

Audit Committee – 26th March 2021

Title of paper:	Recovery and Improvement Plan Implementation – Process and Controls	
Director(s)/ Corporate Director(s):	Clive Heaphy, Strategic Director of Finance	Wards affected: n/a
Report author(s) and contact details:	Richard Beckett, Head of Major Projects richard.beckett@nottinghamcity.gov.uk	
Other colleagues who have provided input:	John Slater, Group Auditor	
Recommendation(s):		
1	To note the arrangements that are in place for the management of the Recovery and Improvement Plan.	
2	To provide feedback on the approach to the processes and controls outlined in this paper.	

1 Reasons for recommendations

- 1.1 The Recovery and Improvement Plan has become a key document and programme of work for the Council over the next three years. Delivery against the Recovery and Improvement Plan is key to demonstrating that the Council has accepted the issues raised in a recent Non Statutory Review and that it is making strides to address them.
- 1.2 Audit Committee has a clear role to play in this process through being satisfied that the processes and controls set up to deliver the Recovery and Improvement Plan are in place and are effective.

2 Background

- 2.1 On the 11th August 2020 the Council's external auditor published a Public Interest Report which revealed significant failures in the Council's governance of its wholly owned subsidiary, Robin Hood Energy.
- 2.2 Subsequent to the publication of the Public Interest Report the Council was approached by the Ministry for Housing, Communities and Local Government (MHCLG) with regard to the possibility of a Best Value Inspection being undertaken.
- 2.3 Following discussions with MHCLG it was instead agreed that a Non Statutory Review would be undertaken, focussing in particular on the Council's financial stability and governance.
- 2.4 This review was led by Max Caller CBE, who delivered his report at the end of November 2020. The review made a number of recommendations which were accepted by the Secretary of State. These included the delivery of a three year Recovery and Improvement Plan and the creation of an Improvement and Assurance Board to oversee its implementation.

- 2.5 A Recovery and Improvement Plan was developed and approved by Full Council on the 25th January 2021. An Improvement and Assurance Board has also been appointed by the Secretary of State.
- 2.6 The Council will be expected to work closely with the Improvement and Assurance Board and both parties will be required to submit their assessment of progress against the Recovery and Improvement Plan on a quarterly basis to the Secretary of State.

Management Approach

- 2.7 The Council has taken a programme management approach to both developing and implementing the Recovery and Improvement Plan. This kind of programme management approach is very familiar to members of the Improvement and Assurance Board.
- 2.8 The approach clearly allows accountability and responsibilities to be defined and a structure put in place which has strong controls to manage risk and change within the programme.

Accountability

- 2.9 In terms of accountability, the Recovery and Improvement Plan has been divided into eight themes. Each theme has a lead officer (Director level or above) and a lead portfolio holder(s) responsible for ensuring that their aspect of the Recovery and Improvement Plan is delivered.
- 2.10 Officers are accountable to the Chief Executive for the delivery of the Recovery and Improvement Plan who is in turn accountable to the Leader of the Council who is also the Council's sole member on the Improvement and Assurance Board.

Governance Structure

- 2.11 The Secretary of State requires that the Improvement and Assurance Board provide a quarterly report on the Council's delivery against the Recovery and Improvement Plan, although it can meet more frequently as required.
- 2.12 The Improvement and Assurance Board is currently made up of three external members and the Leader of the Council.
- 2.13 Information and reports going to the Improvement and Assurance Board go through the Council's internal governance process for the Recovery and Improvement Plan prior to submission.
- 2.14 This consists of a Recovery and Improvement Plan Member Board, based on Executive Panel and a Recovery and Improvement Plan Officer Board, based on the Council's Corporate Leadership Team. Both are set up to meet on a monthly basis with the flow of reports going from the Officer Board to the Member Board and then on to the Improvement and Assurance Board.
- 2.15 Each theme will also have its own governance structure tailored to meet the needs of the diverse projects and schemes of work which fall within it.

Monitoring

- 2.16 A monthly monitoring regime is now in operation across all eight themes. This involves reporting on a standard template against milestone progress, risks, issues and interdependencies.
- 2.17 The information on these reports is collected by a Programme Management Office (PMO), who review the information and add challenge as appropriate. The PMO also creates a dashboard for use by the various boards to assess the progress being made.

Risk / Interdependencies / Change

- 2.18 Risk and interdependencies are picked up through both the monitoring reports and also the discussions that the PMO has with the various themes.
- 2.19 Risks are captured on an overall risk register for the programme which sets out how risks will be treated and what action needs to take place. There is regular contact between the PMO and the Council's Corporate Risk Team to keep them updated on the risk position within the Recovery and Improvement Plan and also to make sure that reporting is consistent with that in the Corporate Risk Register.
- 2.20 Interdependencies are again part identified by the Themes through their monitoring and partly by the PMO who have sight of the overall work on the Recovery and Improvement Plan. Where interdependencies between themes are noted these are played back to the relevant Themes to ensure action is taken. The PMO maintains a programme wide interdependency matrix to track these.
- 2.21 The Recovery and Improvement Plan runs for three years, it is highly likely that there will be occasions within this time where elements of the Plan may need to be amended. This could, for example, be due to better information becoming available which could change how an aspect of the Recovery and Improvement Plan should be delivered.
- 2.22 Should change to the Recovery and Improvement Plan occur then proposals will be formally documented and taken through the governance process outlined above to seek formal approval before any change is accepted. It is also envisaged that there will be an annual report to Executive Board setting out progress against the Recovery and Improvement Plan, so any changes agreed will also be formally documented in that report.
- 2.23 The three areas of risk, interdependencies and change also form regular items at the Recovery and Improvement Plan Officer Board to ensure that they are managed effectively.

Role of Audit Committee

- 2.24 Audit Committee will have an important role to play in helping to ensure that the Council successfully delivers the commitments that it has made through the Recovery and Improvement Plan.
- 2.25 To do this it will need to be assured that the processes and controls that have been set up to manage the implementation of the Recovery and Improvement Plan are both in place and effective.

2.26 Any feedback on the areas set out in this paper would therefore be welcomed.

3 Background papers other than published works or those disclosing exempt or confidential information

3.1 None

4 Published documents referred to in compiling this report

4.1 Report in the Public Interest on Nottingham City Council's governance arrangements for Robin Hood Energy and Action Plan in response, City Council (Extraordinary) Meeting 27th August 2020

4.2 Nottingham City Council Recovery and Improvement Plan, City Council Meeting 25th January 2021