

## Audit Objective

To review the governance and management of the initial build project for the Seaton Jurassic Centre and determine whether future lessons can be learnt from this.

## Assurance Opinion

# Advisory

This is a non-opinion 'Lessons Learnt' review offered by SWAP Internal Audit in its consultancy role.

## Risk

A lack of effective governance and management on the initial build project, resulting in both financial and reputational damage.

## Key Lessons to Learn



Ensure that significant Council developments have a review and sign off process that includes all planning conditions being appropriately discharged. Appropriate information on the completion of the build and status of planning conditions should be provided to Senior Manager and Members to support in their review and approval.



Ensure that there are sufficient project reporting arrangements from the Project Management Service Provider that provides updates on progress, key issues and risks. Reporting can also include oversight on planning conditions and, if stated in agreements, contractor performance.



Ensure there are clear performance indicators and monitoring arrangements detailed within agreements that can form the basis for information sharing with Senior Management and Members.



Ensure that a lessons learned process is undertaken upon completion of significant developments that compares the outcomes against the original business case. This should be shared with senior managers and Members and lessons can be taken on board for future business case development and project management.

## Audit Scope

The Audit and Governance Committee requested an audit review on the management of the initial build project. This advisory review covered the governance arrangements and management of the initial build project, and also included a review on the process and earlier decisions that led to the project progressing.

Our work has not duplicated the work being undertaken by Faithful and Gould, external surveyors appointed by the Council to identify the defects and put forward solutions, or Bevan Brittan Solicitors, appointed to determine liability for repairing the defects.

### Limitations of Scope

The original business case for the project, the service agreement with Ward Williams Associates (WWA) for project management services; together with the cabinet papers and minutes for their appointment could not be reviewed due to the length of time that has passed since the project's inception. These documents have been destroyed in line with the Local Authority retention requirements. We have also not been able to obtain the minutes of the progress meetings held with WWA.

## Summary

As stated under Audit Scope, we have not been able to complete some aspects of the audit review due to some documentation no longer being available. Where documentation was available, however, we were able to confirm that the necessary processes have been followed in the appointment of contractors and that Members received the appropriate documentation and information to make informed decisions relating to the initial build project.

It should be noted that the Council adopted a Project Management Framework in 2017, which included details of performance monitoring and the requirement for end of project reports. This Framework had not been in place at the time of the Seaton Jurassic Centre project.

## Appendix 1

## Lessons to Learn

Area of review	Summary of review findings
<p>The Authority had a formally Signed Agreement with the project management service provider, which set out the responsibilities in relation to the initial build project.</p>	<p>The Council's appointed Project Management Service Provider was Ward Williams Associates (WWA). Only two documents could be sourced in relation to the appointment; one dated January 2010 and the other dated April 2014 – there was also a Project Management fee proposal.</p> <p>The terms of engagement, which would have been the basis of the contract between the Council and WWA, cannot be located. The letter of appointment dated January 2010 suggests that the project agreement was dated 20th January 2009.</p> <p><b>Limitation:</b> Documentation no longer available due to time that has been passed.</p>
<p><b>Lessons to be learned:</b> n/a – unable to assess due to the limitations cited above.</p>	

Area of review	Summary of review findings
<p>The Authority had a formally Signed Agreement with the Interpretation Contractor and the contractor responsible for the construction of the Centre, which set out the responsibilities in relation to the initial project build.</p>	<p>Kier were appointed as the contractor responsible for the construction of the building. The Construction (Design and Management) Co-Ordinator was Ward Williams Associates who were also the Employer's Agent. There is an Agreement in place which outlines responsibilities under General Obligations, Materials Goods and Workmanship and Construction information.</p> <p>The Agreement reviewed did not have any reference to Performance Indicators and Monitoring.</p> <p>The Interpretation Contractor contract was awarded to Ecological Construction Solutions (Lloyd Turner Ltd) to complete the design and carry out the delivery of the interpretation for the Seaton Jurassic Visitor Centre. The contractor's responsibilities in relation to materials, goods and workmanship are set out in the agreement, as well as the Council's requirements for the Seaton Jurassic Centre.</p> <p>Similar to the Kier contract, the agreement itself does not set out any specific Performance Indicators and Monitoring.</p>
<p><b>Lessons to be learned:</b> ensuring there are clear performance indicators and monitoring arrangements detailed within agreements that can form the basis for information sharing with Senior Management and Members.</p>	

