

AUDIT & GOVERNANCE COMMITTEE
16 MARCH 2022

Report of the Audit Working Group 24 January 2022

Report by Lorna Baxter

RECOMMENDATION

1. The Committee is **RECOMMENDED** to note the report.

Executive Summary

1. The Audit Working Group (AWG) met on 24 January 2022. The group received a briefing from Senior Officers, regarding assurances over the robustness of processes in place to manage the revised timescales and increased costs in relation to the Housing Infrastructure Funding (HIF) 1 programme.

Introduction

2. Attendance:
Full Meeting: Chairman Dr Geoff Jones Councillors: Roz Smith, Brad Baines, Donna Ford, Judy Roberts, Ian Middleton.

Officers: Sarah Cox, Chief Internal Auditor, Lorna Baxter, Director of Finance, Lucy Tyrrell, Committee Officer, Cameron Maclean, Committee Officer, Anita Bradley, Director of Law & Governance, Ian Dyson, Assistant Director of Finance, Bill Cotton, Corporate Director, Owen Jenkins, Director of Growth and Economy.

Matters to Report:

AWG 22.02 HIF Didcot Infrastructure Programme Delivery and Costs

3. The Audit and Governance Committee had requested that on its behalf the Audit Working Group (AWG), seek assurance from Senior Officers that robust processes are in place to ensure that the HIF1 programme can be delivered within the revised timeframe of March 2026 and within the increased cost.
4. The Officers circulated in advance (to all Audit & Governance Committee members) a detailed presentation setting out background and governance over the HIF1 Programme. At the AWG meeting the Director of Growth and Economy summarised the overall financial position of the programme, and the sources of funding used to finance it. It was confirmed that the latest estimate of costs

includes a risk and contingency allocation as mitigation for identified contract and supply risks. The group noted that the basis of the reported costs and delivery milestones had also been subject to external independent verification.

5. The AWG questioned the governance structure and arrangements for the management of this programme and noted that there is a clear governance and reporting structure to monitor and manage the performance and risks of the Programme. This includes an Assurance Board made up of Senior Managers to provide strategic oversight of performance and risk. The group was given assurance there are escalation routes for all key risks and issues. Officers reported that a dedicated reporting and monitoring software system is in place and used for the management of this Programme. It records all information and decisions, providing a full trail that is monitored and overseen by the project management office.
6. Officers provided assurance that the programme has the staffing resources, structure and skills to manage the programme, but it was highlighted there is reliance on the external sourcing of resources engaged. The Group questioned officers on the adequacy of staffing currently in place and plans to meet future need and how turnover and absence was planned for and managed, with a key risk being the retention of specialist skills and knowledge. Assurance was provided that processes are in place to manage this risk which include building staffing resilience through entering into a delivery partner contract with a consultant enabling the Council to flexibly recruit skilled and experienced resource when required. Officers also reported that a fully staffed commercial team is now in place who work closely with the programme delivery team. There are between 70 and 100 staff (internal and external) in the Infrastructure Team, working across all major projects, including the HIF1 programme.
7. The group sought to establish with officers that there were sufficient contract management arrangements in place, and how the reliability of the supply chain and future costs, are monitored and managed. The group was given assurance that there is a team which manages the procurement elements of the programme, which includes external expertise. A key focus is to continually review each procurement stage to ensure value for money is being achieved.
8. The group considered the current risks and issues for the programme, which include significant labour and material shortages, material price increases, etc and how these are being managed and mitigated. The programme is supported by a dedicated risk manager. Programme and individual project risk registers are maintained on a minimum monthly basis. The risk and contingency allocation are based upon a standard industry approach to mitigate/manage these risks.
9. It was noted that there had been a number of lessons learnt during the development stages of the programme and since the original funding bid was submitted. The learning has been or is in the process of being applied both to this programme and to other future schemes. AWG members reiterated the importance of ensuring lessons learnt right from the original bid stage / risk assessment processes are applied going forward.

10. Officers provided assurance to the group that the additional costs required for HIF1, do not impact or risk other schemes within the capital programme.
11. The group were satisfied with the reported governance and processes in place at this stage of the programme, to manage the risk of delivery and additional cost. Officers were able to demonstrate good governance practices, clear identification, escalation and management of risks and issues and that where needed additional skills and knowledge were being brought in. The group however acknowledged the significance of the programme to the council, the ongoing risks involved to delivery and costs and that as a committee, further assurances and monitoring of the governance, risk management and process arrangements would be required going forward.

Financial Implications

12. There are no direct financial implications arising from this report.

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Legal Implications

13. There are no direct legal implications arising from this report.

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Annex: None
Background papers: None

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