



Finance and Risk Committee of the Barbican Centre Board

Date: TUESDAY, 27 JUNE 2023

Time: 1.45 pm

Venue: CO-LAB SPACE, BARBICAN CENTRE

Members: Tijds Broeke (Chair) Robert Glick (Barbican Centre Trust representative)
Tom Sleigh (Deputy Chairman) Tobi Ruth Adebekun (External Member)
Deputy Randall Anderson Alpa Raja
Alderman Sir William Russell Mark Page (External Member)

Enquiries: Ben Dunleavy
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Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

3. **MINUTES**

To approve the public minutes and non-public summary of the last meeting held on 10 May 2023.

For Decision
(Pages 5 - 8)

4. **CONCERT HALL 2016 REFURBISHMENT WORKS**

Report of the CEO, Barbican Centre.

For Decision
(Pages 9 - 18)

5. **BARBICAN CYCLICAL WORKS PROGRAMME AND CAPITAL PROJECTS - UPDATE REPORT**

Report of the CEO, Barbican Centre.

For Information
(Pages 19 - 28)

6. **INTERNAL AUDIT UPDATE**

Report of the Chamberlain.

For Information
(Pages 29 - 42)

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

8. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

9. **EXCLUSION OF THE PUBLIC**

MOTION – That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following items, on the grounds that they involve the likely disclosure of Exempt Information, as defined in Part 1, of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

10. **NON-PUBLIC MINUTES**

To approve the non-public minutes of the last meeting held on 10 May 2023.

For Decision
(Pages 43 - 44)

11. **BARBICAN BUSINESS REVIEW: MAY 2023 (PERIOD 2)**

Joint Report of the CEO, Barbican Centre and the Chamberlain.

For Information
(Pages 45 - 58)

12. **VISUAL ARTS FINANCES DEEP DIVE**

Joint Report of the CEO, Barbican Centre and the Chamberlain.

For Information
(Pages 59 - 64)

13. **RISK UPDATE**

Report of the CEO, Barbican Centre.

For Information
(Pages 65 - 94)

14. **CONTROVERSIAL ARTS PROGRAMMING & BUSINESS EVENTS RISK REGISTER**

Report of the CEO, Barbican Centre.

For Information
(Pages 95 - 116)

15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

16. **ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

FINANCE AND RISK COMMITTEE OF THE BARBICAN CENTRE BOARD **Wednesday, 10 May 2023**

Minutes of the meeting of the Finance and Risk Committee of the Barbican Centre Board held at Co-Lab Space, Barbican Centre on Wednesday, 10 May 2023 at 1.45 pm

Present

Members:

Tijs Broeke (Chair)
Tom Sleigh (Deputy Chairman)
Deputy Randall Anderson
Alderman Sir William Russell

Officers:

Ben Dunleavy	- Town Clerk's Department
Claire Spencer	- CEO, Barbican Centre
Udhay Bhakoo	- Chamberlain's Department
Cornell Farrell	- Barbican Centre
Will Gompertz	- Barbican Centre
Natasha Harris	- Barbican Centre
Ali Mirza	- Barbican Centre
Sarah Wall	- Chamberlain's Department

1. APOLOGIES

There were no apologies.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

The public minutes and non-public summary of the meeting held on 16 February 2023 were approved as a correct record.

4. CONCERT HALL SEATING (02800132)

Members received a report of the CEO, Barbican Centre, relating to the Concert Hall Seating project.

RESOLVED, that – Members note the lessons learned section of the report and approve formal closure of this project.

5. BARBICAN CWP AND CAPITAL PROJECTS - UPDATE REPORT

Members received a report of the CEO, Barbican Centre, providing an update on CWP and capital projects at the Barbican Centre.

RESOLVED, that – the report be received and its contents noted.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions
7. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**
There was no other business.
8. **EXCLUSION OF THE PUBLIC**
9. **NON-PUBLIC MINUTES**
The non-public minutes of the meeting held on 27 February 2023 were approved as a correct record.
10. **BARBICAN BUSINESS REVIEW: DRAFT MARCH 2023 (PERIOD 12)**
Members received a joint report of the CEO, Barbican Centre and the Chamberlain, providing a business review for the Barbican Centre in period 12.
11. **BARBICAN ART GALLERY CHILLER REPLACEMENT**
Members received a report of the CEO, Barbican Centre relative to the chiller replacement project.
12. **(CWP) CONCERT HALL STAGE RISERS**
Members received a report of the CEO, Barbican Centre relative to the Concert Hall stage risers project.
13. **CONTROVERSIAL PROGRAMMING RISK REGISTER**
Members received a report of the CEO, Barbican Centre providing an update on the controversial programming risk register.
14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
Members discussed how the Committee could consider more detailed financial reviews of various areas of the Centre's business.
15. **ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
Members discussed a report circulated under any other business.

15.1 **Risk Update**

Members received a report of the CEO providing an update on the risk management system at the Barbican Centre.

