



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No: 5
27 November 2020	PUBLIC REPORT

LANCASTER WAY UPDATE

1.0 PURPOSE

- 1.1. The purpose of this report is to provide the Committee with an update on the independent value for money review of the Lancaster Way project, as jointly commissioned by the Combined Authority (CPCA) and Cambridgeshire County Council (CCC).

<u>DECISION REQUIRED</u>	
Lead Officer:	Jon Alsop – Chief Finance Officer
<p>The Audit and Governance Committee is recommended to:</p> <ul style="list-style-type: none">(a) Note the findings and recommendations of the independent value for money report, as prepared by KPMG.(b) Note the joint response from CPCA and Cambridgeshire County Council, and progress made to address the report's recommendations.	

2.0 BACKGROUND

- 2.1. At its meeting of 15 May 2020, the Transport and Infrastructure Committee referred the Lancaster Way project to the Audit & Governance Committee for a value for money review of the costs and timetable related to the project.
- 2.2. At their meeting of 26 May, the Audit and Governance Committee agreed to the request for a review, in accordance with the proposed terms of reference, which are included at Appendix A.
- 2.3. The Chief Finance Officer, in consultation with the Chair of the A&G Committee, the Director of Delivery and Strategy, and Cambridgeshire County Council, appointed KPMG to carry out the independent review.
- 2.4. As part of their review, KPMG interviewed key project stakeholders, and reviewed multiple documents. Having considered the detail of those documents and the content of the interviews, KPMG identified a number of key findings

and proposed five consolidated recommendations to address them. The report states that “*These recommendations can be used to enhance the likelihood of delivery success for this project, but are also applicable across the CPCA portfolio.*”

2.5. The five consolidated recommendation from the report are as follows:

- (a) Enhance Governance and Control
- (b) Effectively set baselines for cost and schedule, informing a robust pipeline
- (c) Supplement CPCA Assurance Framework with further best practice guidance
- (d) Formalise risk management approach
- (e) Improve quality of reporting, and standardise reporting formats.

2.6. CPCA and CCC have jointly responded to the report’s findings and recommendations. The response includes the statement that “*The Combined Authority and the County Council accept all the recommendations of the audit report. In some cases, the recommendations highlight practices and standards which have been required by the Combined Authority since 2018, in others practices and standards which have been introduced by the Combined Authority since then, and in a few cases require the Combined Authority to continue with current work on developing and improving practice.*”

2.7. KPMG’s Independent Review is attached at appendix B. The CPCA and CCC joint response to the report is attached at appendix C.

3.0 FINANCIAL IMPLICATIONS

3.1. The cost of the review is to be shared equally between the Combined Authority and Cambridgeshire County Council.

3.2. The total cost of the review is expected to be between £25,000 and £29,500.

4.0 LEGAL IMPLICATIONS

4.1. The Assurance Framework sets out the key processes for ensuring accountability, including public engagement, probity, transparency, legal compliance and value for money for both the Combined Authority and the Business Board. It also sets out the processes for the oversight of projects, programmes and portfolios and how the progress and impacts of these investments will be monitored and evaluated.

4.2. The recommendations from the Independent Review include a recommendation that the Assurance Framework be supplemented with further best practice guidance, which if made would be reported to the Committee for the onward approval of both the Business Board and the Combined Authority Board.

5.0 EQUALITIES IMPLICATION

5.1. No equalities implications have been identified

6.0 APPENDICES

Appendix A: Terms of Reference for the independent review

Appendix B: KPMG's independent review of the Lancaster Way project

Appendix C: CPCA and CCC's joint response to the independent review

<u>Source Documents</u>	<u>Location</u>
1) Transport and Infrastructure Committee meeting of 15 May 2020, documents and decision statement:	CPCA T&I Committee 15 May meeting documents CPCA T&I Committee 15 May decision statement

Appendix A:

TERMS OF REFERENCE

Request from Transport and Infrastructure Committee

The Transport and Infrastructure Committee resolved to:

(a) Refer this project to the CPCA Audit & Governance Committee for a value for money review of the costs and timetable related to the project

In addition to the costs and timetable of the scheme itself, the project's value for money will be reliant upon the robustness of its governance, project management, and decision-making processes. Ensuring these are in place is crucial as the project moves into the delivery phase.

To conduct a review of the Lancaster Way project, considering

- the affordability and overall cost of the scheme
- the value for money of the scheme
- the time taken to bring the project to the point of delivery
- compliance with best practice in project management, including scope change and change control
- Decisions taken by the project team relating to the project's definition, development and cost
- Decisions taken by relevant CCC and CPCA Committees and Boards, by CPCA officers, including through officer working papers, with regard to the project's definition and development.
- The governance processes in CCC and the CPCA between decisions and recommendations reached by the project team and key officers and decisions taken by relevant Committees and Boards
- The funding background to the project, including funding provision made for the scheme by CPCA in its MTFs and taking account of decisions regarding project definition
- The preparation of reports for relevant Committees and Boards, including the involvement of CCC officers, CPCA technical officers and any others at the CPCA
- Any other communications between CCC and CPCA, within the CPCA or with any other organisation with regard to the decision making process that are relevant to the project

...and to report conclusions to the Combined Authority through its Audit and Governance Committee.