

<b>CABINET</b> <b>26 SEPTEMBER 2017</b>
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<b>*PART 1 – PUBLIC DOCUMENT</b>	<b>AGENDA ITEM No.</b>  <b>6A</b>
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**TITLE OF REPORT: ITEM REFERRED FROM OVERVIEW AND SCRUTINY COMMITTEE:  
18 JULY 2017 – TASK AND FINISH GROUP ON THE COUNCIL'S MANAGEMENT OF  
LARGER PROJECTS**

*The following is an extract from the Draft Minutes of the Overview and Scrutiny Committee meeting held on 18 July 2017.*

**24. TASK AND FINISH GROUP ON THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS**

The Committee considered the revised Task and Finish Group report on the Council's Management of Larger Projects and the Senior Management Team Comments regarding the recommendations contained in that report, which had been tabled.

Introduction by the Chairman of the Task and Finish Group

Councillor Michael Weeks, Chairman of the Task and Finish Group on the Council's Management of Larger Projects reminded Members that this Committee had, at the meeting held on 6 June 2017, asked the Task and Finish Group to reconsider some of the recommendation previously presented and that he would limit his comments to those deliberations.

Councillor Weeks stated that he stood by the statement made at the last meeting of this Committee, that he felt that the recommendations made by the Group should not be amended.

The Task and Finish Group as a whole had agreed to change the recommendations in line with the suggestions made by this Committee, despite this he, as Chairman, did not agree with the amendments to recommendations 4 and 9 and would be unable to support them going forward.

He presented each of the Recommendations as detailed below.

Comments of the Senior Management Team

The Strategic Director of Finance, Policy and Governance clarified the process relating to Task and Finish Groups and stated that the comments of the Senior Management Team (SMT) should be considered by this Committee alongside Task and Finish Group Recommendations so that the Scrutiny function was comprehensive and the recommendations to Cabinet were the result of full and detailed consideration of all aspects.

The Strategic Director of Finance, Policy and Governance clarified that the comments were tabled at the meeting because the Senior Management Team did not see the amended report until last week.

Members discussed what value and weight should be given to the comments from the Senior Management Team.

The Chairman advised that, in the past this Committee had taken a decision not to consider the comments of the Senior Management Team however they were submitted to Cabinet along with this Committee's referral. She had decided that the Committee should trial consideration of these comments to see if they affected or added value to the recommendations submitted to Cabinet.

There was some discussion regarding the SMT comments in that they appeared to be defensive responses that the Council was already doing the things suggested as well as they could, but did not acknowledge that the aim of the Task and Finish Group had not been to level criticism, but to identify a process by which things could be improved and the Council could do better.

The Strategic Director of Finance, Policy and Governance presented the Senior Management comments on each of the Recommendations as detailed below.

#### Recommendation 1

This recommendation had not been amended and remained as:

“The Council needs to be more decisive about what it wants from larger projects and once it decides, it needs to get on with them.”

SMT supported the position that the Council needed clear and expedient decision making furthermore, they advocated the concept of a ‘design freeze’ or a freeze on project scope in relation to other projects.

Members agreed that this Recommendation be put forward to Cabinet.

#### Recommendation 2

The Task and Finish Group had agreed with the suggested minor drafting changes to this Recommendation, which now read:

“The Council should not introduce unnecessary complexity into its invitations to tender because it is unclear about its preferred outcome. It should decide what it wants and then invite bidders to tender for it.”

SMT supported the concept that the tender specifications should be made as clear as possible and not unduly complicated. The Council must however ensure that its contractual position was safeguarded and that the full requirements of the project were captured in the specification.

Members agreed that this Recommendation be put forward to Cabinet.

#### Recommendation 3

This recommendation had not been amended and remained as:

“The Council’s financial information should be comprehensive and presented in the form of accounts so the extent of profits and losses can be easily understood.”

SMT advised that reports regarding project proposals provided appropriate information, in for example business cases, to enable decision makers to take a properly informed decision.

When undertaking a project, the business case drew out the links to the Council’s Corporate Objectives as well as considering the social benefit of the project alongside its monetary cost which required both numerical and narrative explanation.

Local Authority accounts were required to separate Capital and Revenue expenditure and were prepared on an income and expenditure basis rather than profit and loss.

Where impacts were more difficult to assess, these would be incorporated into the Risk Logs which were continually updated throughout the life of the project. The Risk Logs include financial risks and additionally these are often incorporated in the Corporate Business Planning process.

Members commented that the Recommendation was about receiving comprehensive financial information and that this could be by way of a business plan that included financial information and a narrative regarding social and other benefits. It was important that the financial and social benefit information regarding a project was clear, accessible and able to be monitored by Members regularly.

It was suggested that projects should be reviewed after completion to monitor the benefits realised and again after the project had been completed and operational for some time to monitor that those benefits were still being realised.

