

Report sponsor: Chief Executive
Report author: Interim Director Legal,
Procurement and Democratic Services

A52 Transport Improvements Scheme - Central Midlands Audit Partnership Investigation

Purpose

- 1.1 At the Council meeting on 12 July 2018, Members resolved that the results of the Central Midlands Audit Partnership (CMAP) investigation in relation to the A52 Transport Improvements Scheme be brought before Full Council for debate.
- 1.2 The CMAP Report was issued to the Chief Executive Officer (CEO) on 18 January 2019. The Chief Executive published the “Head of Paid Service Update: Derby City Council – A52 Transport Improvements Scheme Investigation” on 7 February 2019.
- 1.3 The Head of Paid Service Update differs slightly from the version issued by CMAP to the Chief Executive. Minor changes have been made including redactions for reasons of commercial confidentiality and in the light of further internal Human Resources investigatory action that is currently being taken.
- 1.4 The Head of Paid Service Update is appended to this Report at Appendix 1 along with the A52 Transport Improvements Scheme Investigation CEO’s Executive Summary (Head of Paid Service), which was also published on 7 February 2019.

Recommendation

- 2.1 To note the content of the Head of Paid Service’s A52 Transport Improvement Scheme Investigation Report.

Reason

- 3.1 Council resolved that the outcome of the CMAP investigations in relation to the A52 Transport Improvements Scheme be made public by requiring the Report to be brought before Full Council for debate.

Supporting information

- 4.1 On 12 May 2018 the Council’s Strategic Director of Corporate Resources formally requested that the Central Midlands Audit Partnership carry out an investigation into the reasons for the significant increase in the cost of the A52 Transport Improvements Scheme (Scheme).

- 4.2 It was unanimously agreed by the then Acting Chief Executive and Leadership of the Council to carry out an investigation into the reasons for the significant increases in costs, to learn lessons and to gain assurance for the delivery of the remainder of the project.
- 4.3 CMAP has reviewed how the Scheme has been progressed up to July 2018 and has sought to identify the issues that have contributed to the project failings and resulted in a significantly adverse financial position, where the costs have escalated from an original price of £14.9m to an indicative price of circa £42m.
- 4.4 The Head of Paid Service Update Report appended to this Report differs slightly from the CMAP version. Minor changes have been made to make the report easier to understand, to clarify some key points and to make minor redactions for reasons of commercial confidentiality and in the light of further Human Resources internal investigatory action that is currently being taken.

These changes comprise the provision of a more detailed glossary to explain the acronyms and technical terms used in the report (Appendix B) and the addition of a map of the site (Appendix C). The names and post titles of more junior officers have been replaced with "Officer A", "Officer B" etc. and "her/him" and "he/she" have been changed to gender neutral pronouns (they/them/their) for data protection reasons.

There are three further additions:

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| Paras 2.1.6 and 2.2.2 | clarifying who was and is in the "Project Team" referred to throughout the Report; |
| Para 2.2.40 | clarification of the £14.9m Target Cost and the £14.906m Cabinet approval. It is coincidental that both figures round to £14.9m. The management of costs within the £14.9m envelope includes all other costings for the Scheme in addition to the construction costs; |
| Para 2.2.59 | inclusion of a direct quote from a colleague rather than summary, in line with direct quotes from individuals having been used throughout the report (although this has been redacted for reasons outlined above). |

Subsequent to publication of the Head of Paid Service Update Report on 7 February 2019, two further amendments have been made:

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| Para 2.3.29 | deletion of the word "not" from the sentence which states: <i>'The Strategic Director stated that there was not a culture of reporting to senior managers on exception'</i> , as this was an error identified in the original CMAP Report; |
| Para 2.3.42 | in respect of the quote from the Strategic Director: <i>'There was a higher than normal risk appetite' on this scheme.'</i> For clarification of context the first part of this quote has now been included as follows: <i>'I don't think, other than the general risks you'd expect, for example ground conditions and unforeseen risks, there was a higher than normal risk appetite on this scheme.'</i> |

Public/stakeholder engagement

5.1 Not applicable in relation to this Report

Other options

6.1 Publication of the CMAP Report:

For the reasons set out in 4.4 it was not considered appropriate to bring the CMAP Report, without minor amendment or redaction, before Council for public debate. To do so could lead to breach of the Data Protection Act 2018 and breach certain commercial confidentiality restrictions.

Financial and value for money issues

7.1 The CMAP investigation was requested to identify the issues which have led to the Scheme's significantly adverse financial position.

Legal implications

8.1 None arising directly from this Report.

Other significant implications

9.1 None arising directly from this Report.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Emily Feenan	5 March 2019
Finance		
Service Director(s)		
Report sponsor		
Other	Don McLure	5 March 2019

Background papers:	None
List of appendices:	Appendix 1 – A52 Transport Improvements Scheme CEO's Executive Summary, 7 February 2019 Appendix 2 – Derby City Council – A52 Transport Improvements Scheme Investigation, Final Audit Report