

WIRRAL COUNCIL – HIGHWAY SERVICES CONTRACT 2014 – 2018

APPENDIX 2

ASSURANCE REPORTS AND ACTION PLANS

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Healthcheck Report

Highway Procurement Exercise Project

Environment & Regulation

September 2013

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1. Introduction

- 1.1 Internal Audit have been requested to perform a healthcheck on the current progress of the Highway Procurement Exercise Project.
- 1.2 The outcome of this healthcheck is the conclusion that the exercise is progressing well although the timeframe for completion is tight.
- 1.3 The recommendations listed at section 4 must be implemented in order to ensure the related risks are effectively managed.

2. Work Performed

- 2.1 Review of Committee reports, Project Board and Project Team meetings documentation.
- 2.2 Examination of previous reports and Action Plans relating to this contract area.
- 2.3 Observation of PQQ evaluation procedures.
- 2.4 Interviews with the following officers,
 - Service Manager
 - Finance Manager
 - Group Solicitor
 - Senior Procurement Officer
- 2.5 Assessment of current position regarding ITT processes.
- 2.6 Appraisal of all available evidence to identify areas of good practice and potential risks to the future completion of a successful project.

It is acknowledged that managers will be aware of a number of the risks listed, but it is important to formalise these issues with associated recommendations to ensure effective risk management regarding the project delivery.

3 Areas of Good Practice

- 3.1 Project governance is considered effective, with a clearly established Project Board and Project Team in operation.
- 3.2 The PQQ stage has been completed and the ITT stage is progressing.
- 3.3 The HMEP Form Of Contract has been adapted where necessary to suit local requirements.
- 3.4 A Project risk register is established and regularly reviewed.

- 3.5 Managers and officers involved in this Procurement Exercise Project are fully aware of the importance of achieving activities by the deadline dates.
- 3.6 A Communications Plan has been formulated which is considered appropriate to the Project's goals.
- 3.7 Progress on the Project has been reported through the portfolio holder for member information.
- 3.8 An external Gateway Review is planned to obtain further assurances on the progress towards achievement of the Project's intended outcomes.
- 3.9 Project documentation is retained electronically and regularly updated.
- 3.10 Effective separation of duties is in place regarding the tender evaluation process.

4 Risks And Recommendations

4.1 Risk :

Council may be liable to future unplanned increases in the cost of the contract.

Recommendation :

A review of the rates exercise is imperative prior to finalisation of the preferred bidder. The rates tendered should be appraised based on the specific technical knowledge of officers and comparison to the next highest tender to identify any anomalies in the rates declared by the highest scoring tenderer.

4.2 Risk :

Failure to comply with Council's revised Contract Procedure Rules while ensuring efficient transfer to the new contractor.

Recommendation :

Pre-meetings held with the new contractor to discuss contract mobilisation must be controlled with reference to the revised CPR E66. The involvement of the CPU at these pre-mobilisation meetings should be considered.

4.3 Risk :

There may be a delay in the formal signing of the new contract.

Recommendation :

Officers must clearly monitor the situation regarding the signing of the new contract prior to the commencement of the works by the new contractor, any delay must comply with the provisions of the revised CPR E69 regarding required authorisation in specific circumstances when a contract has not been signed.

4.4 Risk :

Identified risks inherent to the Project may not be fully managed.

Recommendation :

Items included in the Project risk register are completed or transferred into the relevant directorate or departmental risk register at the end of the tendering and contracting process.

4.5 Risk :

Lack of cooperation between existing and new contractor impacting on service quality.

Recommendation :

A clear plan and timetable for the handover of the services from the existing to the new contractor must be established at the completion of the tender evaluation process, including contingency arrangements for the specific weeks prior to contract commencement.

4.6 Risk :

Failure to comply with Procurement Toolkit guidance to help ensure future efficiency.

Recommendation :

A lessons learnt exercise should be completed at the conclusion of this project. Officers from the CPU should advise on this process.

4.7 Risk :

Failure to comply with the revised CPR's regarding reporting on contract performance.

Recommendation :

Clear responsibilities must be assigned for reporting arrangements under the new contract, specifically covering performance aspects as per CPR E71.