The meeting ended at 2.36 pm

Chairman

Contact Officer: Ben Dunleavy
ben.dunleavy@cityoflondon.gov.uk

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Agenda Item 4

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<p>Committees: Finance & Risk Committee of the Barbican Centre Board – for decision *Barbican Centre Board – for information Operational Property & Projects Sub Committee – for decision</p>	<p>Dates: 26 June 2023 12 July 2023 18 September 2023</p>
<p>Subject: Concert Hall 2016 refurbishment works. Phase 1 02100107 Phase 2 02800107 Unique Project Identifier: 11559</p>	<p>Gateway 6: Outcome Report Regular</p>
<p>Report of: Barbican Centre Report Author: Tram-Anh Gonin – Project Manager</p>	<p>For Decision</p>
<p>PUBLIC</p>	

Summary

<p>1. Status update</p>	<p>Project Description: This project consisted of the following phases:</p> <ul style="list-style-type: none"> ● Phase One: <ul style="list-style-type: none"> a) Overhaul stage riser mechanisms (including new controls, with back-up system along with new safety edges). b) Replace piano lift control system and installation of a robust safety rail to stage. ● Phase Two: <ul style="list-style-type: none"> ○ Projection & control room air-conditioning & ventilation upgrade. ○ Stage surface refurbishment/replacement ○ Dressing rooms and conductor’s room refurbishment. ● The refurbishment of the stage timber wall cladding (‘organ pipe’ feature panels) has been omitted at Gateway 1&2. <p>RAG Status: Amber (Amber at last report Committee) Risk Status: Amber (Amber at last report Committee)</p>
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v.April 2019

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	<p>Costed Risk Provision Utilised: N/A</p> <p>Final Outturn Cost: N/A</p>						
<p>2. Next steps and requested decisions</p>	<p>Requested Decisions:</p> <p>To note the lessons learned section of this report and approve formal closure of this project.</p>						
<p>3. Key conclusions</p>	<p>Key benefits of the project</p> <p>Since the delivery of the project, the music, engineering, and event departments have confirmed safer H&S operations with the piano lift, better continuity of projection operations during performances, and a better experience for front of house patrons and performers backstage.</p> <p>It demonstrated effective collaborative working with LSO and the artists ensuring the smooth operation of the Concert Hall.</p> <p>It has reduced the likelihood of reputational damage due to material failure and outdated equipment.</p> <p>Phase 1A and 2 were completed on time, but Phase 1B had to be deferred and a new cooling system had to be designed for Phase 2 as per the project timeline below. Budgetary adjustments were required to cover the above points.</p> <p>Project timeline</p> <p>Phase 1 was delivered by TAIT Technologies (formerly Stage Technologies) for the following works:</p> <table border="1" data-bbox="464 1615 1437 1861"> <thead> <tr> <th>Phase 1 works</th> <th>Completion date</th> </tr> </thead> <tbody> <tr> <td>Phase 1A - Refurbishment of the stage riser control system</td> <td>September 2016</td> </tr> <tr> <td>Phase 1B - Installation of the piano lift</td> <td>December 2017</td> </tr> </tbody> </table> <p>Phase 2 was delivered by Zodiac Contracts (formerly Bakers of Danbury) for the following works:</p>	Phase 1 works	Completion date	Phase 1A - Refurbishment of the stage riser control system	September 2016	Phase 1B - Installation of the piano lift	December 2017
Phase 1 works	Completion date						
Phase 1A - Refurbishment of the stage riser control system	September 2016						
Phase 1B - Installation of the piano lift	December 2017						

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	Phase 2 works	Completion date
	Refurbishment of the dressing rooms 1-5, conductor's room	September 2016
	Stage surface	September 2016
	Refurbishment of dressing rooms 6-21	September 2016
	Projection room ventilation and cooling system	September 2016
	Installation of the standalone cooling system	August 2018

Main Report

Design & Delivery Review

<p>4. Design into delivery</p>	<p>Phase 1: The design of the project did adequately prepare for the delivery of Phase 1. However, Phase 1B - installation of the piano lift was deferred until 2017, this was due to design error by the contractor.</p> <p>Phase 2 :The control room cooling system was installed, but it was not providing the output anticipated. This was because the consultant's design was superseded by adjustments made by the M&E team to make the system more energy efficient. A standalone cooling system therefore had to be designed for the control room.</p>
<p>5. Options appraisal</p>	<p>Gateway 3-4 (October 2015) outlined four possible options:</p> <ul style="list-style-type: none"> • Option 1: renew the piano lift, upgrade the projections room cooling system, replace the stage riser control system, re-sand and seal the stage surface, and refurbish the dressing rooms. • Option 2: as per option 1, except that instead of renewing the piano lift, it is fully serviced and its control system replaced. • Option 3: as per option 2, except that it allows for full refurbishment of dressing rooms 1 to 5 and the stage timber wall cladding. • Option 4: as per option 3 except that it includes the full refurbishment of dressing rooms 6 to 21. This constitutes the full scope of works envisaged at Gateway 1&2.

