

Report of the Director of City and Environmental Services

Lendal Bridge Trial

Summary

1. This report covers the actions taken in respect of governance of major projects, including transport projects, as a result of the review of the trial closure of Lendal Bridge in 2013-2014. The report shows that the recommendations, where accepted, have been implemented and the management of large projects continues to develop.

Recommendations

2. That Members note this report.

Background

3. Immediately following the re-opening of the bridge in April 2014, the Chief Executive advised the Leader that she was commissioning a review of the management structures and processes relevant to the project. Crown Management Solutions (CMS) were commissioned to undertake this review; the company knew the authority well, having provided a range of services including for some five months the interim assistant director of Highways, Transport and Waste, while retaining objectivity. This combination of knowledge and distance made them a strong choice for this piece of work. The Chief Executive was clear that this review should be based on honesty and 'no blame', to ensure that all those involved were able to speak freely and organisation learn from the experience. The brief for this work is at **Appendix One**.
4. Note that this work was commissioned alongside improvements to the project management system (see 1.3 and other paragraphs below) for transport and so the commission for this piece of work is also shown.

These were two of several pieces of work commissioned at this time and the document has been edited to exclude irrelevant material.

5. The CMS report on the trial closure is attached **Appendix Two**. It has already been widely circulated after being tabled by the Chair of Economic and City Development Overview and Scrutiny Committee (ECDOSC) at its meeting of 12 November 2014. It sets out the findings from a review of the relevant documentation and conversations with a number of relevant officers and councillors. As requested by the Chief Executive it is focused on the lessons which might be learnt from the process of the trial; it does not aim to be a review of the effectiveness of the trial against its objectives, of which the most detailed study has been the Cabinet report of 6 May 2014 (contained within the reports pack at http://www.york.gov.uk/info/200621/transparency/827/council_webcasts/70).
6. This report was received by the Chief Executive and the new Director of City and Environmental Services (CES) in the summer. However, even before receipt a number of issues relating to project and programme management were clear to the new Director and the new (substantive) Assistant Director Transport, Highways and Waste. In particular, a more structured and robust management both of transport projects and the overall programme was needed. CMS were therefore commissioned to develop a project management system in a timeframe which overlapped the review itself.

Recommendations and response

7. The key findings of the review relate to management improvements. As noted in the report to Audit and Governance in November 2013 the methodologies, at the core of project management, need to ensure that the right mechanisms are in place for management, control and organisation. The key to the successful implementation of projects is that Prince2 principals should be used to ensure appropriate management tools are used within frameworks. The response is therefore intended to deliver appropriate management tools in what is in some cases a developing framework.

8. The report itself is largely narrative and the Director extracted a table of recommendations, attached at **Appendix Three** with a current update on progress. This groups the outcomes of the report into three categories, related to governance, programme management and project management.
9. At the Chief Executive's request, an update on implementation was prepared in November 2014. This was also tabled by the Chair at the meeting of 12 November 2014 and circulated since; it is attached at **Appendix Four**.
10. The table at **Appendix Three** provides the latest update on implementation. Members are asked to note the following points:
 - The transport programme has been largely separated from the brownfield and infrastructure (major regeneration projects) programme. The exception would be very large transport projects such as the Outer Ring Road. Experience in other authorities shows that combining the two both swamps the regeneration work with transport projects and also confuses two overlapping but distinct sets of skills.
 - The brownfield and infrastructure programme has been separately discussed with Members (see below).
 - The transport programme can have a volatile funding profile, from the small mainstream network improvement programme to very large funding projects, dedicated streams (e.g. the Local Sustainable Transport Fund) and partnership projects. There are overlaps between some transport investments and contracts for services, particularly with respect to buses.
 - In addition, many local transport projects may have a mixed funding profile, including resources from planning gain, specific grant and the council's direct resources. Satisfying the timetabling and evidence requirements of funders is an important part of project management.
 - Project management, inside and beyond transport projects, is not an automatic skill but contains a set of techniques and practices which need to be formally adopted and monitored.
 - The Transport Programme Board now meets monthly and is chaired by the Assistant Director Highways, Transport and Waste.

Member oversight is provided by regular reporting of schemes to the portfolio holder for Transport and all major projects are subject to Cabinet Member approval before commencement.