4.8 Risk :

Lack of awareness of services that will not continue to be provided through the new contract.

Recommendation :

It is important to clarify the future responsibility for the provision of skips by the Council, with appropriate tendering for the service if necessary, and a clear appraisal of any other service currently provided that will cease under the new contract must be performed and risks managed.

4.9 Risk :

Lack of awareness of any Conflict of Interests officers involved in the Highways Procurement Exercise Project may have.

Recommendation :

Relevant officers who have yet to complete the Project Specific M15 (Amended) Form must comply with this requirement prior to the end date for tender returns.

4.10 Risk

Sub-contractor utilised may not have current registration.

Recommendation :

It must be ensured that the Highway Electrical Registration Scheme certificate regarding the sub-contractor Jones Lighting Ltd is renewed at the appropriate date if this sub-contractor is to continue providing the service.

5 Conclusion

The Highway Procurement Exercise Project is at present on target to achieve a successful procurement of this major works contract, although it is acknowledged that there is minimal latitude for any time slippage in planned activities in order to achieve the outcome of a new contract in operation at 1st April 2014.

The risks listed in section 4 must be considered and managed appropriately. The implementation of the recommendations will address the risks identified.

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REF	RECOMMENDATION	MANAGEMENT ACTION	OWNER	PROPOSED COMPLETION DATE
1	A review of the rates exercise is imperative prior to finalisation of the preferred bidder. The rates tendered should be appraised based on the specific technical knowledge of officers and comparison to the next highest tender to identify any anomalies in the rates declared by the highest scoring tenderer.	<p>A rates validation meeting was held on 29 October 2013, involving officers from CPU, Finance and Highways Management.</p> <p>Actions to clarify matters with the preferred bidder and the next highest tender were agreed for CPU to seek confirmation with the tenderers.</p> <p>The financial risk resulting from significant unusual rates in those tenders was assessed, and a decision taken regarding the acceptability or otherwise of those risks.</p>	RHC CPU RHC	29/10/13 31/10/13 29/10/13
2	Pre-meetings held with the new contractor to discuss contract mobilisation must be controlled with reference to the revised CPR E66. The involvement of the CPU at these pre-mobilisation meetings should be considered	Such meetings will take place in December 2013, followed by meetings to fully mobilise for delivery of the new contract; and be fully minuted, with copies to CPU and Legal.	RHC	December 2013 to March 2014.
3	Officers must clearly monitor the situation regarding the signing of the new contract prior to the commencement of the works by the new contractor, any delay must comply with the provisions of the revised CPR E69 regarding required authorisation in specific	<p>GPU will be invited to such meetings.</p> <p>Compliance with the revised CPR E69 will be considered on an ongoing basis, as exchange of information progresses. Any likelihood of exception arrangements being required will be brought to the attention of the Head of Legal Services as soon as that becomes apparent.</p>	RHC	December 2013 to March 2014.

INTERNAL AUDIT HEALTHCHECK REPORT – ACTION PLAN

	circumstances when a contract has not been signed.			
4	Items included in the Project risk register are completed or transferred into the relevant directorate or departmental risk register at the end of the tendering and contracting process.	This will be monitored monthly, and in addition, relevant risks will be transferred to the Contract Governance risk register.	RHC	Ongoing, with monthly updates.
5	A clear plan and timetable for the handover of the services from the existing to the new contractor must be established at the completion of the tender evaluation process, including contingency arrangements for the specific weeks prior to contract commencement.	Demobilisation arrangements for the existing contract are already in place and being implemented and regularly monitored. Corresponding mobilisation arrangements and monitoring will be established with the new provider, and tripartite collaboration and monitoring will be introduced as soon as practicable.	RHC RHC	Ongoing until April 2014. December 2013 to March 2014.
6	A lessons learnt exercise should be completed at the conclusion of this project. Officers from the CPU should advise on this process.	It is proposed that this carried out in two parts: (i) Procurement and (ii) Mobilisation. CPU will be asked for guidance on the process.	RHC	(i) November 2013 (ii) April 2014
7	Clear responsibilities must be assigned for reporting arrangements under the new contract, specifically covering performance aspects as per CPR E71.	A full performance management framework is included in the tender documents. Contract governance compliant with the revised CPRs and other CPU guidance will be established.	MS	December 2013.