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	The recommended and agreed option of Option 1 allowed the project to meet its objectives and provide long term value.
6. Procurement route	<p>The specialist consultant was procured through a competitive tender process. Theatreplan Ltd was appointed on the basis of providing the full scope of services.</p> <p>The contractors were procured through a competitive tender process, managed by Commercial Services (formerly City Procurement).</p> <p>The procurement process worked well for the consultant and the contractors.</p> <p>There are few suppliers in the market that can deliver those specific services and works, and as a result, it tends to be the same suppliers that are invited to tender.</p>
7. Skills base	<p>The City of London project team had the required skills and experience to deliver this project.</p> <p>An external theatre specialist consultant was appointed to assist with the design, contract administration and delivery.</p>
8. Stakeholders	The Barbican Centre music, engineering and events departments as well as the LSO were key stakeholders and were heavily involved in the design and delivery .Stakeholders were engaged throughout the project lifecycle and were satisfied with the project outputs/outcomes.

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Variation Review

9. Assessment of project against key milestones	Item	Estimated date	Actual date
	Gateway 5 approval	March/April 2016	11 th May 2016
	Start on site	July 2016 (at G1-4)	August 2016
	Phase 1 Phase 2	Aug 2016 (at G5) Aug/Sep 2016 (at G5)	August 2016 August 2016
	Works Complete	September 2016 (at G1-4)	
	Phase 1A Phase 1B Phase 2	Sep 2016 (at issue report) Aug 2017 (at issue report) Sep 2016 (at issue report)	September 2016 December 2017 September 2016
<p>The construction phase was delayed due to the issues with the piano lift and the control room cooling system.</p> <p>The Outcome Report has been delayed for several reasons but primarily due to a lack of resource.</p> <ul style="list-style-type: none"> - There have been a number of staff changes resulting in a lack of direct knowledge of the project post-completion. - The lock down of the Centre due to Covid forced the two remaining officers (one temporary PM and Assistant PM) to concentrate their efforts into delivering as many projects as feasible whilst the Centre was accessible for contractors due to the Centre being closed. - There is a backlog of Outcome Reports, due to lack of resource and turnover of staff, which require drafting and submitting. The current project team are working their way through these and have agreed a timetable with the Corporate Programme Office for when these reports will go to committee. 			
10. Assessment of project against Scope	<p>Change to scope</p> <p>The refurbishment of the stage timber wall cladding ('organ pipe' feature panels), originally included in the Gateway report 1 & 2 was omitted due to budgetary constraints in Gateway 3 & 4. The rest of the scope remained unchanged from Gateway 1 to Gateway 5.</p>		

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	<p>Other changes during delivery</p> <p>In Phase 1, due to a design error by the Phase 1 contractor, the manufacture and installation of the piano lift was not possible in 2016 and its replacement deferred until August 2017.</p> <p>In Phase 2, the new cooling system installed by Phase 2 contractor could not provide adequate cooling during the winter. The design had to be modified to take into account that the Barbican Centre decommissions its chilled water system during winter. A new standalone cooling system had to be designed and installed, as outlined in the Issue report from May 2017.</p>
<p>11. Risks and issues</p>	<p>CRP</p> <p>The use of CRP was introduced after the last report to Committee. If we had CRP at the time, it would have helped mitigate the delays for the changes in scope and for the discovery of asbestos during the construction phase.</p> <p>Unidentified risks</p> <ul style="list-style-type: none"> • The discovery of asbestos was identified in Gateway 5, however this risk has been mitigated through a refurbishment survey. • Changes to scope. • Extension of time.
<p>12. Transition to BAU</p>	<p>The project had a clear plan for transfer to business as usual, working around the dark period for the concert hall, and for the ongoing maintenance of the lift and the cooling system.</p>

Value Review

<p>13. Budget</p>	<table border="1"> <tr> <td data-bbox="470 1559 759 1637"><i>Estimated Outturn Cost (G2)</i></td> <td colspan="2" data-bbox="759 1559 1447 1597">Estimated cost (including risk): £680,000</td> </tr> <tr> <td></td> <td colspan="2" data-bbox="759 1597 1447 1637">Estimated cost (excluding risk): £680,000</td> </tr> </table>			<i>Estimated Outturn Cost (G2)</i>	Estimated cost (including risk): £680,000			Estimated cost (excluding risk): £680,000	
	<i>Estimated Outturn Cost (G2)</i>	Estimated cost (including risk): £680,000							
		Estimated cost (excluding risk): £680,000							
	<p><i>At Authority to Start work (G5) – May 2016</i></p>	<p><i>At Issue Report – May 2017</i></p>	<p><i>Final Outturn Cost</i></p>						
<p><i>Fees</i></p>	<p>£99,500</p>	<p>£105,972</p>	<p>£135,370</p>						
<p><i>Staff Costs</i></p>	<p>£30,000</p>	<p>£30,000</p>	<p>£0</p>						

