help with the Market Hall/Cinema developments. Various procurement documents have been obtained. There are many documents that give the 'purpose' of the project and its origins including the Site-Opportunities Regeneration Study 2010 and the Delivery Strategy 2018. There may be some merit in reviewing the Delivery Strategy to ensure it is in line with the current proposals.</p> <p>As work has not yet commenced it is difficult to advise if there is an effective mechanism to control programme alternations as none have really happened yet. However, there is governance in place. Smaller decisions (e.g. change of colour of cladding) would be reviewed by the SLT Leader in consultation with the Executive Member. Any major proposals would need to go through Full Council and potentially Central Government via a project adjustment process as they need to ensure the delivery of the scheme matches the original brief. We understand it would be difficult at this stage to get a major change discussed and agreed with the government department. Other than the impact on timescales and delay of going through the process, the most challenging part is the specialist Benefit Cost Ratio (BCR) numbers. All in all, this can lead to a 3-to-4-month delay whilst the amendment is put together, submitted, and then decided. Therefore, any major changes to the project now puts this project at risk of not being completed.</p> <p>Project delivery reporting is key once approval is in place to move the project forward. An example of the Portfolio monthly update to outline the progress was retrieved. There are embedded excels which flag up another level of reporting. The Project Manager receives monthly reports from Finance which show the budget vs actual via an internal budget and cost tracker along with financial year figures. Going forward monthly reporting will be provided to Executive Council. RAID logs are generated which include Risks, Actions, Issues and Decisions against each section of the project. There are actions with an 'in progress' status that should be reviewed. The main two areas that are tracked by the team is programme progress and programme detail. These aren't known as performance indicators but is the clearest snapshot of where they are. True KPIs are really going to kick in when at the construction stage, they will be in line with contraction process/performance/payments/contractors. A thought of what KPIs to track when the construction phase takes place should start taking place. As well as financial information and key issues/decisions a third main area to consider is also risk.</p>
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No.	Observation and implications
2.1	We reviewed the RAID logs provided for Market Hall and Cinema works. There are actions with an 'in progress' status on both logs that have gone past their timing date. These actions should be reviewed at the next opportunity or timings updated accordingly.

	Recommendation	Priority	Management response and action plan including responsible officer
2.1.1	Review RAID log statuses to bring them in line with the present date.	Medium	Agreed.
No.	Observation and implications		
2.2	Setting the right KPIs helps measure progress towards long-term goals and business strategy, make adjustments and stay on track. In addition to the results, leading indicators are helpful in advising when there is any danger of missing targets before it is too late. We understand construction has not started, however, we suggest there should be some thought of what KPIs could be generated when the construction phase of the FHSF project commences.		
	Recommendation	Priority	Management response and action plan including responsible officer
2.2.1	Determine what KPIs to measure when construction takes place to provide a measurable and objective standard by which leaders can track progress and implement change.	Medium	Agreed.
No.	Observation and implications		
2.3	We understand financial information and key issues/decisions are tracked and reported monthly to the Executive Member. We suggest that a third area to potentially report is risks. Risk reporting provides a regular mechanism to direct updates to key stakeholders, ensuring the right information is given to the right people, at the right level and at the right time. There are risk registers in place, so appending these should be no issue.		
	Recommendation	Priority	Management response and action plan including responsible officer
2.3.1	Include risks to the monthly report to the Executive Member.	Medium	Implemented.
No.	Observation and implications		
2.4	Creation of a stakeholder management plan as the project progresses would be beneficial to define and document the approach and actions that will increase support and minimize the negative impacts of stakeholders throughout the life of the project. It should identify the key stakeholders along with the level of power and influence they have on the project.		
	Recommendation	Priority	Management response and action plan including responsible officer
2.4.1	Creation of a Stakeholder Management Plan could be considered to help maintain the process of good relationships with the people who have most impact on the project.	Low	Accepted.

No.	Observation and implications		
2.5	From discussion we are aware a disaster recovery plan has not been produced for the FHSF project. A Project Disaster Recovery Plan is a useful contingency plan that is prepared well in advance, and to some extent tried and tested. It contains a detailed set of measures that may be adopted should some operational or technical disaster happen. In many organisations, it is mandatory that a disaster recovery plan be in place.		
	Recommendation	Priority	Management response and action plan including responsible officer
2.5.1	Production of a Disaster Recovery Plan in relation to the FHSF project to provide some form of 'back up' to tide over potential interruptions to progress.	Low	Whilst there is a corporate DRP and Service level DRP the merit of a specific one for Major Projects is acknowledged and will be in place ahead of main contract for works commencing at the latest.
No.	Observation and implications		
2.6	From review of the Delivery Strategy 2018 it includes phasing plans that perhaps aren't in line with where the FHSF project is to date. We understand this is a strategy that sets a vision summarising proposals comprising the enhancement and regeneration other areas outside of the FHSF projects. Perhaps the strategy needs review as it would be good to include the upcoming Cinema works.		
	Recommendation	Priority	Management response and action plan including responsible officer
2.6.1	Review of the Delivery Strategy 2018 and include present projects within the FHSF.	Low	Noted.
No.	Observation and implications		
2.7	From review of Council papers there is no evidence of a Programme Board terms of reference. The Programme board have a key role in supporting Project Manager in making decisions and providing both challenge and approval on issues affecting the progress of the programme. We would expect it to be reasonable for a Programme Board to have a terms of reference (ToR) on what its responsibilities were.		
	Recommendation	Priority	Management response and action plan including responsible officer
2.7.1	Creation of a Programme Board ToR to define all aspects of their role.	Low	Accepted