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INTERNAL AUDIT HEALTHCHECK REPORT – ACTION PLAN

8	<p>It is important to clarify the future responsibility for the provision of skips by the Council, with appropriate tendering for the service if necessary, and a clear appraisal of any other service currently provided that will cease under the new contract must be performed and risks managed.</p>	<p>It was noted that the ad hoc provision was outside of the scope of the current contract, and it was not appropriate to include within the new contract, particularly since this would be unlikely to secure good value for money.</p> <p>It was agreed that a corporate contract would be required and CPU are undertaking a review of usage across the authority.</p>	CPU	March 2014.
9	<p>Relevant officers who have yet to complete the Project Specific M15 (Amended) Form must comply with this requirement prior to the end date for tender returns.</p>	<p>Completed</p>	RHC	October 2013.
10	<p>It must be ensured that the Highway Electrical Registration Scheme certificate regarding the sub-contractor Jones Lighting Ltd is renewed at the appropriate date if this sub-contractor is to continue providing the service.</p>	<p>This subcontract arrangement is with the existing contractor, and will end on 31st March 2014.</p> <p>The appropriate registration certification will be checked for all contract or sub-contract arrangements under the new contract.</p>	BSS	March 2014.

Gateway Review 3 Investment Decision

Authority Name: Wirral Borough Council

Project Name: Wirral Highways Maintenance Project

Project Name: Wirral Highways Maintenance Project
Gateway Number: LP221G301

Version number: Draft 1

Date of issue to PO: 31st October 2013

Project Owner: Mark Smith

Gateway Review dates: 29th to 31st October 2013

Gateway Review Team Leader:

Steve Simister

Gateway Review Team Members:

- Rachel Jones
- Abi Lindsay
- Robert Ling

This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a three to four day period, and is delivered to the Project Owner immediately at the conclusion of the review.

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Delivery Confidence Assessment

Delivery Confidence Assessment

AMBER/GREEN

The Review Team finds that the Council's team have brought the procurement to a point where a recommended will be taken to Cabinet on the 7th November. The Council's team should be congratulated on bringing the procurement to this point against a very adverse financial and resource background. This finding is supported by the robust evidence provided by the whole Council team, especially the Corporate Procurement and Finance Teams and a demonstration of how the e-tendering 'CHEST' system had been used to support the procurement process.

The successful delivery of a new Highways service contract by the 1st April 2014 appears probable at this stage in the procurement lifecycle. However, the Review Team have identified a number of issues which would have an immediate and adverse effect on the Council's ability to transfer service delivery responsibilities from one contractor to another. These issues are covered in the Review report and summarised here as:

- Lack of detailed mobilisation and demobilisation plan.
- Detailed project management approach for the next phase of the project.
- Heavy reliance on a small number of key staff who have no spare capacity to engage in critical activities in the next phase.
- Identification of clear success factors which influence and shape future activities associated with the project..

The Delivery Confidence assessment RAG status uses the definitions below.

RAG	Criteria Description
Green	Successful delivery of the project/programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly
Amber/Green	Successful delivery appears probable however constant attention will be needed to ensure risks do not materialise into major issues threatening delivery
Amber	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun
Amber/Red	Successful delivery of the project/programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and whether resolution is feasible
Red	Successful delivery of the project/programme appears to be unachievable. There are major issues on project/programme definition, schedule, budget required quality or benefits delivery, which at this stage does not appear to be manageable or resolvable. The Project/Programme may need re-baselining and/or overall viability re-assessed

Summary of report recommendations

The review team makes the following recommendations which are prioritised using the definitions below.