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		<i>At Authority to Start work (G5) – May 2016</i>	<i>At Issue Report – May 2017</i>	<i>Final Outturn Cost</i>
	<i>TAIT technologies UK (formerly Stage technologies) – Phase 1 works</i>	<i>£338,152</i>	<i>£342,601.50</i>	<i>£275,189.50</i>
	<i>Zodiac Contracts (formerly Bakers of Danbury) – Phase 2 works</i>	<i>£284,650.50</i>	<i>£311,599.70</i>	<i>£373,334.23 (incl. £44,000 raised on revenue AC112-10800)</i>
	<i>Furniture Purchases</i>	<i>£18,743.50</i>	<i>£16,799.80</i>	<i>£14,988.87</i>
	<i>Asbestos refurbishment survey</i>	<i>£2,875</i>	<i>-</i>	<i>£1,320</i>
	<i>Provisional allowance for asbestos remedial works</i>	<i>£5,000</i>	<i>-</i>	<i>-</i>
	<i>Fire system</i>	<i>-</i>	<i>-</i>	<i>£2,632.46</i>
	<i>Other contingency</i>	<i>-</i>	<i>£7,000</i>	<i>-</i>
	Total	£778,921	£813,973	£802,835 (incl. £44,000 raised on revenue AC112-10800)
	Please confirm whether the Final Account for this project has been verified.			
	Yes			
14. Investment	Not applicable			
15. Assessment of project against	Phase 1 and Phase 2 works were successfully managed such that both phases were able to progress in a safe manner despite proximity.			

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<p>SMART objectives</p>	<p>Cooperation and collaboration in relation to Health and Safety between two separate contractors with Phase contractor acting as Principal Contractor.</p> <p>However, the project was not completed on time nor on budget:</p> <ul style="list-style-type: none"> - The piano lift installation was deferred until 2017 due to a design error by contractor. - A new standalone cooling system in the control room had to be designed and installed in 2018. - Three budgetary adjustments were needed to cover the above points to a total of £68,152, however savings in other parts of the construction meant that the final overall increase in budget was +£23,914.
<p>16. Key benefits realised</p>	<ol style="list-style-type: none"> 1. A safe operational piano hoist and stage lift system controls during performances. 2. Continuity of projection room/ control room equipment operation during concerts. 3. Presentation of a professional image to patrons and performers and continue to attract world class events.

Lessons Learned and Recommendations

<p>17. Positive reflections</p>	<p>Clear and effective communication between the project team and stakeholder ensured clarity on decisions made and project progress.</p> <p>Detailed planning and programming helped to ensure a swift transition from BAU to construction phase and then back to BAU.</p>
<p>18. Improvement reflections</p>	<p>Preparation of a clearer brief and more specific instructions which would have prevented consultant designing a system that did not reflect changes made to the operation of the cooling system. This resulted in delays and a new system being designed.</p> <p>Record keeping is essential for future officers to have clear understanding of why decisions have been made.</p> <p>The Barbican Centre has since restructured and employed an Engineering Services Manager. This better enables technical issues to be relayed into the project brief.</p>

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	Progress against project timescales is now monitored to allow for proactive and reactive actions to be taken by the project manager.
19. Sharing best practice	The lessons learnt have been outlined in this report for future reference.
20. AOB	N/A

Appendices

Appendix 1	N/A
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Contact

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Telephone Number	07927131985

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Agenda Item 5

Committee(s)	Date:
Finance and Risk Committee of the Barbican Centre Board – For information	27 June 2023
Subject: Barbican CWP and Capital Projects - Update Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1, 5, 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: CEO, Barbican Centre	For Information
Report author: Cornell Farrell – Head of Engineering and Projects	

Summary

1. The purpose of this paper is to update members on the progress and financial position of 47 live CWP refurbishment and maintenance projects, 3 capital projects and 15 Climate Action Strategy (CAS) projects.
2. The City Surveyor’s Department is project-managing the fire safety capital project and the CAS projects.
3. Barbican Renewal will continue to be reported separately.
4. The financial information on each project is in a separate non-public appendix. There are no serious financial concerns, related to any individual project raised in this report.
5. The Centre has completed the construction phase of two CWP projects since the last report in May.

Recommendation(s)

Members are asked to note the contents of this report.

Main Report

Background

1. The Centre remains committed to the Buildings Strategy to maintain, improve and enhance the facilities for the benefit of the community, audiences and staff, utilising funds from the Cyclical Works Programme (CWP), the Corporation's Capital reserves, or occasionally, through the Centre's local risk.
2. The project management team works closely with Barbican Management and the Barbican Renewal team. This is to ensure projects delivered in the short term, are aligned with Barbican Renewal. The condition of the estate, however, dictates that the Barbican should continue to plan and complete projects wisely. This will reduce the risk of failure, prevent closures and minimise impact on staff, audiences, income and reputation.

Current Position

CWP projects

3. The Centre is managing 47 live CWP projects.
4. Financial summary of CWP projects:

Financial year approved	Original no of CWP Projects	Original CWP Combined Projects Value £000s	No of Live (Outstanding) CWP Projects	Combined Live CWP Projects Value £000s
2018/19	10	1,065	0	0
2019/20	14	1,255	4	512
2020/21	24	3,745	16	2654
2021/22	10	972	1	200
2022/23	24	2,426	20	2,236
2023/24	6	975	6	975

5. Project status summary of CWP projects:

Financial year	No of Live (Outstanding) CWP projects	Project status (RAG)		
		RED	AMBER	GREEN
2018/19	0	0	0	0
2019/20	4	0	0	4
2020/21	16	1	6	9
2021/22	1	0	0	1
2022/23	20	0	1	19
2023/24	6	0	0	6

6. Red status projects (1)

- Barbican Centre Lakes (De-silt)

The deposited silt is relatively low, the rest is in suspension, works have therefore focused on fabric repairs. Works are in progress on Lakeside, aiming for completion at the end of June.

