



Clevedon Seafront/ Hill Road Scheme Review & Lessons Learned

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1. Introduction

- 1.1 The Internal Audit Service (Audit West) were requested to complete an independent review of the life of the Clevedon Seafront / Hill Road scheme. The purpose of the review was to understand whether there are any areas that North Somerset Council (NSC) can learn from when planning and undertaking similar work in the future.
- 1.2 Internal Audit were tasked with reviewing five key aspects of this scheme. These included:
- Financial planning and management
 - Decision making
 - Consultation and engagement
 - Roles and responsibilities
 - Project Management arrangements
- 1.3 This report presents findings at a high-level. Separately, Detailed improvement actions against key findings have been discussed with the Council's Chief Executive, the Director of Place, and the Director of Corporate Services/ Section 151 Officer.

2. Summary of Key Findings

- 2.1 The review has identified several issues, some of which if approached differently, would have contributed to better outcomes for this scheme. As such, there are learning points for the organisation in managing projects of this nature which should be considered in the future. The key findings of the review can be categorised as follows:
- a) **Budget** – The project has evolved from originally being a relatively straightforward scheme with an estimated cost of £200,520, to a much bigger c£1.5m project. The increase in costs can be considered alongside various factors, including;
- i) Poorly estimated and overambitious initial budget costings,
 - ii) Increase in project scale and scope following consultation with Members, Clevedon Town Council and other stakeholders (which in turn impacted on project management, design and supervision requirements),
 - iii) Up to 40% increase in materials cost due to Covid-19, Brexit, the Ukrainian crisis, and inflation, amounting to £253k,
 - iv) Choice to use better-quality materials than originally costed,
 - v) Further scheme amendments in response to public consultations of £101k,
 - vi) Unforeseen additional works of £218k (including flood prevention and repairs to a historical structure), and
 - vii) Accelerated investment in highways maintenance in Clevedon to coincide with scheme (£187k).

Expenditure	£m
Original scheme	0.201
Amendments to scope (i,ii,iv)	0.565
Post consultation changes to scope and design (ii)	0.101
Estimated inflation (iii)	0.253
Unforeseen works (vi)	0.218
Final costs including safety audit	0.019
Clevedon Highways investments brought forward to coincide with active travel scheme (vii)	0.187
Total	1.544

- b) **Time** – Timings have been a constant challenge throughout the scheme. The original milestones set for the project were influenced by the terms of funding, and the initial period in which the Department for Transport (DfT) set to prepare and submit the bid was a short window. The original dates of construction/ completion were Autumn 2021 however the work was not concluded until Spring/ Summer 2023. Some of these delays were avoidable, whilst others were a result of changes following consultation, or to avoid works taking place in peak visitor periods. Delays have led to a loss of public buy-in, and the scheme ended up becoming an issue that fell within the Electoral cycle.
- c) **Consultation** - Clevedon is a Victorian seaside town with a proud heritage. Thus, the level of change needed to be managed sensitively and through effective consultation. The NSC public consultation period was short (5 Feb – 7 Mar 2021) and took place during a national lockdown, so was primarily limited to being an online exercise and as such potentially did not reach all demographics. The consultation was based around a design that the Council had already drawn-up and thus residents may not have felt fully engaged or believed that they had only limited influence. The consultation did however still elicit a lot of response and a total of over a thousand responses were received, with a majority (50%) of respondents being in favour of the draft proposals for The Beach and Hill Road (42% were against and 8% remained neutral). Following the public consultation and replies received, 21 changes were made to the scheme design.
- d) **Governance** – The project suffered from a lack of stability in management, having had changes in key roles during the project including the Project Manager, SRO and Project Sponsor. The Council has put in place revised and robust project management, risk management and capital governance arrangements over the last 12-18 months to provide greater oversight over such schemes. However, the Clevedon scheme originally predated these enhanced arrangements and, specifically in respect of capital governance, the project costs that were estimated at the outset would have meant that this scheme would not have been considered a ‘major project’ and therefore not subject to enhanced monitoring.

2.2 It is important however not to view the report findings only in isolation, but to consider the factors both locally and nationally which led in many cases to decisions being made. The scheme was originally intended to be funded and linked to the Department for Transport’s Active Travel Fund (Tranche 2). It is therefore advised that the findings from this internal audit report are considered together with the National Audit Office’s report of June 2023 regarding Active Travel in England (<https://www.nao.org.uk/reports/active-travel-in-england>). The NAO report shows that many of the issues encountered by NSC were also replicated across a national level, for example they found that the speed required by the DfT of local authorities *“led to some poor implementation of schemes in places where plans had not been developed before the pandemic and local communities were not adequately consulted.”*

3. **Next Steps**

- 3.1 At the time of writing this report, several other pieces of work are taking place in relation to the scheme, each of which will each make their own recommendations:
- Active Travel England have visited Clevedon to inspect its compliance with its government funding agreement.
 - North Somerset Council have commissioned independent experts (AECOM) to review changes made to Hill Road and The Beach.