Ref	Recommendation	Critical /Essential / Recommended
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Recommended – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Background

The aims of the programme:

The maintenance of Highways is a statutory duty imposed on the Council as Highway Authority. The maintenance of the Highway infrastructure also underpins the regeneration of local communities on the Wirral and the creation of new jobs through providing good transport links. The Council have identified a number of objectives for its Highway's services:

- Support for Regeneration Strategies
- Customer focussed
- Underpins Asset Management principles
- Sustained efficiency savings
- Appropriate client control
- Value for Money
- Best practice
- Performance managed, benchmarked

The driving force for the programme:

The Council has a well established highways term contract which ends in March 2014. The prices are competitive but the commercial relationship has been difficult at times, and both parties have decided to part company when the contract ends, rather than take up extension options. With the end of the highways term contract approaching, it was necessary to review future needs, taking into account some external criticism, together with the austere financial position faced by all authorities. In July 2012 the Audit Commission issued a Report in the Public Interest which dealt directly with the 2008 Highways Procurement process.

Like all areas, Wirral relies on its road network, and investment in recent years has allowed the Council to achieve condition survey results of only 1% red for its Principal network this year, and 2% on the non-principal roads. Customer satisfaction has been averaging as high as 8 out of 10 on post-maintenance scheme surveys, but has in the last two years reduced to 7 to 7 1/2 out of 10. Complaints about the contractor's activity on the network have fallen for each of the last three years.

The Council want to ensure that their highways service supports the need to create jobs, and provide a safe and healthy environment for residents and visitors.

Learning from the previous procurement in 2008, it is important to recognise and demonstrate that whilst the Council have been well served by a low-price contract, they need value for money, greater local focus on the customer's needs and external benchmarking.

The procurement/delivery status:

The Council have selected to use the DfT's Highways Maintenance Efficiency Programme (HMEP) procurement suite Option A based on the NEC Term Service Contract form. A PQQ exercise was held during June 2013 from which five companies were selected for ITT. An ITT was issued to the five selected companies on the 23rd August 2013. The returned tenders were opened on the 14th October 2013. Only three of the five companies returned bids. Following an evaluation process a meeting of the project board takes place on the 1st November where the preferred bidder will be confirmed. It is anticipated that a recommendation to award a contract will be taken to Cabinet on the 7th November 2013.

Current position regarding Gateway Reviews:

This is the first Gateway Review on the project.

Purposes and conduct of the review

Purposes of the Gateway Review

The primary purposes of a Gateway Review 3 is to confirm the business case and benefits plan now that the bid information has been confirmed and check that all the necessary statutory and procedural requirements were followed throughout the procurement process.

Appendix A gives the full purposes statement for a Gateway Review 3.

Conduct of the Gateway Review

This Local Partnerships Gateway Review 3 was carried out from 29th to 31st October 2013 at Cheshire Lines building, Canning Street, Birkenhead. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank the Project Team for their support and openness, which contributed to the Review Team's understanding of the Programme and the outcome of this Review. In particular we would like to thank Lyn Ebbrell for keeping us supplied with refreshments during the review.

Findings and recommendations

1: Business case and stakeholders

The maintenance of Highways is a statutory duty imposed on the Council as a Highway Authority. The maintenance of the Highway infrastructure also underpins the regeneration of local communities on the Wirral. Whilst no formal business case exists for the project the need for the project is fundamental to the work of the Council in delivering their statutory duty. The over-riding business requirement is to deliver this statutory duty in a cost effective manner demonstrating value for money.

The existing contractor (Colas) confirmed in writing that they would not be extending the Highways Maintenance contract beyond 31st March 2014 and would not be involved in the retendering process. The main reason given by Colas was that they as a business were losing money on the existing Wirral contract and continuation was unsustainable.

An extensive procurement options appraisal was undertaken in March 2013 with several alternative options being considered and referenced in the Atkins report (Wirral highways services beyond 2014). The options appraisal recommended retendering the contract through a single contract rather than separating into individual component parts. The Council cabinet approved the recommended way forward at their meeting of the 14th March. The Council decided to follow the national Highways Maintenance Efficiency Programme (HMEP) which is a sector-led transformation programme designed to maximise returns from highways investment and deliver efficient and effective services.

