

Report of the Assistant Director of Regeneration Economic Growth and Asset Management

## **York Guildhall Project**

### **Summary**

1. The Economy and Place Scrutiny Committee have been asked by the Customer and Corporate Services Scrutiny Management Committee (CSMC) to review the project status reporting for the Guildhall project, expressing CSMC's concern that the October 2019 Green rating did not accurately reflect the project status at that time.
2. The purpose of this report is to review the project governance and risk management arrangements for the delivery of the project which inform the project reporting.

### **Background**

3. Securing the future of the Guildhall is one of the Council's Major Projects being delivered by the Regeneration team within the Economy and Place Directorate.
4. The project was initiated in July 2013 when the council's cabinet agreed funding to undertake project feasibility work. Since that time, project progress has been reported to Cabinet / Executive at key project stages with approval to progress to the subsequent stage being given in each case. The Executive decisions relating to the project are set out at annex A.
5. The most recent Executive decision in February 2019 confirmed the budget and granted approval to deliver the project.

### **Governance**

6. Delivery of the project in accordance with the Executive approval is governed by the Project Board, chaired by the Corporate Director of Economy and Place. Project Board membership is set out at annex B.

7. At monthly Board meetings project progress is reported by the project manager, with all current and future workstreams considered in the context of delivery against the agreed project parameters and programme. The Board monitors the project budget and project risks, providing strategic direction to the project manager in accordance with Executive approvals.

### **Project Risks**

8. A project risk register has been maintained throughout the project. This reflects both risks specific to the construction works and the wider project risks relative to delivery of the key project outcomes, as identified in the highlight reports.
9. The project team has undertaken risk workshops at key project stages facilitated by the project cost consultant Turner Townsend. The project risk register is aligned to the council's corporate format with the key risks identified in the corporate highlight report. The risk register is reviewed at board meetings.
10. The current recent risk register highlighting the key risks relating to the construction phase is attached at annex C.

### **Project Reporting**

11. There is detailed reporting to the project board each month on all aspects of the project; the project manager's report includes:
  - a summary progress report,
  - activity log – recording actions in the period and planned future actions
  - exceptions log - recording issues where they arise and planned mitigating action where necessary / appropriate
  - budget / cost update
  - programme update
12. The monthly highlight reports are prepared by the project manager in accordance with the Council's corporate project management approach.

The most recent report (Feb 2020) is attached at annex D.

13. In accordance with the Council's corporate project management approach all the individual project factors listed below are considered, and rated, but the overall status is a summary, on balance, rating.

Scope	Quality	Costs	Resources	Financial Benefits	Non Financial Benefits	Tasks & Milestones	Risks	Issues
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### **Previous reporting status**

14. A summary of the overall project status over time is set out in the table at annex E. The table confirms that the project RAG status has varied overtime in response to the many challenges experienced in delivering this complex project.
15. The highlight reporting sequence over the period January 2018 to February 2019 clearly demonstrates that the corporate reporting of project status accurately reflected the actual project status / situation at that time. It shows the different risk profiles as the project evolved: from approval to deliver in March 2017; through the failure of the previous procurement exercise to secure a price for delivering the project within budget; the contract was termination and the period where the works were revised and retendered leading to the February 2019 approval.

### **Current Project Progress**

16. The project is currently in the construction phase with work in progress on site. The end of February marks week 24 of a 77 week programme.
17. The Executive approval of February 2019 set the project scope and budget. Accordingly the overall project status was reported as green as at March 2019.
18. Over the period April to July activity was focussed on concluding due diligence with the construction contractor, prior to entering into contract to ensure all contract risks were minimised. The project board were rigorously monitoring progress in relation to the signing of the contract. The contract was signed in August confirming the ability to deliver the project in accordance with the Executive approval, with the project highlight report recording green status. The 77 week works contract commenced on 16 September 2019.

19. Issues were highlighted in the September report as 'at risk', relating to securing a construction access agreement with a neighbouring property. These were not affecting the critical path or overall project delivery at that time.
20. The Project Board had confirmed the overall programme with respect to the construction contract start date with reporting against this for the October 2019 Highlight report. At this time further issues were recorded, relating to discovery on site of a structural arch in the north annex tower wall below ground. This impacted the assumptions for the underpinning design and required a revised approach. The likelihood of unforeseen / structural risks was a key project risk and was accounted for in project contingency. The issues were worked through in accordance with the agreed mitigation. Some delay / additional cost was anticipated and board were aware that the overall status remained green.
21. Further issues were reported in November relating to new structural discoveries complicating the re-design. However, these remained within the scope of the risks identified in the risk register and agreed mitigation actions were implemented. Delay was estimated but not confirmed at 3-5 weeks. Any extension of time under the contract requires a formal determination by the contract administrator, based on a formal submission from the contractor. A delay of this order would not necessarily impact the completion and opening of the refurbished complex where there is some programme float to accommodate this and the contractor may also be able to mitigate the delay so as to avoid impacting on the proposed opening / first use of the completed project. Accordingly the overall status remained green.
22. By December further issues with river levels affecting the timing of the crane erection and further risks were highlighted in reporting although at that stage still the overall impact was being actively managed. As we moved into January the erection of the site crane was achieved representing a key project milestone and the revised underpinning work progressed well. Issues were recorded but progress was improved.
23. Unfortunately February has brought further issues and timescale problems with completion of the underpinning work – obstructions to pile driving and exceptional weather events with high river levels impacting the river logistics (muck removal from site by barge)
24. The March reporting will reflect the impact of these issues and put in place mitigations to address the specific and overall contract risks. The

overall status will still be an on balance view across all factors which will be agreed at the Project Board.

## **Summary**

25. Highlight reports for the Guildhall project over the period January 2018 to March 2019 demonstrate the validity of the overall RAG rating where the failure of the previous procurement exercise and termination of the contract resulted in Red RAG rating. Following the re-tender and Executive approval of the revised scope and budget in February 2019 the overall status was 'reset' to Green in March 2019.
26. Over the period Oct 2019 to Feb 2020 issues, risks and timescales have been recorded as being Amber 'at risk', although the overall, on balance, rating was still Green. This is because the specific issues / areas of concern were being actively managed and were anticipated in the project risk register with planned mitigation.
27. The combination of current and ongoing issues is being actively managed. The majority of issues were anticipated in the project risk register; the structural unknowns, underpinning and high river levels, and mitigation measures and contract contingency were included. However, in combination the overall magnitude and extent may now impact on the overall rating.

## **Recommendation**

28. Members are asked to note the contents of this report and also note the role of the Audit and Governance Committee in monitoring the risks associated with major projects.

Reason: To help Members understand how the Guildhall project is being delivered.

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### **Chief officer responsible for this report**

Neil Ferris  
Corporate Director of Economy and Place

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Wards Affected: Guildhall

All

For further information please contact the author of the report

**Annexes and background papers:**

Annex A: - Executive reports / decision history

Annex B: - Guildhall Project Board membership

Annex C: - Project risk register

Annex D: - Feb 2020 highlight report

Annex E: - Highlight reporting overall project status summary 2017 - 2020