7. Amber status projects (7)

- Concert Hall lighting, wiring and controls.
- Theatre Lighting, wiring and controls.
- Public spaces replacement lighting, wiring and controls - 1st phase.

Design phase has commenced. Changes in the Theatre require Listed Building Consent. Prior to this, the design phase is due to last a significant length of time due to different options – each will be fitted as a series of trials to objectively compare, for a final design decision. This is based around the theatre programme, so it is not possible to predict a project completion date at this stage of the project.

- Public Toilets Refurbishment (Include Equality Access)
- Theatre Toilets & Changing Rooms Refurbishment

The two toilet projects are combined and have been delayed significantly due to the planning permission process. The project aims to start construction late 2023.

- Theatre Fly Tower Roof Replacement
- Theatre Fly Tower Ladder Replacement

These projects are amber because both require extra funding as the extent of work has increased since they were first approved. It is proposed that these two are combined to maximise potential economies of scale.

8. The project status summary is given for the three capital projects below:

Financial year	No of Live (Outstanding) Capital projects	Project status (RAG)		
		RED	AMBER	GREEN
2018/19	1	1	0	0
2019/20	0	0	0	0
2020/21	1	0	1	0
2021/22	1	0	0	0
2022/23	1	0	0	1

9. Red status projects

- Fire Safety Projects

The projects are managed by the City Surveyor. A new design team is in place following a lengthy hiatus. It entails eight significant streams of work. Rough completion date is end 2025.

10. Amber status Capital projects

- Replacement Art Gallery Chiller

A programme has been agreed to replace the chiller during an Art Gallery turnaround next winter when the demand/risk is lowest. Completion March 2024.

Proposals

11. The Barbican Centre continue to deliver CWP, CAS and capital funded projects for the on-going upkeep and improvement of the Centre utilising project management resource from the Barbican and/or City Surveyor's Department as appropriate.

12. The Projects Department continue to work closely with the Barbican Renewal Team to ensure there is synergy between the cyclical and capital programme and Barbican Renewal

Options

13. No alternative options are suggested in this report.

Strategic Implications

14. This work contributes to the City's aim to 'shape outstanding environments' by ensuring 'our spaces are secure, resilient and well maintained'. This includes the new funding for CAS as part of the City's Carbon Reduction Strategy. The City is keen to see these projects completed as soon as possible to benefit from efficiencies introduced but these will be managed in context of other projects, including Barbican Renewal and business operations. Details of individual CAS streams will be presented as each nears construction phase.

Financial implications

15. The Barbican Project Management Team aim to deliver value for money as part of a key output for all projects. Savings from CWP projects are returned to the City to help fund other essential projects across the Corporation.

Resource implications

16. A team of four project managers, one assistant project manager, and a project administrator deliver all the projects excluding the one allocated to the City Surveyor. This small team also manage multiple projects for the Guildhall School of Music and Drama buildings.

Legal implications

17. Legal implications are specific to each project. There are no current issues to be raised to the Board.

Risk implications

18. Every project carries some degree of risk that could impact on the project delivery; it is the project manager's role to manage that risk within reason. Resource levels are an ongoing issue, for which discussions with the Senior Management Teams continue.

Equalities implications

19. Equality, diversity and inclusion are key to the Barbican Centre and to the project team. Equality impact assessments are undertaken when appropriate to projects. The team consider how to include excluded groups when we request quotes or undertake procurement processes. We will continue to monitor and review our performance on this key issue with City of London colleagues.

Climate implications

20. The Barbican Centre is a high energy user, a significant part of our carbon footprint is based on our reliance on Citigen District Network. Citigen have now completed the installation of a ground source heat pump which they are testing to understand the operational and carbon benefits. The City has demanded a carbon reduction strategy from Citigen which should be available early in 2024. Citigen are targeting a 20% reduction – they have not committed to the 2027 carbon reduction target.

Security implications

21. There are no notable security implications within the current projects programme for the consideration of the Board. The Centre is, however, working on extending the number of doors on the access control system that was installed in 2020 to increase resilience.

Conclusion

15. The Centre currently has 54 live projects. The RAG status of each project is detailed in this report. The financial data on each project is listed in the non-public appendix 1.

Appendices

Appendix 1 – **Project financial information (Non-Public)**

Cornell Farrell

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Committee(s)	Dated:
Finance & Risk Committee of the Barbican Centre Board	27/06/2023
Subject: Internal Audit Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Information
Report author: Cirila Peall, Audit Manager	

Summary

This report has been prepared to provide Members with an update in respect of Internal Audit activity related to the Barbican Centre since the January 2023 meeting of this Committee. Delivery of audit work for 2022-23 is complete and has comprised a range of audits and formal recommendations follow-up exercises; the latter has identified instances of slippage in implementing control framework improvements.

Delivery of 2023-24 assurance work is in progress and a formal follow-up exercise has been completed since the last meeting. Details of indicative audit coverage for the remainder of 2023-24 are provided.