Stakeholder engagement with Cabinet members and wider members has focused on setting the expectation of contract costs increasing from the existing Colas delivered service. It was expressed from the Council team that the HMEP approach would give them the flexibility to respond to future change in council priorities such as the move to the emerging Neighbourhood agenda to delivery. It was clear from the stakeholder approach that key members of the highways team were involved in the specification of the future contract and the evaluation process. Members of the project team had regular weekly meetings and members of the project board conducted monthly meetings. However, it came to the attention of the Review Team that formal meetings had ceased during the month of August 2013 and will not be restarted until the Project board are scheduled to make a decision on contract award due at their 1st November 2013 meeting.

A communications plan (19th July 2013 v5) is in place with the majority of the focus on internal stakeholders such as members. The communications lead has reviewed the plan but the owner of the plan is the Highways service manager.

Recommendation

The communication plan should be reviewed with greater focus on communicating external regarding the changes in the service. This includes setting the right stakeholder expectations over the lifetime of the contract. The new contractor will obviously be involved in developing and supporting these messages. The Council and new contractor should develop an agreed communications plan for dealing with the existing workforce.

The Review Team found through discussions that the existing supplier is actively engaged in the demobilisation process and is working collaboratively with the Council's team on an exit strategy and a full demobilisation plan.

Key stakeholders who were interviewed as part of the Gateway process suggested they were comfortable with the current status of the project. This comfort was based on assurances provided by the Director of Service and the respect this position holds. Documentary evidence to support this comfort has in some cases been difficult to evidence especially since the end of August.

The Review team have found no documented Benefits Realisation Plan to support the project. During discussion in the review stakeholders have their own interpretation of the benefits but these are not

always aligned. In addition, there are some mismatches e.g. maintaining high standards of customer satisfaction with a reducing budget due to wider Council budget pressure and higher contractual rates.

Recommendation

Document the current teams' view of Benefits Realisation and put measures in place to capture, record and ultimately measure.

2: Assessment of the proposed solution, delivery approach

Traditional delivery approach has been used which does not strictly following HMEP collaborative model due to time constraints. The Review Team has not seen the proposed bids and all the associated procurement documentation which would provide complete assurance of a robust and confidential procurement process. However, through the interview process, demonstration of the CHEST system and some documentary evidence we have had positive consensus views that the three compliant bids and associated procurement process will meet the needs of the service and should deliver the outcomes proposed in the options appraisal. It has been recognised by the Council team that the new contract will have an increase in costs compared to the existing Colas contract. It is unclear to the Review Team as to whether the suppliers proposed significant alternatives in the bid but the review team believe this unlikely due to the use of HMEP.

HMEP option A has been selected by the council as its proposed route due to the requirement to use a nationally agreed framework approach as a result of the previous contract experience with Colas. Through the discussions with the wider team members it has become apparent that changes have been made to the standard HMEP approach to fit with the local needs of the Council. It is unclear as to how far those changes have moved the approach from the standard HMEP approach and getting a clear understanding of this fact has been a challenge. Due to the time pressures of delivering a viable contract the project team have moved away from the collaborative ethos of the HMEP approach, however the team communicated to the review team that they will have enough flexibility in the contract to develop a longer term strategic approach. This approach was part of the decision made to offer a contract of 4 years plus 2 rather than the recommended 7years as set out in the option appraisal.

The Review Team found limited evidence of market engagement prior to the PQQ as would normally be expected through activities such as supplier days. There was limited evidence of soft market testing but the risk register identified 'insufficient bidders' as a risk.

3: Review of the current phase

The Review Team found that the Procurement process is currently at a stage where three compliant bids have been evaluated a preferred supplier has been identified with a recommendation to be taken to Cabinet on the 7th November. The Council team should be congratulated on bringing a complex procurement to this stage against a backdrop of Council budgetary pressures, limited resources, redundancies and tight time scales.

A high level project plan is in place and the project is being broadly delivered within this timeline. Whilst elements of project management are in place, the procurement process per se is not being

managed as part of a wider programme to support corporate objectives. For instance there is no PID and elements such as a project budget are not present.

It has been known since summer 2012 that Colas were not willing to extend the existing contract. Due to issues with existing contract and challenges arising out of the 2012 NAO 'Report in the Public Interest' the new contract procurement process was not started until January 2013.