Area of review	Summary of review findings
<p>Members and Senior Management were provided with relevant information to make an informed decision on the preferred contractor for the initial build project.</p>	<p>Cabinet would have been responsible for the decision-making in relation to the preferred contractor, following the procurement exercise using the Construction South West Framework. The preferred contractor responsible for constructing the initial build was Kier Contractors.</p> <p>A paper from the Principal Regeneration Project Manager went to Cabinet in September 2014 requesting that the appointment of Kier Contractors be approved. The project team undertook a procurement exercise through the Construction South West Framework in May 2014 and identified Kier as the preferred contractor. The tender return from Kier was in excess of the forecast costs and a value engineering exercise was undertaken to reduce this. Kier subsequently clarified the contract sum at £2,252,000.</p> <p>The Cabinet minutes from Sept 2014 show that they approved Kier Contractors as the preferred contractor for the Seaton Jurassic Centre.</p>
<p><b>Lessons to be learned:</b> no lessons to be learned identified from the information available during this review.</p>	

Area of review	Summary of review findings
<p>Members and Senior Management were provided with relevant information to make an informed decision on the preferred project management service provider for the initial build project.</p>	<p>It is not clear which procurement route was used to appoint Ward Williams Associates. A report in 2010 suggests that Ward Williams Associates were already carrying out work for the Council.</p> <p><b>Limitation:</b> due to the availability of documents prior to 2009.</p> <p>The project manager for the initial build project, through Ward Williams Associates, was appointed in early 2014. This was approved by Cabinet in its meeting of Feb 2014.</p>
<p><b>Lessons to be learned:</b> no lessons to be learned identified from the information available during this review.</p>	

Area of review	Summary of review findings
<p>Appropriate Planning Approval was obtained on the initial project build and all conditions met, particularly in relation to materials used.</p>	<p>The original planning application was submitted in August 2010; however, the decision on the planning was not given until June 2013. Planning was approved with conditions, and a variation to the plan was approved in January 2015. We reviewed the discharge of conditions online and confirmed with Planning East the following:</p> <ul style="list-style-type: none"> <li>• On application 10/1587/FUL, the following conditions have been discharged: 2, 5, 9 (pre-commencement elements) and 9 (part 2).</li> <li>• On application 14/2493/VAR, the following conditions have been discharged: 4, 5, 6 and 9.</li> </ul> <p>Focussing on the variation, the conditions not discharged relate to:</p> <ul style="list-style-type: none"> <li>• 1 – commencement of development</li> <li>• 2 – development being carried out in accordance with approved plans</li> <li>• 3 – development being carried out in accordance with flood risk assessment</li> <li>• 7 – building being constructed to ‘very good’ standard of the BREEAM</li> <li>• 8 – Upon completion of works, a verification plan providing details of data that will be collected in order to demonstrate that the works set out are complete and identifying any requirements for longer term monitoring of pollutant linkages, maintenance and arrangements for contingency action.</li> <li>• 10 – recommendations contained within the habitat survey have been incorporated into the development</li> <li>• 11 – works shall be constructed in accordance with the written scheme of investigation of archaeological works.</li> </ul> <p>There is no evidence that Condition 7, in relation to the Standard of the building, has been signed off by the planning department (shown above). However, evidence is available to show compliance via the BREEAM website.</p>
<p><b>Lessons to be learned:</b> ensure that significant Council developments have a review and sign off process that includes all planning conditions being appropriately discharged. Appropriate information on the completion of the build and status of planning conditions should be provided to Senior Manager and Members to support in their review and approval.</p>	

Area of review	Summary of review findings
<p>The initial build project had an appropriately approved business case.</p>	<p>We were not able to obtain any evidence that demonstrated a business case had been presented to Cabinet. This capital project was part of the capital programme for the Council; however, the minutes and reports do not go back beyond 2009.</p> <p><b>Limitation:</b> due to the availability of documents.</p>
<p><b>Lessons to be learned:</b> ensuring that a lessons learned process is undertaken upon completion of significant developments that compares the outcomes against the original business case. This should be shared with senior managers and Members and lessons can be taken on board for future business case development and project management.</p>	