- Engineers have been commissioned to conduct a Stage-Three Post-Implementation Safety Audit.

3.2 It is therefore the Auditor's overall recommendation that a period of time should be allowed for the scheme to 'bed-in' and for the technical reviews listed above to be completed before any retrospective changes to the scheme are considered. This internal audit review has identified a large deviation in spend from that anticipated within the original scheme design, and therefore it is vital that any further spending is well considered and in view of all available information to ensure that future value for money for the public is achieved.

Appendix A - Table of Findings

	Audit Area	What Worked Well	What Could Have Been Improved
1.	Financial Planning and Management	<ul style="list-style-type: none"> • North Somerset Council have an excellent record of successfully bidding for external funding and were proactive in applying for the Active Travel funding during the pandemic. • During the works, the opportunity was taken to undertake road resurfacing at the same time to minimise disruption in the area. • Internal accounting records have been well maintained, ensuring that a central record exists which allows for transparency over funding, income and expenditure costs and reference to council decision sheets. • North Somerset Council have subsequently acknowledged that risk management processes could be improved and within the last 12 months have rolled-out a new risk management strategy and toolkit. The toolkit addresses the issues identified in this review, including a new risk identification tool, a risk management matrix and decision making and governance guidance. 	<ul style="list-style-type: none"> • Initial costings were high-level, too ambitious and based on a poorly estimated bid, albeit this was originally intended to be a relatively straightforward and low-cost scheme that could be implemented quickly. At the outset the large future increases in material costs (due to Covid, Ukraine, Brexit and inflation) would have been difficult to estimate, however despite those unavoidable pressures, the contingency budget was also considered to be insufficient. • The budget for this scheme is not clearly set out in the funding application and project brief. • There were changes to the scheme design and additional work carried out which were not originally budgeted for and are not fully supported within project records. From the project records that were provided, it is not clear how decisions and changes were going to be managed for the project. • Assessment of risk could have been more robust, including important considerations around project and financial risks. A wider assessment of risks - and formal documentation that risks had been identified, were well understood, were correctly assessed, and had appropriate mitigation in place to address them - was necessary. • The scheme was impacted by further increases in costs, due to delays in completing this project. These included requests from business and other stakeholders to avoid works over summer and Christmas trading periods.

	Audit Area	What Worked Well	What Could Have Been Improved
2.	Decision Making and Decision Gateways	<ul style="list-style-type: none"> • North Somerset Council's Active Travel strategy and Active Travel schemes have been reviewed and approved by Council members. • The initial decision around applying for the funding links well with Active Travel initiatives (at local and national level), as well as North Somerset strategy and policy including Placemaking and Climate strategies. • Decision papers were maintained and support budget changes. • Post consultation there was a requirement from Department for Transport for assurance that the scheme had support at a senior level before funds were released. This was provided through a letter from the Director of Place. • The Council's Senior Managers (alongside Members) have recognised that procedures over Capital Governance could be improved and over the last 18 months have set upon ensuring that efficient and effective arrangements are now embedded within practice. 	<ul style="list-style-type: none"> • The scheme received majority support (based upon the results of the consultation exercise) but could have benefitted from further scrutiny before deciding to go ahead in view of the fact majority support was only marginal. • Although the scheme design is consistent with central government guidance/ guidelines, this scheme included significant changes to historic areas in Clevedon (The Beach and Hill Road). Therefore, the sensitivity of delivering public realm improvements in this area should have been subject to greater consideration at a senior level prior to making a formal bid for funding. • Feedback from meetings with Council Officers also indicates that there could have been more challenge from Senior Management at various points during this scheme. (Noted that the Council have previously acknowledged this and made improvements to their capital governance arrangements). • There is not one clear central record of decisions and changes made on this project. • Project records do not illustrate that decision gateways were used for this scheme. • The published decision paper (21/22 DP 236) could have provided more detail on key risks and mitigations to help support the decisions being asked to be made.