In line with generally accepted good practice it was decided to undertake an Options appraisal of a procurement process. Due to resource constraints and to draw on external expertise, a decision was made to appoint Atkins as an external consultant to perform the options appraisal study during February 2013. Further, Atkins were retained to support the procurement process through to ITT.

An OJEU notice was issued in May 2013. The Notice was developed by the Council's Team with support from the Council's Legal and Procurement sections.

The Council's Team prepared and issued a PQQ. As a result of the PQQ, five contractors were selected to be taken forward to the ITT stage. The Corporate Procurement Team managed the procurement through the e-tendering system 'The CHEST'. There is strong evidence that the procurement process has been carried out rigorously with a comprehensive amount of challenge to the bid evaluation team. Five companies were invited to tender (ITT) with three bids being received back.

Once the bids were received back Corporate Procurement ensured the bids were compliant before separating the quality and financial sections to the appropriate evaluation panels. Quality and cost sections were evaluated independently by teams who did not share information which is good practice. Teams have come together in the final week of October to verify their evaluation and combine quality and cost scores. There is now a pinch point to agree final verification tender report, go to Project Board 1st November with a recommendation being taken to Cabinet on the 7th November.

Existing highways service staff provided support to the procurement process with limited resource and budget availability with input from internal finance and legal disciplines. 'The CHEST' has the ability to extend into the contract management phase and was a driver as to why the Corporate Procurement team wanted to use the system.

The Atkins Project management was planned to be transferred to the Highways Service team in August. Since the transfer there appears to be limited use of standard project management tools. The Review Team found that whilst there was evidence of coordinated activities these were not taking place using a project management methodology. This is evidenced in items such as limited updating of programme, risk log etc.

The tight timescales has led to increased pressure on the limited resources within the Council team to meet the demanding programme.

4: Risk management

There is clear evidence of an enterprise wide risk management system within the Council. The system allows for risk to be managed at a corporate, directorate, service and project levels. The risk process ensures that risk flows between these levels. Further, the project is a risk that is recognised at all these levels.

The project's risk register is based on the Council's risk management template. In examining the risk register, the Gateway team believe there are some deficiencies in how the register was both created and used. During the early stages of the project it was suggested that, in-line with good practice, a multi-disciplined risk workshop should be held to kick start the risk process for the project. Due to budgetary and time pressures such a workshop did not take place. The risk register appears to have been populated by individuals suggesting specific risks and during discussions at the project board and project team meeting where risk is a standing item on the agenda. Due to rather full agendas within meetings there is often limited time to discuss risk. It is also noted that during the ITT period the project board and team meetings have stopped, meaning the risk register has not been updated since the 1st August. In the discussions that took place as part of the Gateway review, it is evident that all participants have a good grasp of the risks on the project. Unfortunately, this richness of insight and understanding is not accurately reflected in the risk register. Whilst risk is clearly being managed, it is not being done so through the proactive and effective use of the risk register.

Recommendation

A review of the project's risk register should take place to consider how it can be used as an up-to-date, proactive risk register which accurately documents and reflects how risk is being managed on the project. Items that might be considered include:

- **Using headings to group specific areas of risk e.g. Mobilisation, Demobilisation, Legal, Finance etc.**
- **Separating out the 'Procurement' and 'Service' risk registers as they are dealing with two separate ways of working.**
- **Showing risk owners as named individuals which can be held accountable to ensure the risk action is robustly put into place.**
- **Placing configuration information into the document so people can easily see the history of the register and the frequency of updates.**
- **Ensuring all risks have mitigation actions against them.**
- **Putting dates against mitigation actions – this could include only showing the 'mitigated' risk score once the action has been put in place and it is demonstrated to be effective.**
- **Making the risk description more granular and specific in nature so targeted mitigation actions can be identified.**
- **The use of a multi-disciplined risk workshop to generate discussion around a wider range of risks and capture current risk status for the project as it moves into the mobilisation phase.**
- **Ensuring that project board and team meetings have sufficient protected time within the agenda to discuss risk.**

5: Readiness for next phase: Readiness for service

The Review Team have defined the next phase as the period from when Cabinet approve the recommendation to contract with the preferred supplier (7th November) to service commencement of the new contract on 1st April 2014. It should be recognised that this period also covers the demobilisation of the existing contractor to end by 31st March 2014.

