

Rossendale Council Public Improvement Plan

**A corporate response to the Empty Homes Project and the
subsequent internal audit report**



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Glossary of Terms and Acronyms

PLACE	Pennine Lancashire Chief Executives
HCA	Homes and Community Agency
LCC	Lancashire County Council
AAAW	AAAW Limited (the Council's housing agent)

1 - Introduction to Our Improvement Plan - “Managing the Situation”

Rossendale Borough Council has not possessed or managed volume housing stock for many years. However, in 2013, East Lancashire’s authorities worked to develop a project aiming to bring empty homes back into use. Rossendale was assigned as the Lead Authority and a company called AAW was appointed to deliver the project. On the 30th January 2015, following the project delivery company ceasing to trade, Rossendale Borough Council became directly responsible for c.360 domestic properties and approximately 150 tenants across East Lancashire. This exposed the Council to a significant financial risk.

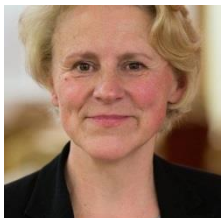
This understandably led to serious concern relating to the management of the project and financial risk to the Council, as well as the need to deal with the project itself. Our in-house recovery team and subsequent project team have done a good job in difficult and trying circumstances to both deliver the remaining elements of the project, including its social aims, and mitigate the financial impact on the authority. The whole council leadership team has also made great strides in addressing the project management and governance matters identified as part of the analysis of what went wrong.

We have already implemented many of the recommendations including those outlined in a previously published audit report associated with this project and we will all be working very hard to make sure we have the right processes, checks and balances in place to avoid a repeat of the mistakes made. We are committed to ensuring so far as possible that those parties responsible for the project failures are held accountable for their actions, and that they do not re-occur in the future.

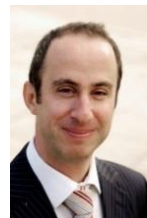
We acknowledge and apologise for the fact that there were some serious failings in the governance, financial oversight and control procedures in respect of Member involvement, procurement, monitoring and control of the Empty Homes project. We apologise fully for the way the scheme was managed in the run-up to AAW collapsing. We accept that there were chances to prevent the impact of their collapse on the project that were not taken, and that this should not have happened. Failings arose largely not from a lack of internal controls, but as a result of those controls being ignored or over-ridden.

We cannot underestimate the seriousness of overriding our internal control procedures and their consequences. This has been a particular focus of improvement actions, and changes have been made to people, structures, processes and checks and balances to strengthen the transparency and accountability of decisions being made. However, we are also confident that the lessons learned have changed the organisation, and that the result of this will be that we become a stronger and improved Council.

Cllr Alyson Barnes
Leader of Council



Stuart Sugarman
Chief Executive Officer



2 – Why Have We Developed this Improvement Plan?

The Section 151 Officer was tasked by the Chief Executive to prepare this plan for Rossendale Borough Council as a strategic corporate response to the Empty Homes project and the subsequent audit report.

This Improvement Plan is a Council wide document and has been produced to demonstrate our commitment to improving the Council based on the key findings of the internal audit report.

In this plan we want to transparently set out the steps we are taking to improve the authority and to ensure the public's faith and trust in their Council.

The plan is based on Internal Audit's assessment of what key improvements are recommended for the authority. We have taken into consideration discussions with; elected Members, senior management, external and internal audit, staff, the project steering group and the Homes and Communities Agency. We will outline, in this plan, the actions we are taking following the recommendations and discussions.

The whole of this Improvement Plan is designed to ensure that the Council has the capability to run effectively, for all its residents and partners, and with the best intentions of Rossendale at its heart, this has always been our ethos.

This plan will draw on learning from the internal audit report, internal investigation, Lancashire Police investigations, and the HCA audit; making this a robust plan for the future of Rossendale Borough Council.

Throughout this plan we have themed our achievements since the demise of the project, our action-plan to recover the project and our future considerations to ensure we are an effective and successful Council into 5 key themes;

Behaviour / Cultural Change	Effective / Successful Council	Performance / Project Management	Partnerships	Managerial/ Procedural
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3 - Achievements we have now made

In the key failings which saw the project go wrong, the basic foundations on an effective Council were disregarded by staff tasked with project managing it. We have put robust measures in place to address these risks and ensure that this never happens again. We have already taken a number of steps, identified below, to rectify the situation and ensure that the social aims of bringing empty properties back into use are being fulfilled.

