

Independent Review of the Berth 4/5 Project

Meetings	Cabinet 21st March 2023 and Council 30th March 2023
Report Authors	Chris Blundell (Acting Deputy Chief Executive)
Portfolio Holder	Councillor Ash Ashbee
Status	For Noting
Classification:	Unrestricted
Key Decision	No
Ward:	All Wards

Executive Summary:

This report informs Members about the outcome of the Independent Review of the Berth 4/5 capital scheme that has been undertaken on the recommendation made in the report of the Independent Monitoring Officer.

Recommendation:

Cabinet are asked to discuss and note the report, and to recommend it to the Full Council for their consideration and noting.

Corporate Implications

Financial and Value for Money

The financial cost of the berth 4/5 project has still to be determined and will be reported to members in due course through the usual budget monitoring processes.

There are no direct financial implications arising from the recommendations within this report, however there may be additional costs that arise following the development of management's response to the review and the identification of measures needed to implement the recommendations. As set out in the main body of the report, this will be considered and reported to members after the elections.

The adoption and implementation of the recommendations set out within the Berth 4/5 review will strengthen the Council's approach to project management, which in turn will aid the safeguarding of council assets and the delivery of cost-effective projects in the future.

Legal

The review of Berth 4/5 Project forms part of the IMO's recommendations. Under the Local Government Act 1999 it is the duty of every local authority to make arrangements to secure continuous improvement in the way in which it exercises its functions, having regard to a combination of factors, including economy, efficiency and effectiveness.

The current report and its recommendation has been shared with the council's external auditors, Grant Thornton, and with the IMO, who both confirm that, in their view, this review satisfies the recommendation made by the IMO.

Risk Management

The lessons to be learned and the implementation of the recommendations that have been from the review will mitigate the risk of comparable project issues arising in the future.

Corporate

The following Core Business Objectives are associated with this review:

- Delivering a Council that is financially strong to discharge its services and invest in the growth of the District.
- Continue to look for a viable future for the Port of Ramsgate and the Royal Harbour for the benefit of the town and the wider district

Equality Act 2010 & Public Sector Equality Duty

There are no equality and diversity issues or considerations arising from this report.

Corporate Priorities

This report relates to the following corporate priorities: -

- *Growth*
- *Environment*
- *Communities*

1. Introduction and Background

- 1.1. The Council's External Auditors, Grant Thornton, issued a report under Section 24 of the Local Audit and Accountability Act 2014 on 12 October 2021. That report made a number of recommendations, which were considered and approved by Council on 2 November 2021.
- 1.2. One of the recommendations was that the Council should appoint an Independent Monitoring Officer (IMO), with a remit to investigate the issues raised by the External Auditor, and to look more broadly at the governance of the Council.

1.3. The IMO produced his report, which was considered by Council on 19th May 2022. The recommendations made by the IMO were approved by Council.

1.4. One of the recommendations made by the IMO was to:

Undertake an independent review/audit of the Berth 4/5 project from its inception to the present day with a view to identifying the causes for of delay and cost overruns which have beset the project including the project governance. The results to assist in identifying lessons for the future management of large projects.

1.5. This recommendation was assigned to the Section 151 Officer to commission a review with the key objective being to provide the Council with some assurance and some learning and improvement actions.

2. The Berth 4/5 Capital Scheme

2.1. The Berth 4/5 project is a capital scheme to replace the berth used by the port customer Brett Aggregates to land aggregates brought to the port via sea. A long term contractual commitment with the customer exists such that the Council must maintain an operational berth or risk the consequences of breaching the contract agreement. The former berth was decommissioned in November 2020 as it was at the end of its operational life and could no longer be maintained. In September 2020 a contract was awarded to Bam Nuttall to install a new berth however the works were delayed whilst an Environmental Impact Assessment was undertaken to inform statutory consents including a marine licence and planning prior approval. Following the granting of the required consents the construction work took place between June and September 2022. The delay in implementing the work has had an impact on the cost of the scheme which is described in the independent review report. The installation work is now substantially complete with some ancillary (electrical) work to be completed in April 2023.

3. The Report and Recommendations

3.1. The purpose of this report is to present the independent review to Cabinet for discussion and noting. The review is appended at Annex 1 alongside annexes associated with the report. The terms of reference for the review were devised by the s151 officer and are also included at Annex 2.

3.2. The review has concluded 'no assurance' can be provided to management because the project has still to be completed and has incurred a significant overspend. Management accepts this assurance conclusion, but notes that many of the recommendations are applicable to the Council's general approach to project management and are not unique to the berth 4/5 project. Management also recognises that whilst there has been a significant overspend against the approved

budget for the scheme it has been successfully delivered in very challenging circumstances and for less than the cost estimates that were provided for other solutions, which were estimated between £4m and £37m.

- 3.3. Whilst some of the final elements of the project are still to be complete, overall the project is nearing completion and can be considered substantially complete and therefore the review provides a beneficial post-implementation lessons learned review.
- 3.4. The Corporate Management Team accept the nine recommendations that have been made by EKAP and intend to implement the recommendations and embed them into our overall ways of working and specifically into the delivery of major projects. At the time of writing this report, the Corporate Management Team is still to fully develop a management response to the recommendations that have been made, however a full and comprehensive plan to respond to the recommendations will be developed and will subsequently be reported back to members early in the new administration after the elections.
- 3.5. It should also be noted that, whilst the review has identified there have been shortfallings in project management, none of the evidence examined revealed any misconduct or impropriety by any officers involved with the project.

4. Consultation

- 4.1. Management has shared this report with the council's external auditors, Grant Thornton, and with the IMO, who both confirm that, in their view, this review satisfies the recommendation made by the IMO.
- 4.2. The external auditors have received a number of objections from local residents in relation to this project, which they are considering as part of their audit of the council's statement of accounts and their assessment of the adequacy of the council's arrangements to secure value of money. The external auditors will examine and review this report as part of their evidence base for the consideration of the objections and also their wider audit work.

5. Next Steps

- 5.1. Cabinet are asked to discuss and note the review and associated recommendations and also to recommend the report to Council for noting.

Contact Officer: Chris Blundell (Acting Deputy Chief Executive)

Reporting to: Colin Carmichael (Interim Chief Executive)

Annex List

Annex 1: Independent Review

Annex 2: Terms of Reference

Background Papers
2017 Internal Audit of Project Management

Corporate Consultation

Finance: *N/A*

Legal: *Sameera Khan (Interim Head of Legal & Monitoring Officer)*