

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ARTS COMPLEX PROJECT REVIEW (STUDIO 144)		
DATE OF DECISION:	11th June 2018		
REPORT OF:	CHIEF INTERNAL AUDITOR		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>During 2017-18 Internal Audit carried out a review of the historic project governance arrangements relating to the city's Arts Complex (Studio 144) the summarised results of which were reported in the last meeting of this committee.</p> <p>At the conclusion of the previous meeting, it was requested that the full audit report and the terms of reference for the Capital Board be presented to enable a wider discussion at this meeting.</p>			
RECOMMENDATIONS:			
	(i)	That the Governance Committee notes the full Internal Audit report for the Arts Complex project review (Studio 144).	
REASONS FOR REPORT RECOMMENDATIONS			
1.	Request submitted at the last committee meeting held on the 23 rd April 2018		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	None		
DETAIL (Including consultation carried out)			
3.	<p>The narrative detailed below is a direct extract from Southampton City Council's Capital Strategy 2017/18 - 2021/22 and relates to the structure of the Capital Board and terms of reference.</p> <p>SECTION 8 - THE COUNCIL CAPITAL BOARD</p> <p>The Council Capital Board will be made up of the following members:</p> <ul style="list-style-type: none"> • Cabinet Member for Finance (Chair) • Leader of the Council • Chief Executive • Chief Strategy Officer • Chief Operating Officer • Service Director - Finance and Commercialisation (S151) • Cabinet Members • Service Lead – Corporate Planning & Commercialisation • Head of Capital Assets 		

By invite:

- Service Directors
- Project/Programme Managers

The Board meets on a monthly basis to:

- Discuss and recommend actions around developing capital issues;
- Develop the capital strategy;
- Commission the coming years capital programme;
- Review the capital receipts position;
- Review the assets disposal plan;
- Monitor the performance of the capital programme overall;
- Monitor the performance of strategic and high risk projects;
- Periodically review the strategic fit of projects; and
- On an annual basis recommend the tolerance levels for project variations in time to allow the Financial Procedure Rules to be updated and approved by Council.

The full Terms of Reference for the Board are included in the Financial Procedure Rules and will be updated annually to reflect any changes to the Council Capital Board. These are attached as Annex 1.

It should be noted that projects maybe proposed through other boards such as the Joint Commissioning Board. Whilst funding, with the exception of the requirement of Council capital resources, can be approved by these boards, the requests to changes and additions to the programme should still follow the proposed process detailed in the sections above.

ANNEX 1 COUNCIL CAPITAL BOARD TERMS OF REFERENCE

General

1. To oversee and endorse the Council's Capital Strategy.
2. To own and oversee the development of, the Council's Capital Programme for both the General Fund and the Housing Revenue Account. Through doing so, and taking a long-term view, the Board should ensure that both individual projects and the programme as a whole is affordable and fits with the Councils vision, priorities and outcomes as laid out in the Council Plan and other inter linked plans and strategies.
3. To develop and regularly review the processes to support a strategic approach to capital investment planning which will justify investment decisions, taking account of the Council priorities within the resources available.
4. To operate according to the approved processes for consideration of all capital expenditure and for new proposed capital projects.
5. To operate as a critical gateway for capital projects put forward for endorsement of concept and for ultimate commitment by the Council.

On an Annual Basis

	<p>6. To receive bids for inclusion in the Council’s Capital Programme.</p> <p>7. To prioritise all bid submissions.</p> <p>8. To format a multiyear capital programme taking into account projected available resources for submission to Cabinet and or Council.</p> <p>9. Receive capital monitoring reports (financial and performance information).</p> <p>10. Receive asset disposal programme update.</p> <p>On a Monthly Basis</p> <p>11. Consider all requests for in - year additions and changes to the Capital Programme that are not Officer delegated decisions, in accordance with the limits set out in the Financial Procedure Rules.</p> <p>12. To review all in - year additions and changes to the Capital Programme that have been made as Officer delegated decisions, in accordance with the limits set out in the Financial Procedure Rules.</p> <p>13. To oversee, monitor and authorise the progression of capital projects through key stages (to include receiving reports from established project, programme or capital boards as appropriate, and approving variations to schemes).</p> <p>On an Adhoc Basis</p> <p>14. Review prioritisation and adequacy of existing scoring mechanism.</p> <p>15. Review systems of pre-project evaluation including project appraisal and business case justification.</p> <p>16. Review systems of post project evaluation and application to all completed schemes.</p> <p>17. To review at appropriate points major projects during the construction stage.</p> <p>18. To receive post-implementation review presentations after the completion of major projects.</p> <p>For ease the Internal Audit report is attached as an appendix.</p>
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
4.	None
<u>Property/Other</u>	
5.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
6.	The Accounts and Audit (England) Regulations 2015 state ‘a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.

Other Legal Implications:	
7.	None
RISK MANAGEMENT IMPLICATIONS	
8.	The report is for note and discussion only, there is no decision to be made.
POLICY FRAMEWORK IMPLICATIONS	
9.	None
KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Internal Audit report for the Art Complex (Studio 144)
Documents In Members' Rooms – None	
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	/No
Other Background Documents	
Other Background documents available for inspection at: N/A	
Title of Background Paper(s) None	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)