

Report To: **Corporate Governance Committee**

Date of Meeting: **27th September 2017**

Lead Officer / Author: **Tony Ward: Head of Highways & Environmental Services**

Title: **Project Management: Loggerheads Car Park Project**

1. What is the report about?

1.1 This report is about the Loggerheads Car Park Project, and also about the systems used within the Works Unit for delivering such schemes.

2. What is the reason for making this report?

2.1 A Member Proposal Form was submitted to the Scrutiny Chairs & Vice-Chairs Group requesting that this topic be considered as part of the Scrutiny Forward Work Programme. It was subsequently decided that a report should be considered by the Corporate Governance Committee. The Member Proposal Form requested a review of how the council deliver such projects, and specific reference is made to an overspend (c.£65k) on the Loggerheads Car Park Project. This report provides some background information on this issue, and provided specific details about the Loggerheads Car Park Project.

3. What are the Recommendations?

3.1 That Members consider this report and decide whether sufficient assurance has been provided regarding the delivery of the Loggerheads Car Park Project, and also about systems used within the Council's Works Unit to manage projects.

4. Report Details

4.1 Loggerheads Country Park had one formal car park with a capacity of around 90 cars and 4 coaches. During busy periods, demand significantly exceeded provision, leading to congestion and indiscriminate parking on the A494 Trunk Road. This problem had become more prevalent in recent years and, at busy times, up to 70 cars had been observed parked along the verges to the A494.

4.2 DCC Countryside Services (who manage Loggerheads Country Park) looked for ways to increase the on-site parking at Loggerheads, but there was insufficient space on the existing site to create the required additional 50 to 70 additional spaces. Accordingly, the search was widened to see if other land in the general area might be acquired, either by purchase or long lease. This included contacting the owner of Farm Pwll-y-Blawd that includes a field which adjoins a section of the Western boundary of Loggerheads. A request was made by the Council to be permitted to purchase part of this field, and an acre of land was purchased (£50k) for the creation of the Loggerheads overspill car park.

4.3 As part of the purchase of this land, Countryside Services employed Major Projects Group (MPG, but now called the Works Unit) in 2010 to undertake a feasibility / options report to determine whether a car park could be constructed on the land to be purchased. The cost of this options report was £2,880 and was funded by Countryside Services. Countryside Services then extended this

commission to include environmental investigation; detailed design; construction cost estimates; and obtaining planning permission. The cost of this commission was £12,800, and was again funded by Countryside Services.

- 4.4 Planning permission for the construction of the car park was granted in March 2013, with access for vehicles to be via an existing C road and via a timber elevated walkway. The permission also included the widening of an existing footway within the existing car park. The planning permission did not include replacement coach parking for the spaces lost due to the new entrance.
- 4.5 In 2015, Countryside Services successfully bid for £80,000 in TAP (Town & Area Plan) funding and instructed the MPG to discharge the planning conditions, assist in obtaining prudential borrowing, tender, award and supervise the contract. By this time, all staff members involved in the scheme had left MPG employment, and the scheme was handed to other staff within the Works Unit to deliver.
- 4.6 Upon the scheme being handed over, the new project manager reviewed the design, business case etc. and realised there was potential for the scheme to be £100,000 more than the projected cost. To bring the scheme within budget, the alignment, configuration and construction of the car park was amended and the costs revisited. The Project Manager also had concerns with the location of the board-walk which, due to the Natural Resources Wales (NRW) constraints, would make it difficult to construct in the proposed location to the required specification. As part of this process, the potential budget was taken into account and the scheme was amended to include only essential elements and remove desirable elements. This enabled a contingency to be built into the budget. The revised design was used to produce the report requesting prudential borrowing. This was presented to SIG, and borrowing to the sum of £217,000 was agreed to.
- 4.7 The Project Manager met with the Planning Department to discuss the extent of the changes, and it was confirmed that the scheme would require a full consultation process before any planning conditions were discharged. As part of this process, NRW were approached to discuss a relaxation to the conditions concerning the construction of the board-walk. NRW granted a relaxation once a new ecological report had been produced and submitted.
- 4.8 In parallel with the discharge of the planning condition, the scheme was tendered through Sell to Wales (before the implementation of e-sourcing) and was undertaken in accordance with the Contract Procedure Rules (CPRs) in place at the time. To ensure the scheme was delivered within budget, certain elements of the scheme were removed from the tender documents with the intention they would be instructed by compensation event if the budget allowed.
- 4.9 Following the tendering process, the contract was awarded for the sum of £212,000 with the tendered amount being within the budget projection. Due to the delay in obtaining the necessary discharge of planning conditions the scheme commenced on site in July 2016, rather than in April.
- 4.10 Upon examination, it was clear that the lane up to the car park would require resurfacing to accommodate the widening and increased traffic flow. The Highway Asset Manager agreed to fund this element and a design was produced / costed.
- 4.11 As construction progressed, it became clear certain desirable items would need adding back into the contract to produce the required outputs. It was not possible to add back all items at once, as costs had to be agreed with the contractor to

enable an accurate cost projection to be produced. The three main elements added in were the car park connecting footway and retaining wall, a coach parking bay at the entrance and a revised gate and wall position to the entrance.