Brownfield and infrastructure projects

11. The Council has had a series of brown field and infrastructure projects in varying stages of development for some time. Some of these are fundamental to its commitment to bringing forward brownfield sites for housing and employment, notably York Central. Others relate to key council assets such as the Guildhall while some, like Biovale, are the outcome of important partnerships furthering the economic potential of York. Over the summer, the new Director of CES and the departmental management team reviewed all these projects for deliverability and priority. This review recognised that circumstances change; in particular the current commercial issues surrounding important properties in the Castle Piccadilly area opens up opportunities which need to be explored, and the work Network Rail has undertaken on land ownership on York Central makes that development much more achievable.
12. The officer review was summarised in presentations to leading Members in November and December 2014, attached at **Appendix Five**. This identified the following major projects as priorities, based on progress, opportunities, partnerships and funding:
 - Outer Ring Road
 - Stadium
 - York Central and Station Gateway
 - Biovale
 - Guildhall
 - Fund of Funds
 - Public realm renewal
 - Castle Piccadilly
13. The review of these projects identified five further key requirements, set out in the presentation:
 - All projects should have a clear governance structure with identified resources

- Project Initiation Documents should show the governance structure and key milestones. As a project gathers weight (e.g. as funding is confirmed) further management safeguards are required including risk registers, financial arrangements etc
- Member oversight needs to be confirmed and clarified in each case
- A structure of gateways for decision making and project progress is to be put in place for each project
- The establishment of a Brownfield and Infrastructure Board, to oversee the whole programme and ensure projects are complying with these expectations

14. The current situation on the prioritised projects is summarised below and Members will note that whilst as reported to Audit and Governance in April 2014 that elected member attendance on boards is not in a decision making capacity, the most appropriate way of ensuring Cabinet Members who are decisions are briefed needs to be considered by each project and this is currently in development as detailed below.

Project	Current status	Next steps
Outer Ring Road	Awaiting final decisions from West Yorkshire Transport Fund (WYTF) but preliminary funding for design work agreed. Project Board now set up and starts meeting in January 2015.	To determine best Member oversight of this project as funding is (probably) confirmed and formal decision to proceed made by Cabinet post budget. Decision as to first two roundabouts for design work will also be needed.
Stadium	Planning application now submitted. Contractual discussions ongoing.	Planning consideration anticipated March-April 2015 and contractual decisions in June-July. Cabinet to be asked to consider Member oversight in the light of project progress and changed political make-up.

York Central and Station Gateway	These two projects now combined under one internal Project Board and one shared project board with Network Rail. CYC Member advisory group was established and first meeting now being set. Project Initiation Document (PID) in place following Memorandum of Understanding (MoU) agreed with Network Rail (NR) in September 2014.	Planning framework and transport assessment in train. Ongoing discussions with Leeds City Region (LCR) Local Enterprise Partnership (LEP) re infrastructure funding for York Central (YC) and WYTF re multi-modal funding for Station & Gateway. Negotiation re vehicle for infrastructure funding underway.
Biovale	Primary lead with University of York (UoY). Funding sought from both LEPs with decisions anticipated in January.	Steering Group established, chaired by University and representation (Director CES) from CYC, together with support from Make it York. Next stages will depend on funding decisions.
Guildhall	Project under review for interim uses following funding decisions. Reported to Cabinet check	check
Fund of Funds	Project to corral opportunities for investment in infrastructure to maximise impact.	Project initiation will depend on resources available to take this work forward after the budget.
Public realm renewal	Wayfinding consultation now complete. Work in Fossgate in detailed discussion with traders.	To be reviewed post election in light of need to maintain and improve all city centre public realm.

Castle Piccadilly and Southern Gateway	Officer review identified options in light of commercial property movement in the area. Shadow (officer) Board requested further work to be reported in early 2015 and enable informed recommendations to Members.	Depending on outcomes of next stage commercial evaluation decisions will be needed on investment in project management as part of the budget process, along with formal project initiation.

15. It should be noted that in some cases resources are still being clarified both for some of the substantive project and project management. (See paragraph 4 below.) The new Brownfield and Infrastructure Board had its first meeting on 27 January 2015.
16. The area most in flux relates to Member oversight, which is partly a reflection of changes in the Council control. This Committee decided **check** to establish a Member steering group for York Central, which has its first meeting **check**. The Stadium Board, had three Consultative Councillors in membership until planning applications were submitted at which time members chose to withdraw from the Board, The Guildhall **check**. The Outer Ring Road and Biovale are still seeking funding and the Member oversight will need to be considered as funding is awarded and formal decisions to proceed are considered. Castle Piccadilly (or, more broadly, the Southern Gateway) project is still in very early stages, and will only become a formal project if and when resources are available for the next stage.
17. The overall programme has historically been reported to EDOSC together with the transport programme. It would be appropriate to review this when resources are confirmed, probably at an early Cabinet of the new Council in June or July.

Resources

18. Effective and robust project management requires an upfront investment and ongoing funding however well managed projects will always be more cost effective in overall project spend.