As at mid-June 2023 there are no live red priority recommendations and seven live amber priority recommendations which arose from two audits.

Recommendation(s)

Members are asked to:

- Note the report

Main Report

Background

1. The Barbican Finance & Risk Committee receives updates in respect of delivery of Internal Audit work and the implementation of Audit recommendations.
2. Audit scope information is provided, as per finalised terms of reference, for audits in progress and summary outcomes are reported for finalised audit work i.e. where full management responses have been received and agreed.
3. In terms of high priority recommendations, this report provides Members with the latest implementation position, based on formal audit follow-up undertaken and, where appropriate, interim updates from Barbican management.

Current Position

Delivery of Internal Audit Work

4. A summary of the outcome of 2022-23 audit coverage is outlined in Appendix 1; this comprised:
 - Two audits: moderate assurance opinions.
 - A spot check: substantial assurance opinion.
 - Eight formal follow-up exercises relating to four audits (three first rounds, three second rounds and two which reached third round).
5. The follow-up activity resulted in two moderate assurance ratings (unchanged from original audit) and two substantial assurance ratings (movement from moderate assurance) for the four related audits.

Cyber Security - Second Follow-Up

6. Since the last meeting, the second follow-up in respect of this 2022-23 audit has been completed. A substantial assurance rating has been provided, with evidence obtained that all issues identified during the audit had been resolved.

Audit:	Cyber Security				
Final Report Date:	Sept 2022	Issues Raised:	7	Original Assurance Rating:	Moderate
First Follow-Up	Dec 2022	Issues Resolved:	5	Revised Assurance Rating:	Moderate
Second Follow-Up	April 2023	Issues Resolved:	7	Revised Assurance Rating:	Substantial

Live High Priority Recommendations

7. Internal Audit follow-up is undertaken promptly once target timescales have been reached and a revised assurance opinion is provided, where appropriate, on the basis of detailed follow-up outcomes. As at mid-June 2023 there are no live red priority recommendation and seven live amber priority recommendations which arose from two audits, as summarised at **Appendix 2**.
8. Six of the live high priority recommendations have passed the third round of follow-up, at which point Internal Audit may escalate the relevant issues to the Audit & Risk Management Committee. Barbican management have previously provided a statement in respect of the implementation slippage and this is incorporated within Appendix 2. Internal Audit have requested a further status update as at June 2023 and will examine evidence, once available, to obtain independent assurance that all remaining issues have been resolved.

2023-24 Audit Planning

9. Indicative audit coverage for 2023-24 is set out at **Appendix 3**; areas have been categorised as 'shortlisted' - higher priority and 'longlisted' – items from which we may form the balance of the 2023-24 Internal Audit Plan.

10. Internal Audit assurance activity is expected to comprise four or five reviews, depending on the scale and depth of coverage, and appropriate follow-up work. Planning is underway in respect of the assurance work related to Equality, Diversity and Inclusion: a 'checkpoint' review to include an examination of progress made in improving the organisational culture and staff experience.

Corporate & Strategic Implications

11. The overall programme of Internal Audit work is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks. The Barbican, as an institutional department of the Corporation, has a sub-programme of Internal Audit work that includes audit assignments specific to the activity of the Barbican and regular follow-up activity in respect of recommendations implementation.

Conclusion

12. Members are asked to note the findings of completed Internal Audit assurance work, the status of live high priority recommendations as at mid-June 2023 (including implementation slippage), and indicative audit coverage in respect of 2023-24.

Appendices

- Appendix 1: 2022-23 Assurance Work Outcomes
- Appendix 2: Live High Priority Recommendations
- Appendix 3: Indicative Audit Coverage 2023-24

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2022-23 Internal Audit Assurance Work: Delivery Outcomes

Project	Current Stage	Assurance Rating	Recommendations Raised			
			Total Red	Total Amber	Total Green	Total
Audits & Spot Checks						
<u>Cyber Security</u> An examination of key controls related to cyber security and designed to minimise the risk of unauthorised access impacting: information confidentiality, service delivery, and network integrity and availability; for example: <ul style="list-style-type: none"> • Cyber security governance • Culture, awareness, and user education • IT systems configuration • Network security • Identity and access management • Malware prevention • Incident management • Data loss prevention (e.g.in respect of mobile/home working). 	Complete	Moderate	-	4	3	7
<u>Corporate Review: Purchase Cards</u> Examination of activity across a sample of departments and institutional departments, including the Barbican Centre, focusing on: <ul style="list-style-type: none"> • Evaluation of compliance with the Purchase Card Policy. • Determining the reasons for non-compliance. • Review of action taken to address non-compliance. 	Complete	Moderate	-	1	-	1

Project	Current Stage	Assurance Rating	Recommendations Raised			
			Total Red	Total Amber	Total Green	Total
<u>Organisational Culture & Staff Experience</u> The timing and detailed scope of this work will give regard to the timetable for completion of management actions resulting from the HR review into staff experiences of racism. It is anticipated that the audit review will focus on implementation of the HR recommendations, outcomes from action taken by management and the extent to which organisational culture and staff experience is improving as a result.	Deferred	-	-	-	-	-
<u>Ticketing: Refunds – spot check</u> To focus on the impact of the pandemic in relation to tickets for events; the processes for dealing with all categories of transaction, looking at completeness and accuracy.	Complete	Substantial	0	0	0	0
TOTAL RECOMMENDATIONS RAISED			0	5	3	8