Behavioural / Cultural Change

- Increased awareness amongst staff, public and Members of the Council's Whistleblowing Policy
- Undertaken training to ensure that staff and Members are trained on risk awareness annually
- Introduced an annual review to be undertaken by the Monitoring Officer and Section 151 Officer of all contract and procurement procedures
- Undertaken training for Members of risk awareness. All new members will receive this training as part of their induction and then ongoing refresher training
- Concluded a review of our Senior Management Team to ensure we have a strong, robust and effective Management Team to lead the Council, alongside Members
- Made sure that all our staff and Members are aware of and understand the Council's rules and procedures around: procurement, risk management, project management, standards, governance and the constitution.

Effective / Successful Council

- Moved the monitoring of the risk monitoring procedures from the Overview & Scrutiny Committee to the Audit & Accounts Committee
- Commenced the process of a HCA compliance audit in order to verify that grant, so far claimed, is in accordance with the scheme
- Brought in new resources to establish a new internal team dedicated to the Empty Homes Project
- Identified resources to establish a new in-house project team to manage the scheme going forward.

Partnerships

- Established a positive dialogue with East Lancashire partners to confirm their financial contribution and their ongoing operational support to the scheme
- Formulated an exit strategy for the Council involving the implementation of a procurement exercise to secure a fit for purpose housing provider to take on the management responsibility of the remaining housing stock
- Sought advice from the HCA and other social housing providers.

Managerial / Procedural

- Revised our risk register to make it much more detailed
- Established a Risk Review Panel to consider new projects from a risk perspective
- Established a risk assessment process for Cabinet members
- Introduced procedures to annually review contract and procurement procedures
- Initiated a fundamental review of its risk identification process, resulting in amongst other things a revision of the Council's Risk Management Strategy
- Ensured the Council's newly introduced officer Programme Board monitors all material Council projects in accordance with the recently agreed Project Plan process
- Undertaken agreed steps to review live Schemes of Delegations. This will be done annually by the Chief Executive in conjunction with the S151 and Monitoring Officers
- Agreed at Management Team that all new key projects must follow a set process e.g. business case, Management Team sign off, Member approval and an end of project appraisal
- Overview & Scrutiny or other relevant Committees to monitor the actions and performance management of all material Council projects
- As part of the recovery project employed a temporary Programme Officer, Senior Executive Officer and Legal Officer to monitor all Council projects, bring in additional management and legal capacity
- Recruited a Housing Team to manage the properties, deal with tenants and owners, and procure contractors to undertake the required repairs, who have moved the project on considerably
- Obtained Counsel's opinion on the Council's legal position and liability risks
- Established a series of all Member briefing sessions
- Sought Counsel's opinion to confirm senior officer's view that the actions of Council and officers, albeit wrong on some occasions, were not ultra vires and that in any event does not change the current legal position of the Council.

Performance/ Project Management

- Began the process of setting out a clear plan for the successful conclusion of the project by the New Year deadline set by the Homes and Communities Agency
- Completed a full tenant assessment to ensure amongst other things that tenants were occupying appropriate properties and in some cases removed those tenants abusing their home or not paying rent
- Secured all empty properties and acted on property enforcement notices
- Commissioned a full property survey followed by individual cost schedules
- Dealt with a number of longstanding repairs and set up a tenant helpline for such matters
- Reconnected with property owners in order to instil their confidence back into the scheme
- Four separate tenders completed for the refurbishment of 120 properties
- Brought a number of derelict homes back into use with a programme to have full occupancy by our target date of October 2016
- Identified a number of properties that are not eligible for the HCA scheme
- Returned some properties to owners when, amongst other things, it is not financially viable to proceed
- Completed individual tenant assessments, in order to understand the occupancy of each property
- Established procedures for tenant repair enquiries and requests
- Commissioned a property survey for all properties followed by individual cost schedules in order to bring up to acceptable housing standards
- Commenced a procurement programme for individual property refurbishment
- Acted on those empty properties that required minimal work and has already brought a number of derelict homes back into use
- Identified at an early stage those properties where it was advantageous to return to property owners (c. 30)
- Reviewed all legal arrangements to ensure that they were fit for purpose
- Served legal notices to bring tenancies breached to an end as part of good housing management
- Immediately informed the Police about allegations of fraud and other relevant agencies and partners. Police investigations are still on-going.