This basic truth is particularly important in the early stages of a project where viability, partnership arrangements, demand and potential funding all need to be considered but (usually) only the Council is in a position to consider committing the resources needed to explore the opportunities. Many organisations (not only in the public sector) tend to under-resource this process, leading to overlong project initiation, untested assumptions about delivery or failure to progress.

19. Officers have therefore reviewed the project management requirements of the prioritised projects in both transport and brownfield programmes. In the capital projects associated with the transport arena this is more straightforward as project management costs tend to be easier to identify. External arrangements generally reduce the risks of abortive work by staging funding. It is also usually evident that the project involves capital expenditure making the fees themselves capitalisable from an early stage.
20. Brownfield and infrastructure projects tend to be more complex with different risks involved, including the risks of initiation costs for projects which do not proceed (and therefore are harder to capitalise). York Central provides an interesting example illustrating the current workstreams being undertaken by the Council as part of unlocking some £30m (current estimate) of other public investment and £500m private investment to develop the site:
 - partnership with network rail including negotiation and relationship management, legal analysis of possible vehicles for capturing value uplift on the site, progressing joint project management arrangements
 - commercial capacity both to agree a vehicle above and understand the Council's own interests, alongside understanding the viability assessments and their implications for development options
 - planning and urban design knowledge to ensure the site will be developed within planning constraints and to deliver the Council's ambitions, but is not unduly delayed
 - transport knowledge to assess the impact of proposals

- financial capacity to assess the requirements and opportunities for funding (from a range of sources including bid-writing, negotiation, lobbying and briefing) including the discussions with LCR LEP and WYTF.
 - basic project management expertise to ensure governance, documentation, milestone management etc.
 - scheduling and programme management (shared with NR) to articulate the required order of events over a multi-year programme from flood mitigation to station management
21. All of these workstreams (with related skills demands) are crucial to seeing the development of a site which has long been stymied by its complexity and the vagaries of the market. Despite its challenges York Central together with the Station and Gateway project, represent a major opportunity, both for York to maximise housing on brownfield land and for the regional economic benefits. Accessing the other public resources which will unlock this (approx) £600m development does require commitment by the key partners, Network Rail (NR) and CYC.
 22. NR has committed some £51m to York Central (excluding works to the station itself, and of which £35m is to build the new signalling and training facilities). CYC has committed £10m to improve access to the site.
 23. This brief case study illustrates the importance of properly resourcing the early stages of these complex projects. Officers have estimated the likely costs of supporting the priority projects and this is part of the ongoing current budget discussions.
 24. Later stages of projects will more typically enable project management costs to be part of the overall project development as it gains momentum. This has been true, for instance in the Stadium project and the investment in the new roundabout and Park & Ride at Poppleton during 2013-14. Bids for resources should include a management element (typically constrained at some 5% of the overall project cost), although this is not always sufficient for ongoing commercial and legal requirements which may need continuing additional support, depending on the complexity of the project.

Conclusions

25. This report has considered the implementation of recommendations arising from the review of the Lendal Bridge trial commissioned by the Chief Executive.

It has highlighted that in the transport domain robust project and programme disciplines have now been normalised within the management of the function, overseen at a senior management level and enabling robust reporting to Members.

In the area of complex regeneration projects a more flexible model is required and this is being developed as appropriate for prioritised projects alongside proper requirements for project initiation and reporting.

Options

26. There are no options associated with this report.

Analysis

27. This section should present an appraisal of the advantages and disadvantages of each option.

Council Plan

28. The effective use of project management, member engagement and informed decision making will aid the delivery of Council priorities.

Implications

29. **Financial:** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.
30. **Human Resources (HR):** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.
31. **Equalities:** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.

32. **Legal:** There are no implications associated with this report, individual projects will as necessary submit reports to decision making bodies detailing the implications of specific projects.

Risk Management

33. The failure to implement sound project management is and has proved to be a significant risk for the Council.

The process of developing and implementing the Council approach to the project management should in itself be a process of continuous improvement and the actions that are being taken as detailed in this report are part of that process.

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**Report
Approved**

 tick

Date *Insert Date*

Specialist Implications Officer(s): None

Wards Affected: Guildhall

All

For further information please contact the author of the report

Background Papers:

None

Annexes (*these will be available at the Audit and Governance Committee on 11 February 2015*)

Appendix One: Brief for Lendal Bridge Review and Programme Management

- Appendix Two: Report by Crown Management Solutions on the management implications of the trial closure of Lendal Bridge
- Appendix Three: Action Plan arising from the management review of the trial closure of Lendal Bridge with January update
- Appendix Four: November update on implementation of action plan
- Appendix Five: Presentations to Member November 2014 regarding brownfield and infrastructure sites

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