Area of review	Summary of review findings
<p>Members and Senior Management were regularly kept informed of the progress made on, and any issues relating to, the initial build project.</p>	<p>We have been able to confirm that regular reports on the progress with the Seaton Jurassic Centre / Visitor Centre were presented to Cabinet under Part B of the agenda (not public at the time, although these papers are now available). These reports were in the form of updates from the Seaton Regeneration Board.</p> <p>Reports from the Seaton Regeneration Board and Cabinet minutes are available from 2010 to 2015 and provide progress on the project but do not report on any specific issues that arose during the course of the build.</p> <p>Particular notes are in the Cabinet minutes of February 2016:</p> <ul style="list-style-type: none"> <li>• MR referenced that they were still on track for opening in Spring 2016. There had been a couple of building defects which had been identified and dealt with. It does not detail what the defects were.</li> <li>• A progress update was provided by AH – including approval for the appointment of Fruition for the Café and Shop fit out and Bartlett for the Kitchen fit out. The approval suggests that there were some lessons to be learnt but does not provide detail on what these are.</li> </ul> <p>We did not see evidence of progress reports being presented by WWA to Cabinet. We were advised that the project team had weekly meetings with WWA in the period before work commenced on site by Kier Construction. Minutes of these meetings would have been taken, highlighting any necessary actions and minutes would have been distributed by email; however, these are no longer accessible.</p>
<p><b>Lessons to be learned:</b> ensuring that there are sufficient project reporting arrangements from the Project Management Service Provider that provides updates on progress, key issues and risks. Reporting can also include oversight on planning conditions and, if stated in agreements, contractor performance.</p>	

Area of review	Summary of review findings
<p>Members and Senior Management were provided with relevant information to make an informed decision on the appointment of Devon Wildlife Trust as the visitor attraction's operator.</p>	<p>A report and draft Heads of Terms were presented to Cabinet in January 2013. This was following the December 2012 meeting of the Asset Management Forum where they recommended approval of the Heads of Terms. The minutes of the Asset Management Forum were only available as far back as 2014 and therefore were not available.</p> <p>In January 2013 both parties entered into the agreement with the intention to:</p> <ul style="list-style-type: none"> <li>• Construct a high-quality visitor facility (the Centre), including outdoor space focussing on the Jurassic Coast and associated natural heritage</li> <li>• Secure the support and involvement of the local community;</li> <li>• Run the Centre as a commercial operation – but not at the expense of the heritage and educational aims of the centre</li> <li>• Run the Centre in a spirit of partnership, linking to Axe Estuary Wetlands and neighbouring facilities.</li> </ul> <p>In addition, EDDC wished to:-</p> <ul style="list-style-type: none"> <li>• secure a reasonable financial return from the Centre and avoid ongoing financial liability;</li> <li>• ensure the Centre helps to regenerate the economy of Seaton.</li> </ul> <p>In addition, DWT wished to: -</p> <ul style="list-style-type: none"> <li>• establish a clear and visible presence, promote its brand and recruit members;</li> <li>• further its mission in education and awareness raising.</li> </ul>
<p><b>Lessons to be learned:</b> no lessons to be learned identified from the information available during this review.</p>	

Area of review	Summary of review findings
<p>The Authority had a formally signed contract/Agreement for the design and fit out of the café, shop and kitchen. Members were provided with sufficient information to make an informed decision on the preferred contractor.</p>	<p>There was evidence of the signed agreement obtained between EDDC and Fruition Creative Solutions Ltd dated 28th November 2015 for the design and fit out of the Café and Shop.</p> <p>There was evidence of the signed agreement between EDDC and K F Bartlett Ltd dated 28<sup>th</sup> November 2015 for the design and fit out of kitchen and servery.</p> <p>A paper was presented to Cabinet in Feb 2016 for their endorsement of an exemption to standing orders to appoint Fruition as the contractor to fit out the cafe and shop and for Bartlett to fit out the kitchen and servery. The minutes of the meeting show that Cabinet gave their approval at this meeting.</p>
<p><b>Lessons to be learned:</b> no lessons to be learned identified from the information available during this review.</p>	