	Audit Area	What Worked Well	What Could Have Been Improved
3.	Consultation and Engagement	<ul style="list-style-type: none"> • North Somerset openly publish a record of all public consultations including links to original consultation documents. • Council members were consulted and engaged regularly as part of a member reference group and were supportive of the scheme. Post consultation the scheme had support from the majority of ward councillors and Clevedon Town Council members, the Executive Member and the member reference group. • Online consultation was supported by posters in the area, letter drops to local residents and contact details to enable direct communication with the project team. • Despite the short consultation period, the scheme consultation did receive over a thousand responses. • Older age groups were well represented with over 40% of respondents being over 60 years old. • Post consultation the results were published online with a “you said we did” section about the changes made to the proposed scheme and updated plans were provided. • The Consultation documents provided detailed illustrations (pictures). • Whilst a communications strategy and a stakeholder plan were put in place for this scheme, North Somerset has since introduced further internal policy/ guidance on public consultations including use of strategy and toolkit. 	<ul style="list-style-type: none"> • Public consultation for the scheme was considered short (5th Feb 2021 to 7th Mar 2021). However, the Council works to the Gunning Principles (Local Government Association) that states there is no set time frame for consultation. The Council’s consultation period would have been influenced by the funding conditions (tight deadlines given to local authorities in developing and delivering schemes and committing expenditure). • Public consultation was undertaken during national lockdowns - which would have limited the methods of consultation used for consulting on the Active Travel strategy and the Clevedon scheme. Thus, consultation unavoidably may not have been as accessible as usual to some demographics. • The Active Travel team sought feedback on the Council’s single design which would have caused some frustration from the general public in feeding back responses (rather than using a blank sheet of paper approach to consultation or providing various design options). • The Council could have been more proactive in their communication around the project, particularly during the construction phases to explain progress. Instead, communication was often made in response to issues or complaints. • North Somerset Council previously did not publish their Consultation approach on the Council website/ Consultation pages (now addressed).

	Audit Area	What Worked Well	What Could Have Been Improved
4.	Clarity of Roles/ Responsibilities and Decision Makers	<ul style="list-style-type: none"> • Project governance arrangements were set out on the initial funding bid. • The initial Project Brief sets out key project roles, including Project Sponsor, Senior Responsible Owner (SRO) and Project Manager. • The Project deployed a Project Team and Project Board which met regularly throughout the lifetime of the project. • A cross party Members Reference Group was consulted regularly on engagement, design, milestones, risks and financial decisions so that updates and associated decisions could be considered by the Leader, Executive Member, and other key councillors. 	<ul style="list-style-type: none"> • Overall, wider roles and responsibilities are not clearly set out in the Project records. A RACI (Responsible, Accountable, Consulted, and Informed) model was not used for this scheme and this would have been useful to clearly outline governance arrangements, including roles and responsibilities, for this scheme. • No formal terms of reference for either the Project Team or Project Board. • There were several changes to project personnel including Project sponsor, SRO and Project Manager roles which would have impacted in delivering this scheme. Feedback provided during the review was that the handover process following changes to lead roles was not always comprehensive. • Changes in roles/ responsibilities are not clearly recorded on the project records. • A Project co-ordinator was not a formal role used for this scheme. • Through discussion, it was identified that some senior officers were unsighted of project management arrangements for this scheme or were unclear on roles and responsibilities.

	Audit Area	What Worked Well	What Could Have Been Improved
5.	Project Management Arrangements	<ul style="list-style-type: none"> • A communications plan was developed and was effective during the early stages of this project. • The scheme has been subject to external review (including road safety audits). • Already recognising that improvements could be made in this area, the Council updated existing project guidance and set-up a Project Management Office (PMO) in 2022. This PMO contains new resources, such as project plan templates to help officers manage their projects and offers training for tools available within the PMO. 	<ul style="list-style-type: none"> • Project Management arrangements were not consistent with more recent and more robust NSC Project guidance. • The project brief shows conflicting information on roles/ responsibilities, key sections not completed (including budget information), and no evidence to show the brief had been reviewed and approved. • Project plans were developed but do not provide a clear picture of timelines and events. • The original project milestones did not look realistic, although would have been influenced by funding requirements and predicted simplicity of (original) scheme. • Project milestones were not met and there was significant delay between the public consultation and construction. • Risk and Issue logs were not adequately maintained and reviewed throughout the lifetime of the scheme. • There is not a clear and central record/ log of project decisions and changes. Project records were held by two separate teams (with limited accessibility). • No clear records to show work undertaken by the Project Team and Project Board. This Includes a lack of terms of reference, meeting agendas/ minutes, reports/ updates, supporting papers and attendance records.

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