4 - Whole Council Support for the Improvement Plan

Staff at the Council have shown a tremendous amount of spirit and determination to work together to recover the project and get it under control. An initial project recovery team was set up immediately as an interim solution, before we established the current Rossendale Housing Team. The initial Project Recovery Team was made up of members of a variety of Council departments who all worked extremely diligently and well in very trying and demanding circumstances.

The Council's Senior Management Team is committed to the Improvement Plan and each team within the Council will work towards the identified actions so that we successfully complete the action plan.

The Council's Senior Management Team has helped to develop this Improvement Plan as a strategy to help lead change across the Council in the 5 key areas we've identified and which shape this document:

Behaviour / Cultural Change	Effective / Successful Council	Performance / Project Management	Partnerships	Managerial/ Procedural
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5. Key Areas of Risk that Inform our Action Plan

The internal audit report focused on the following key risks:

- Assessing the opportunities provided by a potential source of external grant funding and the risks arising from the funding conditions and acting as accountable body
- Designing and implementing a programme to achieve the Council's objectives
- Taking a lead role working on behalf of other authorities
- Commissioning, procuring and working with an external organisation to implement the Council's objectives
- Designing and operating the on-going systems and processes required within the Council to operate with a commercial partner
- Decision making and corporate oversight of a programme and its performance in achieving the Council's objectives and the Council's response to external concerns.

The key matters arising out of the internal audit report were summarised in the published report at paragraph 3.1.

The internal audit report clearly stated that the majority of controls were in place but they were overridden. With this in mind the key matters for action and behavioural change are as follows, which we have grouped into the themes we have used throughout this Improvement Plan.

	Action	Timeline	Theme
1	Implementation of an organisational development programme in order to address behavioural and cultural change.	2016/18 and beyond. People & Policy to lead a development programme.	Behaviour / Cultural Change
2	Alongside this we need to define what a good Council looks like in order to identify our goals and ensure that senior managers job descriptions and person specifications accurately reflect the core competences required for a fit for purpose Council	2016/18 and beyond. People & Policy to review and update job descriptions as necessary	Effective / Successful Council
3	Review the Council's Performance Management framework and Project Management framework	2016/18. In conjunction with People & Policy, the CEO to lead a corporate wide review of the frameworks and resources.	Performance/ Project Management
4	Review of the Council's material partnerships and the due diligence of such partnerships	2016/17 Senior Management Team to identify all key partnerships and update partnership and risk registers as required.	Partnerships
5	Review of Contract Procedure Rules	2016/18 Monitoring Officer and Section 151 Officer to lead a review.	Managerial/ Procedural

6. Our commitment to how we are delivering change across our organisation

The following are examples of some of the initiatives we have already implemented or are planning to implement by 2017/18 in order for Senior Management Team to deliver change across the Council and strengthen our governance arrangements.

Behavioural/Cultural Change	Staff sessions with the CEO	Staff survey conducted July 2016	Conduct fraud awareness training and information session
	CEO now meets all new starters	Review of internal communication and monthly team meetings	Performance Development Reviews (PDRs) in place for all staff
Effective/Successful Council	Senior Management Team review	Conduct Job Evaluation review	Senior Management Team core competencies reviewed
	Refresher Risk Management Training	Training for staff on good governance	Develop new Corporate Plan 2017-2020 with new priorities and council vision
Performance/Project Management	All new projects are brought before the Senior Management Team at the Programme Board meeting	Sound project management principles developed and adhered to	Projects to clearly stipulate frequency of Member updates
	Council wide refresher training on Performance Management	Key performance monitoring data to be reported on as part of on all performance based contracts	Roll out SharePoint for project management
Partnerships	Conduct Resident Survey to inform new Corporate Business Plan for 2017-2020	All future contracts will have explicit ultra vires references to the passing off of the Council	Review all operational and strategic partnerships
	Constitutional arrangements of partners formally considered by Monitoring Officer	Engage and be involved in Lancashire Combined Authority development	Deliver housing and employment growth with partners
Managerial/Procedural	Whistleblowing Policy updated and communicated to staff	Deliver refresher training to all staff on the roles and responsibilities of Statutory Officers	Refresher training for Members on the Code of Conduct
	Review Council's Constitution in light of Internal Audit Recommendations	Contract authorisation/signing is restricted in line with the constitution	Training on procurement and contract management

7 – Future Considerations

The following is not an exhaustive list but seeks to give examples the Council will take with regard to future actions and considerations;

