

Subject: Significant Event Review –
Ramp at Hardman’s Mill

Status: For Publication

Report to: Performance Scrutiny Committee **Date:** 13th June 2007

Report of: Chief Executive

Portfolio

Holder: A Well Managed Council

BACKGROUND INFORMATION

Tick Box

Draft Policy Framework Document

Response to Consultation

New Policy Initiative

Other (please state) Procedural review to determine learning opportunities.

1. PURPOSE OF REPORT

1.1 To report to members on the underlying causes for the delays and increased costs incurred by the Council in relation to the provision of a disabled access ramp to the Council Chamber at Hardman’s Mill.

1.2 This report is what the Council will in future term a “Significant Event Review”. This is a process which is intended to give the organisation the opportunity to learn from occasions when things have not progressed as well as we would wish. The intention is to ensure that the reasons why things have gone wrong are understood and processes changed to minimise the risk of the same thing happening again.

2. CORPORATE PRIORITIES AND OBJECTIVES

2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- *Strong financial management and the delivery of value for money services* – through providing an opportunity to learn from an occasion when matters have not proceeded in the way in which the Council would have wished.

3. RISK ASSESSMENT IMPLICATIONS

3.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- *Reputational Risks* – arising from a failure to manage a project to time and budget.
- *Financial Risks* – arising from the potential for projects to generate significant and unmanageable cost overruns if not managed effectively.

4. BACKGROUND/REASON FOR REPORT

4.1 Members will recall that when it became apparent that the disabled access ramp at Hardman's Mill was going to be both late and over budget the Leader of the Council undertook that the Chief Executive would report to Overview and Scrutiny on a review of events surrounding the situation in order to identify what might be learnt for the future. This report fulfills that undertaking and is based upon a detailed technical assessment undertaken by the Council's Property Services Manager who was not involved in the project because of his recent arrival at the Council. This detailed technical assessment is not being published as it contains a significant amount of exempt information relating to terms of contracts and to individuals.

4.2 Following the call in of a Cabinet decision the Council agreed on 26th July 2006 to take a lease on the Mill Suite at Hardman's Mill for use as a Council Chamber until the longer term strategy for a single site civic centre can be delivered. During the period between the original cabinet decision and 26th July officers had continued to make preparations to implement the original decision, including agreeing the heads of terms of the lease, while not incurring any additional costs. This action was intended to allow the decision to be implemented as quickly as possible if it was confirmed so as to minimise transitional costs, and deliver an improved facility.

4.3 A project team was assembled from within the Council, also incorporating the advisers acting as the Council's agent in securing the property and handling planning applications etc. While the membership of this team was comprehensive, including some input from planning, it did not meet consistently throughout the project and attendance was not always complete. While it would be unusual for the team to include the Project Sponsor, given the sensitivity of the project this was probably an error.

4.4 The terms of reference for the Council's technical advisers were unclear in relation to this project. They were originally retained to assist with the first stage of the accommodation strategy, including the move to Futures Park, and then asked to conduct a search for a civic facility, which resulted in the identification of Hardman's Mill. This arrangement was simply extended to cover dealing with

project management and acting as agent in relation to the delivery of the scheme. This arrangement did not provide sufficient clarity for either side in terms of expectations of work to be undertaken, standards of performance and levels of authority.

- 4.5 Analysis of the project indicates that there was some debate between the Council as applicant and the Council as planning authority about the nature of the ramp to be provided. This was not referred up the management line in sufficient detail at an early enough stage for the option of calling a halt to the project to be considered which, would have been possible up to November although some abortive costs would have been incurred. The design changes necessitated through these discussions are estimated to have resulted in a cost approximately £12,000 greater than that included in the original scheme estimate.
- 4.6 The most significant impact in terms of delay and the cost of the project relates to the agreement of materials and the plan to carry out the building of the ramp in the recess over Christmas and the New Year 2006/2007. The planning permission required, as is the case in most listed building consents, that materials be agreed in advance of any work commencing on site. This process began in the week before Christmas when the Council's advisers and the building contractor met with planning officers. On this occasion the materials were rejected and the process of negotiation over the appropriate treatment of the stone took until 25th January to resolve, although some allowance needs to be made within this for the Christmas closedown in the building industry. The requirement for specific treatment to the stone is estimated to have cost an additional £8,000.
- 4.7 Given that by this stage the Council was irrevocably committed to the ramp in this form there was no alternative but to proceed. However, in retrospect it was not reasonable to plan for this work over the Christmas recess when stone could not be ordered until agreed by planners who were not presented with the first sample until just before Christmas. The risk in this scenario of planners rejecting the stone sample, which transpired, was in retrospect too great. Clearly it can be argued that stone samples should have been presented at a much earlier point. However, it is understood that this is a not uncommon practice amongst contractors.
- 4.8 Following agreement of the materials the construction of the ramp was completed by the contractor within two weeks, despite inclement weather, allowing the chamber to be available from week commencing 5th February 2007.
- 4.9 A key part of the difficulty arising from the delay in the ramp's construction springs from the fact that the Council officially opened the new facility prior to Christmas with the intention of completing the ramp prior to the full programme of meetings recommencing. Again in retrospect this judgement was wrong, but the idea of a celebratory opening of this sort was a perfectly reasonable idea and was discussed with the Council's political leadership in advance. Clearly in hindsight waiting until all the works were completed would have been preferable.