Members agreed that the wording of this Recommendation be amended as follows and put forward to Cabinet.

“The Council’s financial information should be comprehensive and presented in the form of a business plan so the extent of profits and losses can be easily understood.”

#### Recommendation 4

The existing Recommendation read:

“When exception reports are produced by project boards, they should be circulated to all members of Council through the Members’ Information Service or by e mail.”

The proposed Recommendation would read:

“When exception reports are produced by project boards, they should be circulated to all members of Council through the Members’ Information Service or by e mail; and, unless they are confidential, made available to the public via the Council’s website.”

Councillor Weeks advised that he did not agree with the proposed amendment to this Recommendation.

He was of the opinion that most exception reports would be confidential, but if those that were not confidential were publicised, this would only serve to engender criticism and comments that would take officer time to address resulting in to slow down the project.

This would then go against the most important of observations made by the Task and Finish Group that, once decided upon, the Council must get on with projects.

SMT advised that the Council operated an Executive model of governance and NHDC’s accepted project management methodology sat within that framework.

Where projects required any decision making that was outside the scope of the project as defined by Council or Cabinet then an exception report was provided to the appropriate committee seeking the necessary authorisation.

Information on project delivery was provided to Members at key points in the progression of projects through MIS.

The Scrutiny Officer advised that not all non-confidential exception reports were considered by the sponsoring Committee and that there was a misconception that because Councillors know about something that meant that the general public also knew about it.

The Strategic Director of Finance, Policy and Governance reassured Member that NHDC did its utmost to ensure that as little as possible was classified as confidential and that everything that could be made public was.

Members debated this Recommendation. Some Members agreed with Councillor Weeks regarding exception reports and stated that the purpose of these was to inform the Project Board and Project Executive so that they could take steps to address the problem, If exception reports were published as a matter of course, this would engender criticism and complaints on something that it was likely had already been addressed. They felt that, if non-confidential exception reports were considered by Cabinet then the documents were already in the public arena.

Other Members commented that the mere fact that an exception report was produced implied that there was a problem and this should be made clear. There was no reason to not subsequently provide an information note detailing how that problem was then overcome. There was a perception that the Council was secretive and making exception reports more accessible could help address these issues.

They acknowledged the risks associated with this Recommendation as detailed by Councillor Weeks.

Upon the vote it was agreed that the following recommendation be presented to Cabinet:

“When exception reports are produced by project boards, they should be circulated to all members of Council through the Members’ Information Service or by e mail; and, unless they are confidential, made available to the public via the Council’s website.”

#### Recommendation 5

This Recommendation had not been amended and remained as:

“Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff’s spare time allows no contingency. The Council should ensure that large projects are properly resourced. If adequate resources are not available, the project should not begin until they are.”

SMT agreed that projects needed to be adequately resourced and the Council did this through its project management arrangements and Corporate Business Planning Process.

There were a limited number of projects that could be resourced at any one time and work plans were finely balanced so that additional ad-hoc internal requests for “small projects” or external requirements from Government departments could impact on delivery timescales.

In some instances there could be ‘pinch points’ in terms of delivering a project or other work competing deadlines which meant that a member of staff may work additional hours. Where this occurs this was with the agreement of the member of staff and time off in lieu or overtime may be payable. Where additional/external resources were required these were sourced.

Members agreed that this Recommendation be put forward to Cabinet.

#### Recommendation 6

This Recommendation had not been amended and remained as:

“The Council needs to have clear, documented objectives before it embarks on projects.”

SMT agreed that the Council prepared a detailed planning brief with extensive public consultation. Project initiation documents captured the objectives of a project.

In relation to the Churchgate Project, it was agreed by Full Council in February 2010 to enter into a contract with Simons for them to bring forward proposals to regenerate the area. The scheme was complex and involved ownership outside the control of the Council and the relocation of the market. Despite extensive efforts Simons were unable to bring forward a viable scheme which met the objectives within the contract period and in January 2013 Full Council declined to extend their contract.

Members commented that the ownership of Churchgate would have been known prior to starting the project and queried the SMT comments in this respect.

The Strategic Director of Finance, Policy and Governance advised that details regarding ownership were known before starting the project and that at the time Hammersmatch had indicated that they would be happy to do a deal with NHDC and/or Simons, however this changed as the project progressed.

Members agreed that this Recommendation be put forward to Cabinet.

### Recommendation 7

This Recommendation had not been changed and remained as:

“Large scale projects should have a champion to drive them forwards.”

SMT agreed with this recommendation and advised that there was already a ‘champion’ in the Lead Member and the Project Executive.

Members discussed that not all previous projects with a Lead Member had been successful and that a Champion should drive the project forward not just adds it on as another responsibility.

Members agreed that this Recommendation be put forward to Cabinet.