It is noted that the Council team have been driving to a very tight procurement schedule in order to ensure that the planned four month mobilisation period is not compromised.

The demobilisation plans for the existing contractor appear to be in reasonable stage of development at this point in the project's lifecycle. An innovation sub group has been established to work through plans.

Whilst some initial discussions and planning have taken place for Mobilisation, it is understood these will only begin in earnest once the preferred bidder has been announced. This will allow the contractor to be directly involved in the mobilisation plans.

Recommendation

A detailed plan for mobilisation should be established in the coming weeks. It is recognised that mobilisation plans have been created for other contracts and the council have experience of these. However, this is a different set of circumstances. The mobilisation plan should cover items such as:

- **Identification of and planning for work streams**
- **Training in HMEP**
- **Resource requirements including capacity planning for key staff**
- **Project management requirements**

As the project moves into its next phase of development it is generally considered good practice for governance arrangements to be reviewed. It is evident that since the issue of ITT there has been a dip in formal governance activity with no board or team meetings.

Recommendation

Governance arrangements should be reviewed in line with the next phase to ensure they remain fit for purpose. In addition, the board should reflect on its recent activity and ensure that suitable governance arrangements remain in place for the life of the project. This should include transition arrangements from a project to a service environment.

The Review Team were made aware that the project management activities were brought back in house post ITT. The review team found that whilst activities were being co-ordinated these were not necessarily being undertaken within a robust project management framework.

Recommendation

Consideration should be given to placing the project under a robust project management framework. Given the resource constraints it is recognised this is a challenge for the Council team.

Project Name: Wirral Highways Maintenance Project

Gateway Number: LP221G301

The Review Team were made aware that the Council is embarking on a corporate wide initiative to align its service delivery to revised key corporate objectives. This includes moving to a four neighbourhoods service delivery model.

Recommendation

The project should be regularly reviewed again the Councils emerging service delivery model.

The next Gateway Review (Gate 4) is expected in March 2014 before the new highways maintenance contract goes live on the 1st April 2014.

APPENDIX A

Purpose of Gateway Review 3: Investment Decision

- Confirm the final business case and benefits plan now that the bid information has been confirmed.
- Check that all the necessary statutory and procedural requirements were followed throughout the procurement process.
- Confirm that the approved procurement strategy has been followed.
- Confirm that the recommended contract decision, if properly executed within a standard lawful agreement, is likely to deliver the specified outputs/outcomes on time, within budget and will provide value for money.
- Ensure that management controls are in place to manage the project through to completion, including contract management aspects.
- Ensure there is continuing support for the project.
- Confirm that the development and implementation plans of both the client and the supplier or partner are sound and achievable.
- Check that the business has prepared for the development (where there are new processes), implementation, transition and operation of new services/facilities.
- Confirm that there are plans for risk management, issue management and change management (technical and business) and that these plans are shared with suppliers.
- Confirm that the technical implications, such as 'buildability' for construction projects; and for IT-enabled projects information assurance, the impact of e-government frameworks (such as e-business and external infrastructure) have been addressed.

APPENDIX B

Interviewees

NAME	ROLE
Mark Smith	Head of Environment & Regulation, Project Owner & Project Board Chair
Rob Clifford	Service Manager, Highway Management, Project Director, Project Board & Project Group Member
Gordon Cowen	Atkins, Project Manager & Project Group Chair
Kevin Adderley	Strategic Director, Regeneration & Environment (not seen due to illness)
Councillor Phil Davies	Leader of the Council
Councillor Harry Smith	Cabinet Member, Streetscene & Transport
Keith Patterson	Procurement Manager
Tony Birkett	Senior Procurement Officer & Project Group Member for Procurement
Brian Smith	Highways Contracts Manager & Project Group Member
Shaun Brady	Highways Asset Manager & Project Group Member
Mark Goulding	Finance Manager & Project Group Member for Finance
Colin Hughes	Group Solicitor , Project Board & Project Group Member for Legal Services
Tony Williams	Human Resources Manager, Project Board Member for HR
Emma Degg	Head of Neighbourhoods & Engagement, Project Board Member for Communications
Tom Sault	Head of Financial Services, representing Project Board Member for Finance