- 4.12 The Project Manager produced a design for the wall and bus parking bay at the entrance to the Country Park based on the initial junction layout. This required planning approval and a relaxation of the visibility splay, which delayed completion. As work progressed on the wall at the junction it became clear there were issues with the layout which was exacerbated by cars parking on the lane adjacent the entrance. The Project Manager reviewed the layout, produced a revised design, and applied for a further planning amendment. Due to the health and safety concerns, it was considered that this work needed to proceed as a matter of urgency.
- 4.13 Prior to this work being instructed, the Project Manager arranged for a road safety audit to be undertaken. This included reviewing the amended junction, and no issues were raised. The site works were completed on 16th December 2016.
- 4.14 The budget available for undertaking the scheme was as follows:

TAP	£80,000
Prudential Borrowing	£217,000
Highways Maintenance	£13,508
Countryside Services	-
TOTAL	£310,508

- 4.15 The original contract value was for £212,000 and, with the introduction of additional items, that increased by £76,000 to £288,000. A report explaining this increase was produced in accordance with the CPR's and submitted for approval. The report identified an overspend above the available budget of approximately £18,000, with agreement this would be funded from Highways revenue. This report was approved by all relevant officers.
- 4.16 Attached at Appendix I is the scheme cost profile, detailing the scheme costs. It can be seen from this profile that the scheme was within budget until the need to amend the Country Park entrance was included. The projected final outturn cost had increased the overspend from the anticipated £18,000, to £23,109, which increased the overspend being funded from the Highways revenue budget. The overspend represents 7% of the overall project spend. The Final funding is:

TAP	£80,000
Prudential Borrowing	£214,552.64
Highways Maintenance	£13,508
Countryside Services	£23,110.00
TOTAL	£331,508

5 Project Review Findings / Lessons Learnt

- 5.1 There was insufficient discussion as the scheme developed to ensure all client and stakeholder requirements were met, and all limitations understood. Examples include:
- Access and parking for coaches.
 - Field access in corner of overspill car park preventing its closure at night.
 - Potential problems due to the scheme i.e. parking on lane opposite entrance to the Country Park.

- Feature wall and gate to Country Park Entrance.
- Steel signs rather than timber signs.
- Clarification of costs and design issues and agreement to final or interim elements i.e. review to connecting footway from broad-walk to car park.
- Visibility splays at entrance.

5.2 The initial designs were undertaken by Technician Engineers / graduates with guidance from Senior Engineers. That is fine, because that is how we train and develop people. However, this was a fairly complex scheme (due to the levels involved and site restraints). All re-design was undertaken by a senior engineer with the relevant experience who was assisted by various members of the MPG as and when available. The main lessons learned are listed below:

- There was insufficient liaison with client/stakeholders.
- A review of the tender drawings should have been undertaken with the client.
- The car park entrance should have been reviewed prior to construction by the Senior Engineer.
- Additional support could have been given to less experienced staff.

6 Conclusion

6.1 The Loggerheads Car Par Project has achieved the required output and has also produced a carpark which can be expanded to give more parking spaces, plus has produced a parking bay for two coaches and two mini buses.

6.2 With hindsight, there was an unnecessary reputational risk due to the junction / entrance layout not being reviewed in detail prior to construction.

6.3 Costs have been controlled, with all efforts being taken to deliver the scheme within the available budget. Cost reporting, and compliance to both procurement and CPR's, was up to a high standard.

6.4 The confusion around the level of overspend (perceived to be £65k) stems from the fact the contingency sum built into the scheme allowed work to be added back in whilst the scheme remained in budget. A variation report is required by the CPR's to obtain approval for aggregated variations where the total is above 20% of the contract value. The actual overspend was £23k above the total scheme budget. If the £23k is considered in isolation, this includes design, supervision and obtaining planning permission for coach parking and construction, which represents value for money.

6.5 Whilst advice was obtained from procurement on how to fill out the new Exceptions Report it is clear more description is needed in future to ensure the justification for requesting the variation is clear to both Members and officers either involved in the scheme or authorising the variation.

6.6 The design and supervision of the scheme which included designing a retaining wall was undertaken in house. Even with all the variations, the full cost of the design and supervision only amount to 9% of the cost of the scheme, which again is below the norm for a scheme of this complexity.

7 How does the decision contribute to the Corporate Priorities?

No decision is sought by submission of this paper.

8 What will it cost and how will it affect other services?

Again, no decision is being sought. However, the costs of the specific project in question are detailed in Appendix I.

9 What are the main conclusions of the Well-being Impact Assessment?

This paper does not require a Well-being Impact Assessment as it is largely for information/discussion.

10 What consultations have been carried out with Scrutiny and others?

No consultation (outside of my services) has been undertaken in relation to the development of this paper. The Works Unit and Countryside Services (the client in respect of the Loggerheads Car Park Project) both sit within Highways & Environmental Services.

11 Chief Finance Officer Statement

The additional cost of the scheme has been funded from service resources. Proper approval processes appear to have been followed, though as the report notes, there are areas where additional detail may have been helpful.

12 What risks are there and is there anything we can do to reduce them?

There are no specific risks in relation to considering this specific paper. However, there are clearly risk associated with the planning and delivery of engineering projects. The existing structures and processes in place with the Works Unit are in place to monitor and minimise such risks, including those associated with overspending and the failure to deliver expected benefits.

13 Power to make the Decision

No decision is sought by submission of this paper.