Project	Revised Assurance Rating	Recommendations Outstanding			
		Total Red	Total Amber	Total Green	Total
Completed Audit Follow-Ups (Latest Stage)					
<u>Retail: Online Shop & Branded Merchandise: 2021-22 Audit – Third follow-up (August 2022)</u> <ul style="list-style-type: none"> Audit finalised in January 2022: moderate assurance First follow-up in May 2022: moderate assurance with 3 out of 7 recommendations partially implemented, 1 not implemented and 1 where the risk has been accepted. 	Substantial	0	1*	0	1

Project	Revised Assurance Rating	Recommendations Outstanding			
		Total Red	Total Amber	Total Green	Total
<ul style="list-style-type: none"> Second follow-up in July 2022: substantial assurance with 4 out of 7 recommendations implemented, 1 partially implemented, 1 not implemented and 1 where the risk has been accepted. Third follow-up in August 2022: substantial assurance with 6 out of 7 recommendations implemented and 1 where the risk has been accepted. 					
<p><u>Facilities Management & Maintenance: 2020-21 Audit – third follow-up (September 2022)</u></p> <ul style="list-style-type: none"> Audit finalised in March 2021: moderate assurance First follow-up in December 2021: moderate assurance with 4 out of 13 recommendations implemented Second follow-up in June 2022: moderate assurance as no further implementation progress demonstrated Third follow-up in September 2022: moderate assurance with 8 out of 13 recommendations implemented, 3 partially implemented and 2 not implemented. 	Moderate	0	5	0	5
<p><u>Fire Safety: 2021-22 Audit – Second follow-up (November 2022)</u></p> <ul style="list-style-type: none"> Audit finalised in April 2022: moderate assurance First follow-up in August 2022: moderate assurance with 4 out of 7 recommendations implemented, 1 partially implemented and 2 not implemented Second follow-up in November 2022: substantial assurance with all recommendations implemented. 	Substantial	0	0	0	0

Project	Revised Assurance Rating	Recommendations Outstanding			
		Total Red	Total Amber	Total Green	Total
<p><u>Cyber Security: 2022-23 Audit – first follow-up (December 2022)</u></p> <ul style="list-style-type: none"> Audit finalised in September 2022: moderate assurance First follow-up in December 2022: moderate assurance with 5 out of 7 recommendations implemented. <p><i>Second follow-up undertaken as part of 2023-24 delivery, in line with the revised target timescales for implementation.</i></p>	Moderate	0	1	1	2
RECOMMENDATIONS OUTSTANDING AT LATEST FOLLOW-UP		0	7	1	8

‘**’ Risk accepted so this recommendation is excluded from the live high priority recommendations appendix.

Schedule of Barbican Centre Live Issues & Associated High Priority Recommendations as at mid-June 2023

Recommendation Area	Priority	Original Target Date	Revised Target Date	Status & Comments
Facilities Management & Maintenance – finalised March 2021				
<p><u>1. Facilities Management & Maintenance (MK 3650)</u> The Head of Engineering Projects should determine appropriate productivity targets and wider performance measures for the Engineering Team and implement a framework for monitoring performance accordingly, in order to drive the necessary improvements in performance.</p>	Amber	30/09/2021	Awaited from Management	<p><u>Internal Audit Comment:</u> A third follow-up exercise in September 2022 confirmed implementation slippage, with 5 issues outstanding.</p> <p>The third-round status of these issues was included in the Live Recommendations Dashboard reported to the Audit & Risk Management Committee in November 2022.</p> <p>Internal Audit will evaluate further evidence of implementation once Barbican Centre management advise that this is available.</p> <p>A <u>Management Comment</u> has been included below, provided by the Director of Operations & Buildings, and the Continual Improvement Manager.</p>
<p><u>2. Facilities Management & Maintenance (MK 3652)</u> The Head of Engineering and Projects should ensure that the accuracy and completeness of Programmed Maintenance tasks within the Micad and Agility systems are periodically verified.</p>	Amber	31/05/2021		
<p><u>3. Facilities Management & Maintenance (MK 3661)</u> The Head of Engineering and Projects should implement an appropriate action plan to ensure that all outstanding all Gas Safety, Electrical Safety and Water Management tasks are completed.</p>	Amber	15/07/2021		
<p><u>4. Facilities Management & Maintenance (MK 3665)</u> The Head of Engineering and Projects should ensure that the skills analysis exercise is completed in an appropriate timeframe.</p>	Amber	30/09/2021		
<p><u>5. Facilities Management & Maintenance (MK 3667)</u> The Head of Engineering and Projects should implement arrangements for verifying the accuracy of reactive maintenance tasks recorded as 'completed' in Micad.</p>	Amber	31/05/2021		