Risk Area Covered: Risks (and Opportunities) are not managed. **Level of Assurance**

Opinion Statement:

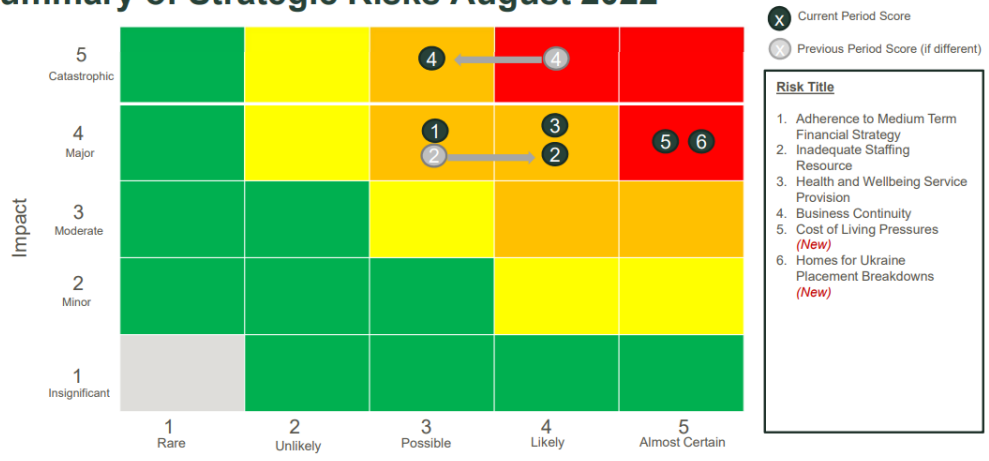
Good ★★★

The main part of this risk area looked to see if key risks and opportunities are identified, understood, and addressed. Although a clear risk register is in place, there are some alterations that could be made to it as well as how it is presented to members.

We investigated what contingency plans are in place. At this point of the project Officers are trying to get into a position to understand what projects under the FHSF are going ahead with decisions needing to be backed. Therefore, it is impossible to pull out a 'Plan B' as 'Plan A' isn't yet in place and the deadline of March 2024 to deliver the work fast approaching. The team have looked recently at scenarios on how different ways the project can be delivered, and micro contingencies are in place for specific tasks only. At present, the main risks are decreasing programme, fixed completion date and decreasing start date to get the projects running.

From review of the Risk Log September 2022 (risk register) there is a recorded archive of everything that tells the story and evolution of the project, this includes the risk register being updated through time as and when. We understand any 'red' or 'amber' risks are reported and provided to the Executive Member. We note there aren't any 'red' rated risks on the physical register. With where the project currently is, we suggest that these ratings are reviewed. The cost elements on the register are slightly included but we believe could go further. For example, things likely to increase costs, delays to progress on the project incurring costs, inflation and perhaps risk of delivery. During another audit we obtained a Strategic Risk Register from another Authority which provides a summary of strategic risks which can be seen below:

Summary of Strategic Risks August 2022



<p>We have seen that the TDC risk register format sent to the Executive Member is more user friendly but do recommend that perhaps a similar diagram could be produced to the Executive Member/Members to report risks more visually as this method is also useful for horizon scanning.</p> <p>We were advised that some opportunities have been considered and have seen one example listed on a separate risk register for the Queen Street project but there a currently none included on the main Risk Register. Transforming the current register to a Risk & Opportunities Register is an excellent way to keep a record of things learnt and can be referred to when conducting future projects.</p>	
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No.	Observation and implications		
3.1	From review of the most recent risk register we highlight a potential lack of risks of a monetary nature against all areas of the project (Cinema, Market Hall, Queen Street/Transport). There are some exemptions to this including unable to control capital costs, inflation causing greater construction costs and poor design leading to higher maintenance costs. We suggest that these are to be reviewed along with adding potential risks to delivery including Member/Councillor involvement. The risk register itself contains Amber & Green rated risks only, given the nature of where the programme is, we would suggest the scores are also reviewed.		
	Recommendation	Priority	Management response and action plan including responsible officer
3.1.1	Teignbridge should look to implement more risks of a monetary nature and project delivery into their SPAR system along with reviewing the current amber/green ratings.	Medium	Noted.
No.	Observation and implications		
3.2	The most recent version of the risk register doesn't include opportunities that are identified throughout proceedings. This could be at a strategic level or a more tactical level. A Risk and Opportunities register could therefore be created including risks/opportunities to deliver the core and related objectives, but also the risks in not achieving the objectives. This could be achieved alongside the current risk management and ensure external providers (AECOM) do this from their risk register as the programme progresses.		
	Recommendation	Priority	Management response and action plan including responsible officer
3.2.1	A more systematic approach would be beneficial such as using a risk and opportunity register to help identify and manage risks and opportunities.	Medium	This will be implemented immediately and populated going forward. We will endeavour to capture past opportunities too in an itemised manner and the decision / result so these are recorded and can be referred to in wash-up sessions.

No.	Observation and implications		
3.3	The risk register spreadsheet in our opinion isn't too visual and we understand the risk register format that goes to the Executive Member is more user friendly. Perhaps TDC could produce a similar diagram regarding the summary of risks like the above image identified in the opinion statement. This would be a more visual way of showing how risks are scored and is also useful for horizon scanning.		
	Recommendation	Priority	Management response and action plan including responsible officer
3.3.1	A key risk summary could be created to provide a more visual way of showing how the main risks are scored.	Low	This visualised summary should be useful, and we will incorporate a version of it within our documents.

Definition of Recommendation Priority

Priority	Definitions
High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks
Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.

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