5. AREAS OF LEARNING

5.1 The following areas of weakness have been identified as a result of the detailed review of the processes surrounding the construction of the ramp at Hardman's Mill:

- Clear terms of reference need to be agreed for the use of professional consultants used as Project Managers, including a full specification of the services to be provided and agreed rates for fees.
- Project teams should have clear terms of reference and delegated authority and members should have a pre-determined commitment of time to the specific project.
- Early consultation is required between the design team and Development Control to obtain commitment in terms of design, materials and other conditions such as travel plans. These can then be used to form a more accurate revised cost estimate at a point in the project where the option not to proceed is still available.
- More detailed project plans are required indicating, target dates, critical path, key dependencies etc. These should also include review points at critical stages, such as planning consent or tender receipt to allow decisions to be made about whether to proceed.
- Project teams should meet regularly with clear actions agreed and notes circulated promptly.
- Assessments of the various risks involved in projects and the actions to be taken to mitigate them should be clearly identified and reported through the project team to the Project Sponsor.

5.2 The fundamental issues which emerge are about inadequacies on the project management process. There are areas in this project where in retrospect it is easy to see that a different judgement would have been appropriate, for example the idea that works could be completed during the Christmas recess. However, these judgements were made based on the information flowing through the project management process at the time.

5.3 In light of these findings the following actions have been reflected in the Property Services Team's Team Action Plan for 2007/08:

- The completion of a procurement process with a fully defined specification to secure suitably qualified technical advisers to oversee the delivery of projects on the Council's behalf including the planned maintenance programme.
- Implementation, in full, of the Council's programme and project management process within the Team. The effect of this is to set clear boundaries within the specification of a project.

- Inclusion within the Team Training Plan of activity to ensure that relevant staff secure competencies in project management and in technical areas associated with project delivery.
 - The institution of a development team approach to all projects handled by the Property Services Team requiring planning permission ensuring that planners are involved at an early stage.
- 5.4 In addition to these points the Property Services Team is now fully staffed, providing the Council with access to significantly greater levels of expertise than were available during the course of this project. The work programme for the Team will address project prioritization in order to maximize the effectiveness of the available resource.

6. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 6.1 The costs of this scheme have been met within the Council's overall capital resources and the lessons identified in this report will be reflected in revised capital programme procedures which will be reviewed by the Capital Programme Steering Group and tested by Internal Audit as part of the 2008/09 audit plan.

7. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 7.1 There are no immediate legal implications arising from this report.

8. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 8.1 Identified training needs are being addressed through the relevant team training plans.

9. CONCLUSION

- 9.1 The project to install the ramp at Hardman's Mill presents a number of valuable learning opportunities, in particular in relation to the value of following strong project management processes, clearly defining roles and responsibilities, and ensuring that project managers have sufficient authority within the organisation.

10. RECOMMENDATION

- 10.1 That the Performance Overview and Scrutiny Committee note the conclusions of the Significant Event Review concerning the ramp at Hardman's Mill and the actions taken as a result of it, and consider whether they wish to make any further recommendations.

11. CONSULTATION CARRIED OUT

- 11.1 Leader of the Council, Portfolio Holder for a Well Managed Council, Chief Executive

Contact Officer	
Name	George Graham
Position	Executive Director of Resources
Service / Team	Executive Team
Telephone	01706 252429
Email address	georgegraham@rossendalebc.gov.uk

No background papers