Recommendation Area	Priority	Original Target Date	Revised Target Date	Status & Comments
<p>“During the pandemic, the Barbican took the opportunity to conduct as many audits as possible. The aim was to come out of the pandemic with a “firewall” to the past and a prioritised action plan moving forward into the future. Whilst much work has been carried out over the past years, there remains much to do. As per our strategy and plan, agreed with Board, we have focussed on life critical, business critical and other. Due to finite resource and the challenges associated with the condition of our assets plus the additional workload associated with the pandemic, we have focussed our work on addressing life critical or business critical audit points. This ensures that our buildings remain compliant. It also, however, means that there are some aspects of the audit which are yet to be completed and some of which require the introduction of IFM in 2023. Given our agreed priorities and finite and limited resource, we have had to prioritise. We will require more resource if we are to address non-life critical and non-business critical issues.</p> <p>As agreed with Board our strategy was to create an environment which enables and inspires others to achieve their best. Our plan was to deliver services which are compliant, efficient and appropriate. Given that as part of our plan we reduced costs by circa 20%, we agreed the following priorities with Board, life critical, business critical and other. Our start point was not very advanced. All that has been audited recently has been put in over recent years as part of our plan. It has taken time to build up an auditable database. We are on a journey, and we continue on that journey, based on the Board agreed plan and priorities.</p> <p>We thank our City colleagues for continuing the audits during the pandemic. This has given us a “firewall” to the past and a prioritised list for the future. Given that we have very limited and finite resource and that workloads have increased significantly both during and post pandemic (not least opening and closing venues and the additional safety measures) we have had to prioritise. We have prioritised life critical and business critical, the team often being diverted to deal with situations that arise, distracting them from some elements of business-as-usual including audit points that are not life of business critical. Due to the challenges associated with the age of our infrastructure, the real time demands of our business and the lean structure with very finite resource, we have done what we can do within the time available and as per the Board agreed prioritisation. As a result of this we remain compliant and efficient. Should Board require us to prioritise differently we will need more resource.</p> <p>As per the audit summary there are five outstanding areas, some of which will be addressed through IFM. None of these are life or business critical and we have mitigations in place where appropriate, until such time as the items are closed. We have a fully compliant Gas Safe system a monthly monitored water hygiene system and an improved system for fire safety equipment which is monitored monthly. These systems are agreed with and monitored by our City Health and Safety and Fire Safety Departments, being delivered by the City’s own contractors. Our systems are constantly monitored with any urgent remedial works being addressed immediately by the in-house team or the City’s own contractor Skanska, avoiding risk. Audit data continues to be built up and will be re-audited by April 2023. Given additional resource and subject to eventualities and other distractions in our building and operations we will endeavour to deliver by the deadline. However, please note as part of the City’s new Integrated Facilities Management contract, the incoming contractor will be required to undertake an asset verification exercise, the contractor’s mobilisation period is set to commence towards the end of 2022 making completion of this action dependent on the new contractor’s internal processes and might therefore be delayed.</p> <p>Our buildings remain safe and compliant.”</p>				

Recommendation Area	Priority	Original Target Date	Revised Target Date	Status & Comments
<u>P-Card Compliance Check – finalised December 2022</u>				
<p>6. <u>Management Actions to Ensure Compliance (MK 4139)</u> Barbican Centre Management should promote compliant P-Card practice by ensuring that:</p> <ul style="list-style-type: none"> • Approval of submitted transactions incorporates robust check and challenge. • Cardholder transactions are submitted in good time to facilitate effective review and approval. • Cardholders are consistently held to account in respect of any non-compliance with the Scheme. • Appropriate use is made of the three strikes rule. 	Amber	31/03/2023	TBC	<p><u>Internal Audit Update:</u> A range of evidence has been provided of action taken to drive up compliance performance – for example querying the validity of transactions, requesting more information or receipts related to transactions, reminders to staff re deadlines, VAT status and coding checks, and reiterating of the ‘3 strike’ rule.</p> <p>Audit examination of recent compliance data indicates that further, ongoing action is required to promote consistent compliant practice. Internal Audit noted that a comprehensive email has been drafted by Management to reiterate the key requirements of the P Card Scheme and is expected to be circulated shortly.</p> <p>An Internal Audit spot check of compliance is scheduled for Q2 of 2023-24; the focus will be evaluation of the impact of action taken, as set out above.</p>

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Barbican Centre Internal Audit Plan 2023-24

Areas of Audit Coverage	Internal Audit Comment
<u>Shortlist</u> – high priority coverage	
Equality, Diversity & Inclusion	'Checkpoint' review to include an examination of progress in improving the organisational culture and staff experience.
Health and Safety	Occupational H&S (Staff and Contractors)
Contract Management / Performance	Rolling programme, specific contract to be determined.
Financial Management	Medium Term Financial Planning
Safeguarding	
<u>Longlist</u> – potential additional areas for 2023-24 and beyond	
Business Continuity	
Workforce Planning	
Temporary / Agency Staff / Overtime	
Financial Management	Savings Plans, Budget Management
Theatre Tax Relief	
Procurement	Tender to contract award and implementation: lessons learned.
Departmental / Area Reviews	Rolling programme covering the Centre's operations, for example Creative Learning, International Enterprise, Galleries, Cinema.

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