Ref	Recommendation	Status	Proposed Action	Lead	Timescale
1.	The communication plan should be reviewed with greater focus on communicating to external stakeholders regarding the changes in the service. This includes setting the right stakeholder expectations over the lifetime of the contract. The new contractor will obviously be involved in developing and supporting these messages. The Council and new contractor should develop an agreed communications plan for dealing with the existing workforce.	Essential	The Council and new contractor will develop an agreed communications plan for dealing with the existing workforce, and our external customers. The Communication Manager's input will be sought	RHC	December 2013
2.	Formally document the current teams' view of Benefits Realisation and put measures in place to capture, record and ultimately measure these benefits.	Essential	Pulling together of separate documents and measures into a single plan.	RHC	November 2013
3.	A review of the project's risk register should take place to consider how it can be used as an up-to-date, proactive risk register which accurately documents and reflects how risk is being managed on the project. Items that might be considered include: <ul style="list-style-type: none"> Using headings to group specific areas of risk e.g. Mobilisation, Demobilisation, Legal, Finance etc. Separating out the 'Procurement' and 'Service' risk registers as they are dealing with two separate ways of working. 	Essential	Current, up to date, risk registers to be reviewed in line with the recommendations. A risk review workshop, taking into account the preferred bidder's proposals and prices will be carried out across all relevant service areas. Meetings agendas to allow more time to review risk registers.	RHC S Fox/B Smith MS/RHC	November 2013 December 2013 Immediate

<ul style="list-style-type: none"> • Showing risk owners as named individuals which can be held accountable to ensure the risk action is robustly put into place. • Placing configuration information into the document so people can easily see the history of the register and the frequency of updates. • Ensuring all risks have mitigation actions against them. • Putting dates against mitigation actions – this could include only showing the ‘mitigated’ risk score once the action has been put in place and it is demonstrated to be effective. • Making the risk description more granular and specific in nature so targeted mitigation actions can be identified. • The use of a multi-disciplined risk workshop to generate discussion around a wider range of risks and capture current risk status for the project as it moves into the mobilisation phase. • Ensuring that project board and team meetings have sufficient protected time within the agenda to discuss risk. 				
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4.	<p>A detailed plan for mobilisation should be established in the coming weeks. It is recognised that mobilisation plans have been created for other contracts and the council have experience of these. However, this is a different set of circumstances. The mobilisation plan should cover items such as:</p> <ul style="list-style-type: none"> • Identification of and planning for work streams • Further training in HMEP • Resource requirements including capacity planning for key staff. • Project management requirements • Engagement with contract management process 	Critical	<p>Scoping of requirements, including resources required within one week.</p> <p>Detailed plan in line with scoping and recommendation points.</p>	RHC/MS RHC/MS	November 2013
5.	<p>Governance arrangements should be reviewed in line with the next phase to ensure they remain fit for purpose. In addition, the board should reflect on its recent activity and ensure that suitable governance arrangements remain in place for the life of the project. This should include transition arrangements from a project to a service environment.</p>	Essential	<p>Review and proposals in time for November Board meeting.</p> <p>Proposals to include a note on the governance arrangements included in the contract documents</p>	RHC/MS RHC	November 2013

6.	Consideration should be given to placing the project under a robust project management framework. Given the resource constraints it is recognised this is a challenge for the Council team.	Essential	Alongside Action 4, full consideration of needs to be reviewed, including any assessment of Change Team or external support required.	RHC/MS	November 2013
7.	The project should be regularly reviewed against the Council's emerging service delivery model.	Recommended	Review against E&Y proposals	MS/RHC	January 2013

Gateway Status definitions:

Critical (Do Now) – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

Essential (Do By) – To increase the likelihood of a successful outcome the programme/project should take action in the near future. [Note to review teams – whenever possible Essential recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]

Recommended – The programme/project should benefit from the uptake of this recommendation. [Note to review teams – if possible Recommended recommendations should be linked to project milestones e.g. before contract signature and/or a specified timeframe e.g. within the next three months.]