Behavioural / Cultural Change

- The Council procurement rules and the Council's trading terms will nullify netting off of costs in order to ensure transparency, unless netting off is to the advantage of the Council
- Future projects involving Member authority will also stipulate the frequency of future updates to Members
- By ensuring robust project management due consideration can be given to any requirement for schemes of delegation to ensure that they are legitimate, fit for purpose and have been given due consideration
- Senior management override is a dangerous potential for any organisation. Any organisation needs to rely on the professionalism and competency of its most senior officers. Senior officers must communicate with other senior colleagues in an open and transparent manner. We will ensure that this is the case through the proposed changes to project management and the regular reporting to the Programme Board. Weekly management team meetings now take place with agreed action points circulated to all staff
- This will also be reported on as part of our governance and project management
- Staff inductions to cover fraud and staff to be provided with a handbook linking them to policies.
- Management inductions to cover Risk Management

Effective / Successful Council

- The responsibilities and good practices for managing contracts and the supply of goods or services will be enshrined in the next update of the Council's constitution in with full training for officers and Members
- All material new projects will include Governance and authority levels required (i.e. Office or Member decision)
- The Council will review its own constitution to secure that it is consistent with 'The International Framework: Good Governance in the Public Sector' in ensuring that it has effective arrangements in order to ensure that it acts in the public interest at all times
- The Council will define what parameters and tests define a material project. This will be enshrined in the next update of the Council's constitution (Governance working Group and Full Council)
- The Council will ensure all relevant officers and Members will receive relevant training in, amongst other things: risk management, project management, procurement, contract management, Council constitution, good governance, etc.
- The plan will be a live document and will regularly be updated as resident want to know the key achievements of the project. With this in mind all these actions will be added to the corporate actions register and monitored through the Council's performance management system, Covalent
- Hold Middle Manager Forums to share working and information.

Partnerships

- In all future projects, a key element of the considerations and assessment in any future partnership working be it with other public, private or the voluntary sector will be the need for due diligence of partners' ability to manage the project and deliver agreed outcomes and outputs, indemnities and the strength of partner financial covenants, together with a full risk appraisal process
- Contracts/Service-Level Agreements with partners will be stringent to prevent any fraudulent activity.

Managerial/ Procedural

- All material opportunities to be endorsed by the Council's 3 statutory officers, management team and members before any funding is sought
- All material projects to be overseen by the Council's recently established officers Programme Board which will include a financial and legal assessment
- We will ensure that any future procurement activity is fit for purpose by fully understanding the business case of the procurement, its risks, rewards and the legal obligations of Rossendale Borough Council
- All future contracts will have an explicit ultra vires references in the approval process
- The additional controls necessary for the payment authorisation of goods and services will be immediately enforced and made more specific and enshrined in the next update of the Council's constitution (Governance working Group and Full Council) and officer training which will follow
- Future legal assessment of all material projects will give consideration to all legal relationships to ensure that they are robust and fit for purpose
- The Council's ICT policy will be amended to prohibit the use of Council email addresses to those individuals not employed directly or by way of agency or formal secondment
- Future grant schemes in relation to property will always result in a local land charge where the law provides for this
- The Council will embed a robust risk management culture
- Commitment to supporting staff through Whistleblowing concerns.

Performance / Project Management

- All future material funding opportunities to include a business case assessed on, amongst other things: financial, legal, contribution to corporate priorities and reputation
- Sound project management principles to be adhered to including amongst others:
 - Business case including: sensitivity analysis) Project Initiation Documents/Definition of the outcome objectives/ consideration of capacity (both internal and external)
 - Project miles stones
 - Outputs
 - Change control
 - Risk register
 - Issues log
 - Communications plan
 - Governance – Programme Board, Project Sponsor, Project Lead, Council Members
 - Project review at completion
- To ensure all projects consider the Council's wider corporate priorities, interaction with other service outcomes and the ability to cross promote one another
- The enforcement of sound and fit for purpose project management principles will ensure that no single officer will have sole control of any future material project (e.g. via a Project Lead and a Project Sponsor)
- Part of robust project management is the definition of outputs. Outputs include any reporting both internally (Members, etc.) and externally (Government agents, partners, etc.). As part of good practice all such reports should be first endorsed by the Programme Board and highlighted as such (by reference to consultations) in the reports themselves in order that any such reports are robust, accurate and meaningful
- The Council will revise its risk register to make it much more detailed, establish a risk review panel to consider new projects from a risk perspective and establish a risk assessment process for Cabinet Members

8 - What Does Success Look Like for Rossendale Borough Council?