### Recommendation 8

This Recommendation had not been changed and remained as:

“The Council should be more flexible about membership of project boards.”

SMT advised that the Council operated Project Board membership in a flexible way to ensure that there was a balance on ‘inputs’ to the Board whilst keeping Boards to a manageable size.

On the Churchgate Project Board there were four elected Members one of whom was not an Executive Member.

The composition of Project Boards varied between projects and it should be recognised that in an Executive model Council there would be appropriate representation from the Executive on Project Boards.

Members agreed that this Recommendation be put forward to Cabinet.

### Recommendation 9

The existing Recommendation read:

“The Council should improve its consultation and engagement with the public.”

The proposed Recommendation would read:

“The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project.”

Councillor Weeks advised that he did not agree with the proposed amendment to this Recommendation.

He was of the opinion that all projects should have a freeze point at which the decision was made and no further changes could be made and that continued engagement with the public could only serve to slow down the project.

This would again go against the most important of observations made by the Task and Finish Group that, once decided upon, the Council must get on with projects.

SMT advised that the Council always strived to undertake meaningful consultation and uses a variety of mechanisms to do so.

It was true that not all consultation was equally successful however the public acceptance of the outcome should not, in itself, be used to measure the success of the consultation.

In respect of Churchgate, the Council sought to use a tried and tested method of public engagement, which Simons had used successfully in other town centre schemes, to gather public opinion leading to development of a scheme for submission to the Local Planning Authority.

Members noted that at the previous meeting of this Committee there had been long discussion regarding how a project could be effectively moved forward whilst ensuring that the public felt that they were part of the process, but not a burden to the process.

The general feeling was that public participation was valuable and helped the Council to be transparent and open, but it had to be acknowledged that consultation would not continue indefinitely although engagement certainly should.

The suggestion that not continuing to engage with the public throughout the life of a project would reduce the level of criticism was clearly incorrect. The Council needed to engage more with people and accept that criticism would likely be part of that engagement.

In terms of the wording of the Recommendation it was generally felt that the original recommendation was woolly and didn't inspire effective engagement.

The proposed wording would improve engagement by making it meaningful and continuing engagement did not mean continually asking what people wanted, but rather keeping them informed of what was and would be happening.

Upon the vote it was agreed that the following recommendation be presented to Cabinet:

"The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project."

#### Recommendation 10

This Recommendation had been amended to read:

"The Council should be mindful of the disadvantages of the Competitive Dialogue process and think very carefully before using it again in future projects."

SMT advised that whilst the Competitive Dialogue process could have its limitations, there were circumstances where it was the most appropriate method of procurement and the Council should keep all options open.

In respect of the District Council Offices, at the time that this piece of work commenced Full Council considered it to be the most suitable procurement route given all of the circumstances.

Members agreed that this Recommendation be put forward to Cabinet.

#### Other Issues

In response to comments from Councillor Weeks that he felt that the report of the Task and Finish Group should not be amended by this Committee, the Chairman acknowledged the depth of work undertaken by the Task and Finish Group and clarified that recommendation were ultimately made to Cabinet from this Committee.

In order to recognise the areas of disagreement, namely Recommendations 4 and 9 and to ensure that Cabinet had the benefit of seeing the original and the amended recommendations, Cabinet would receive the Task and Finish Group Report, the comments of the Senior Management Team regarding those recommendations and the Minutes of the meeting held on 6 June 2017 and this meeting.

**RECOMMENDED TO CABINET:**

(1) That, with the exception of Recommendations 3, 4 and 9, the Recommendations contained in the Task and Finish Group Report on the Council's Management of Larger Projects be supported;

(2) That Recommendation 3 contained in the Task and Finish Group Report on the Council's Management of Larger Projects be amended to read:

"The Council's financial information should be comprehensive and presented in the form of a business plan so the extent of profits and losses can be easily understood."

(3) That Recommendation 4 contained in the Task and Finish Group Report on the Council's Management of Larger Projects be amended to read:

"When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail and, unless they are confidential, made available to the public via the Council's website."

(4) That Recommendation 9 contained in the Task and Finish Group Report on the Council's Management of Larger Projects be amended to read:

"The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project"

**REASON FOR DECISION:** To enable the Overview and Scrutiny Committee to consider and comment on the Task and Finish Group report on the Council's Management of Larger Projects prior to consideration by Cabinet.

**ATTACHMENTS**

Attached as annexes to this referral are:

Annex A – the report considered by the Overview and Scrutiny Committee – 18 July 2017.

Annex B – the Task & Finish Group report considered by the Overview and Scrutiny Committee – 18 July 2017.

Annex C – the SMT comments which accompanied the report to Overview and Scrutiny Committee – 18 July 2017.

Annex D – the relevant minute extracts of the meeting of the Overview and Scrutiny Committee held on 6 June 2017, at which the original Task and Finish Group report was discussed.

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