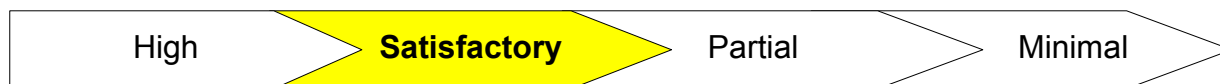


## Appendix 2a: Assurance and Themes

### Assurance



### Southend Energy Partnership (OVO)

#### Objective

To assess the adequacy of the arrangements for monitoring delivery of the expected benefits for both the Council and local residents from the partnership arrangements entered into with OVO Energy Limited to create the Southend Energy brand.

#### Themes

##### ***Business case for partnership arrangement***

A report was issued to Cabinet in January 2015 to “seek approval to create a Southend Energy company to provide a direct offer to residents and businesses within the Borough”. This provided comprehensive information to support the proposal. It also set out how this arrangement contributed to delivering the Council's Vision and Corporate Priorities.

A procurement market options appraisal was produced, and advice sought from the Corporate Procurement team to confirm that a tender competition exercise was not required.

##### ***Roles and Responsibilities***

The Energy and Sustainability Manager's role purpose and responsibilities are set out in the job description, which needs to be amended to include OVO contract management responsibilities.

Contract governance has recently been transferred to a newly created Energy Opportunities Board, whose accountabilities still need to be formally documented. Its role includes providing updates to corporate management on delivery of the Low Carbon Energy and Sustainability Strategy.

##### ***Performance monitoring and resident satisfaction***

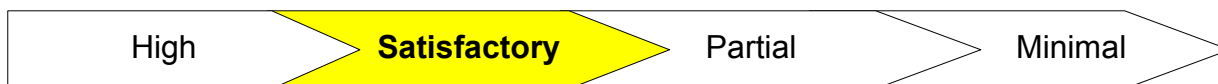
OVO, as required under the partnership agreement, provide quarterly management information packs to the Council that highlights performance against the relevant agreed targets which are discussed at quarterly meetings. The packs show that OVO have been exceeding their KPI targets. Going forward, the Council needs to review OVO's data reporting systems and processes to gain assurance that KPI figures are being generated and reported accurately.

Both OVO and Southend Energy complaint levels are monitored against industry averages and have been consistently below these as reported in the packs.

OVO is required to produce an annual report in March however; the annual meeting as well as consideration of this have not yet occurred for 2017.

## Appendix 2a: Assurance and Themes

### Assurance



The original Cabinet report contained a risk assessment covering key areas such as marketing, reputation, procurement, breach of contract, business competition and bad debt. These risks now need to be formally documented in a risk register, regularly reviewed and refreshed. It should then be presented to the Energy Opportunities Board as part of the normal performance management process.

#### ***Delivery of benefits to residents***

The key intended benefit to residents of the partnership arrangement is savings on energy prices through switching to another supplier, including Southend Energy. The Energy team periodically perform an analysis of the energy market to assess where Southend Energy are priced in comparison to all other providers. This is good practice, as it helps to evidence that Southend Energy are at least amongst the cheapest suppliers. This should be performed on a systematic basis as part of an annual contract review.

#### ***Council income***

As agreed under the partnership arrangement, the Council receives a fixed referral fee from OVO for each new Southend Energy customer. The Council raises invoices from information received from OVO. Due to historic VAT issues, the invoicing cycle had been ad hoc. The Council is now up to date with the billing and has a quarterly invoicing process in place.

It was identified that prior month figures provided by OVO had been retrospectively adjusted resulting in the Council potentially under billing OVO by £4,472.50. The reason for this is being investigated and any monies due have been recovered. A reconciliation process is also being established so that any such amendments will be identified in future.

**Number of actions agreed: 7**

### **Better Queensway Project Assurance**

#### **Objective**

To assess whether:

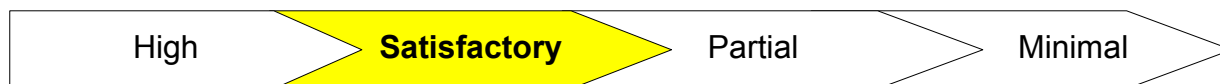
- effective project processes have been established for delivering the Better Queensway Project within the intended timeframes, so it achieves the expected benefits
- the actions agreed in the original audit report dated February 2017 have been implemented and are now effectively embedded into the day-to-day project management approach.

#### **Themes**

Overall, the arrangements introduced to manage the Better Queensway project are now sound.

## Appendix 2a: Assurance and Themes

### Assurance



The governance, reporting lines, escalation paths and delegated authorities for decision making for the project:

- have been formalised
- are clearly documented for each level of the project hierarchy.

It includes boards at various levels including a Sponsoring Group with a subset of Council Members, who have delegated authority for key project decisions. They are all supported by detailed terms of references, minutes, a clear audit trail of actions required with responsible owners assigned; and progress made in delivering actions is followed up at subsequent meetings.

The role, remit and responsibilities of individuals working on the project have been clarified, documented and communicated.

The project:

- has introduced highlight reporting throughout the governance hierarchy, covering key project control areas such as time, cost, scope changes, risks and issues
- presents monthly highlight reports to Corporate Management Team (CMT).

Whilst highlight reports include a high-level rag status update on project costs, further work is required to;

- produce a detailed budget, which sets out the planned costs required to deliver the project over time
- develop a process to monitor this against actual spend throughout the project.

Project reporting includes escalated key risks. A risk workshop is planned to ensure the project fully understands the current risks, has plans in place to mitigate them and that this is documented in the risk register, which will be periodically refreshed.

A project plan has been developed for the current phase of the project, which captures the required information and outlines the critical path of activity. This would be strengthened by including the resources required to deliver all of the required tasks.

Planned project objectives and benefits have been defined at a high level. Since the previous audit, a Benefits Management Strategy has been developed. However, detailed benefit profiles or plans still need to be developed to enable the realisation of intended benefits to be demonstrated and project investment decisions to be justified. This will be developed following the completion of similar work on the Airport Business Park project, planned for January 2018.

A robust approach remains in place for the identification, analysis and engagement of key project stakeholders.

Good progress had been made in addressing the agreed actions from the previous report.

**Number of actions agreed: 5**