MEMBERS



Reassurance that projects are managed effectively within the Council, an effective Management Team with thorough internal processes so that they can confidently convey this to their residents.

PROPERTY OWNERS - RESIDENTS IN THE SCHEME



Improvements made to their properties as planned in the original aims of the scheme, more properties available to rent affordably from a reputable housing association.

RESIDENTS



A Council they can trust and respect, who have their best interests at heart and work for the benefit of the whole Borough using limited resources wisely.

STAFF



Improved culture within the organisation, more effective Management Team, internal processes and an overall improved morale of the workforce.

LOCAL AUTHORITY NEIGHBOURS



Confidence in us that we can continue a project that all members of PLACE and Lancashire wanted to see come to fruition.

SERVICE USERS



Confidence in the Council and the limited damage to the finance of the Council as a result of robust risk and project management

HCA



Successful completion of the scheme and realisation of the projects physical and social aims.

BUSINESSES



Confidence in the Council and doing business with the Council in the future, confidence in the Council's procurement and tendering process.

MEDIA



Transparency on the project, the audit findings and the action plan the Council is committed to. Updates on the progress of the project and the action plan.

9. Future Vision of Rossendale Borough Council

Rossendale Borough Council wants to be known for delivering successful, high quality projects for the benefit of our residents and businesses in the environment in which they live, work and rest. We want our residents and partners to know we have a strong leadership team with staff that are working hard to deliver results for the good of our residents.

Rossendale Borough Council is committed to ensuring the very basic building blocks of an effective, robust and modern Council are in place, embedded in the financial reality of local authorities currently and the commitment to delivering high quality value for money, local services for our residents.

All our staff are expected to act professionally as employees and ambassadors of the Council, with residents and the Council's best interests at the forefront of their work. They are empowered but are risk aware, know when and where they can make decisions and follow the internal process of getting approval for high level projects.

We are in the process of developing a new Corporate Business Plan for 2017-2020 with new priorities and a new vision for the Council so that we can clearly communicate our direction and commitment to our residents, Members, staff and partners. We are informing this work with the learning from the Audit report and this Improvement Plan. We have very hard decisions to make in a climate of reduced budgets, but we always work with the best intentions of Rossendale at our heart.

It is important that through this Improvement Plan we do not lose sight of the fact that we manage projects well and we work very effectively in many partnerships. For example, we have worked in partnership with Capita for over a decade with the Council's largest ever contract, for them to manage our Revenues and Benefits function. We work closely and effectively with partners in Sport, Leisure and Culture to great success as they are now becoming independent, successful and self-sufficient with no need for Council grant support. We have managed a vast number of regeneration and redevelopment projects up and down the borough to bring growth and opportunities to our towns.

10 – Conclusion and Thanks

This is a plan we welcome and will wholly adopt so that we come out of this an improved Council. We want to be a Council that its residents, Members, staff, partners and neighbouring authorities can be proud of and have full confidence in.

We would like to thank everyone who helped inform this plan and developed its actions.

We would also like to thank LCC Internal Audit, the Police, Grant Thornton for their work on audit reports and investigations and our dedicated staff who have driven the recovery.

Our full action plan will be publically available and will be published regularly, with updates, as it is overseen by Council's Audit and Accounts Committee.

Following this Improvement Plan, residents and partners can be assured that Rossendale Council is;

- A well run Council with strong management and inspirational leadership
- A Council that its residents can trust and are confident in how it makes and takes decisions
- Delivering a successful housing scheme that will benefit not only Rossendale but the wider East Lancashire Footprint, with strong social benefits
- Robust, with better internal controls in terms of project management, risk management and wider governance
- A positive, open and transparent, with this culture running throughout the organisation, our staff, our projects and our procedures.

We would like to thank you for taking the time to read this Improvement Plan which we hope has informed you on the situation that lead to the project demise, the excellent work we have taken in recovery and the actions we continue to take in order for us to be an effective and successful Council.

The logo for Rossendale Borough Council features the word "Rossendale" in a large, blue, sans-serif font. Below it, the words "BOROUGH COUNCIL" are written in a smaller, blue, all-caps, sans-serif font, with "BOROUGH" and "COUNCIL" separated by a space.